

[Approval by mail]: Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Mexico (FIP, World Bank) (XFIPDG207A) – UK Comments

Thank you for providing the UK with the opportunity to comment on the Mexico DGM proposal.

First of all we would like to congratulate the Mexico team for putting together a strong project proposal which builds on lessons learnt from other experiences, places a strong focus on IPLC capacity development and sustainability, and is well aligned with both the priorities of IPLCs and GoM. The risks are clearly set out with a good understanding of the procurement and fiduciary challenges in a project of this type.

We are particularly pleased to see a strong commitment to addressing some of the constraints that women face in participating in forest sector activities through the proposed mentoring scheme, and efforts to ensure inclusion of *avecindados* that may have limited or no access to land..

We have a number of questions and comments for which we would appreciate some further detail:

On links with other FIP investments:

We note the close thematic alignment of the DGM, with two of the FIP investment projects – dealing with access to finance. Under sub component 1.1 – market orientated grants will only be provided on a matching basis. Could you clarify whether these grants will seek to align, where appropriate, with the 2 finance-related FIP projects supported by IDB: *Financing Low Carbon Strategies in Forest Landscapes* and *Support for Forest Related Micro, Small, and Medium-sized Enterprises (MSMEs) in Ejidos*

These two projects have similar objectives to the DGM in that they seek to support viable businesses to access finance and to address some of the bottlenecks that are preventing this currently. There appears to be overlap in terms of geography and target groups, so we are surprised not to see a more explicit link being made between the DGM and these projects in annex 5. On page 10 there is reference to “matching funds” being required in order to qualify for any grants. Is there a link to the other projects to support/enable IPLCs to access finance?.

We would also welcome further detail of whether the DGM and/or these 2 programmes provide support to financial services providers so that they understand some of the unique issues facing forest based IPLCs as potential clients.

On Gender & Inclusion

We welcome the mentoring approach to encourage more women into the NSC structure. Will progress on the efficacy of this approach be tracked within the results framework? (e.g. be explicit under PDO Indicator 4)

We also welcome the commitment to develop project investment ideas not connected to land ownership for those that are either landless, or do not have legal tenure rights. However – has the team also looked into other innovative “socially accepted” solutions in relation to tenure that do not depend on policy reforms?. For example, work supported by IUCN in the Yucatan Peninsula where husbands that migrate have been encouraged to provide land in concession to their wives (concessions can vary

from 5 to 90 years). This has not challenged the legal status of the male as land owner, but it has allowed women to access credit and participate as concession owners.

On Results Framework:

We welcome the effort made to include indicators disaggregated by sex and ethnicity
Is there a risk of double counting (e.g. women, indigenous women)?.

On the implementation structure

We would welcome further detail of the mandates of the sub-committees under the NSC, and clarity on how these will interact with the NSC, particularly in relation to how proposals that get promoted by the sub-committees get handled in the NSC.

Training/capacity development

A strong case is made for investment in capacity development as a prerequisite for sustainable outcomes. Given that training/capacity development is such a significant part of the budget, it would be helpful to have this set out in a bit more detail linked to budget.

We would also like information on how the value for money of the large number of knowledge sharing events will be assessed.

On working in remote areas

The proposal is open about the challenges of implementing in remoter areas where numerous and small transactions will require effective monitoring. Does the CDD approach include public auditing as a transparent approach that ensures funds spent in smaller communities reaches its intended destination?

Many thanks and best wishes

Gaia

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