

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

#	Comment from	Comment	Team Response
General comments			
1	UK	<p>Thank you for providing the UK with the opportunity to comment on the Mexico DGM proposal.</p> <p>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 vecindados 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:</p>	Many thanks.
Overall: Activities to be supported & Links to FIP investment Plan			
2	US	Can the Bank confirm that the project will not promote or support industrial scale logging in primary forest areas	The Bank confirms that the project will not promote or support industrial scale logging in primary forest areas.
3	UK	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	Indeed, the overall project proposal is completely aligned with Mexico’s Forest Investment Plan and therefore all four FIP projects. While projects 1 and 2 focus on creating the enabling framework for REDD+ implementation, project 3 and 4 focus on access to finance.

	<p>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.</p>	<p>Thus, the DGM strategically complements all four FIP projects and responds to demands from the IPLC representatives on missing funding opportunities and training necessities. That said, strong alignment with CONAFOR engagement and FIP implementing agencies has been assured since the project preparation. For the particular funding window 1.1 this aims at completing existing funding and seeks to step in where funding opportunities and leverage funding is required. That said, the project aims at supporting beneficiaries of current CONAFOR projects and of course other funding sources, such as FIP projects 3 and 4. The team will be happy to strengthen that explanation in the PAD. The DGM incorporates lessons learned from other previous projects, including FIP projects 3 and 4. There are two main advantages of the DFM projects, 1) the broader and inclusive definition of beneficiaries, and 2) the intervention model which allows direct involvements with the IPLCs. The first advantage of the DGM project, and the very reason both funding windows were requested by IPLC, is the more broad definition of beneficiaries which will allow to actively include those groups that are not or not yet established legally. This is of particular importance for community driven forest enterprises, producer groups and any other group of IPLC that choose to combine efforts under a cooperative contribution scheme in benefit of their ejido(s)/comunidad(es), regardless their legal recognition. The DGM also builds on a unique intervention model that allows direct engagement and community direct finance and capacity building. This approach is unique among the existing FIP projects. The geographical overlap is clear as all FIP related projects in Mexico focus on the REDD+ Early Action Areas that are compromised by the Peninsula of Yucatan States (Campeche, Yucatán, Quintana Roo), Oaxaca and the coastal watersheds of Jalisco. The reason why FIP projects 3 and 4 are not mentioned in Annex 5 is because that annex reflects exclusively the projects implemented by the World Bank. There are other operations in the forest sector in Mexico that are being implemented by other bilateral or multilateral organizations, including FIP project 3 and 4.</p>
<p>Social Inclusion subprojects</p>		

4	US	<p>We would appreciate more information on what sorts of activities would be supported under the social inclusion sub-projects window, and whether these projects will also be assessed according to their economic viability and potential for income generation impacts.</p>	<p>There are already many indigenous organizations and local communities in Mexico that are actively managing natural resources to both enhance conservation and generate income. However, without the organizational, technical, financial and entrepreneurial capacity to profitably and sustainably manage forest and natural resources in forest landscapes, alternative land uses (agriculture, cattle, etc.) become more economically viable but with severe direct effects on deforestation and forest degradation. However, sustainable management of forest and natural resources requires constant investments beyond subsidies. Eligible activities under both finance windows include: Sustainable Forest Management (SFM), Eco-agriculture in Forest landscapes, Ecotourism, and Enhancing local governance, inclusion and advocacy. Based on core selection criteria, proposals for both windows will be assessed according to their economic viability and potential income generation impacts. The team will make sure to clearly reflect that in the project documents. In addition, particularly for the social inclusion window the project recognizes the enhanced need for technical assistance regarding i) project identification, ii) project proposal preparation, and iii) during implementation. To that regard specific technical assistance resources have been set aside.</p>
5	UK	<p>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)</p>	<p>The governance structure of the Mexico DGM will not be part of the monitoring of the project’s results framework. However, the Bank has closely accompanied the DGM’s governance structure – including the NSC and regional sub-committees - and its representatives, and has been providing any the technical assistance needed.</p>
6	UK	<p>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</p>	<p>Many thanks for bringing up this very innovative approach. The team is in close communication with the Mexico IUCN team on this pilot approach. In fact, the World Bank, with FCPF funding is currently carrying out a complementary behavioral science-based gender analysis that aims at looking more closely on behavioral constraints for women participation in REDD+ activities and thus could complement ongoing legal and institutional focused pilot initiatives for gender inclusiveness in forest landscapes. That said, the Mexico DGM focuses on a very heterogonous set of states which very different enabling frameworks for women to actively participate in REDD+ activities.</p>

		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.	Thus, the design proposal must be suited for all 5 states. For the particular situation in the Peninsula, a close collaboration with all donors and projects on the ground has been assured during preparation and will be maintained during implementation. This includes IUCN, TNC, CONABIO, state Governments, among others.
Training / Capacity Building			
7	UK	<p>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.</p> <p>We would also like information on how the value for money of the large number of knowledge sharing events will be assessed.</p>	<p>Many thanks. Capacity building and training is part of component 1.2 and 2. In addition, the community driven monitoring approach under component 3 builds on capacity building under component 1.2 to selected subprojects. Therefore, all budget information can be identified in Annex 2 of the PAD where detailed information on subcomponents and associated budget allocation can be found. A detailed list of activities and cost will be presented by the NEA as part of the procurement plan. This plan is currently under elaboration and will be presented a pre-requisite for negotiation.</p> <p>Overall, the knowledge sharing events have been proven a powerful tool for cultural appropriate communication that manages to convey knowledge and experience, and enhance capacity. These activities are directly related to the objective of the project, to increase IPLCs access to REDD+ processes. This is the main outcome, as it is stated in the PDO and according to DGM Global guidelines. Value for money of capacity building will not be assessed separately given that capacity building hardly be separated from any of the other activities planned. The description of the economic analysis (efficiency) is provided in Annex 6.</p>
PDO and Results Framework			
8	US	In terms of PDO level results indicators, it seems like there should be an indicator regarding improved sustainable forest management	The DGM Program Development Objective reads 'to strengthen the capacity of Indigenous Peoples and Local Communities (IPLCs) to participate in the Forest Investment Program and other REDD+ programs at local, national and global levels'. The structure of the DGM is to address IPLCs' capacity to play a greater role in FIP and REDD+ at the country as well as international levels by strengthening capacities at two levels: (i) core institutional capacities of IPLC organizations through management of grant financed initiatives of their choice and, (ii) IPLC voice and participation in regional and global forums by the global platform for learning and knowledge exchange through cross-regional learning events and strengthening of IPLC networks and

			alliances. Grant-financed initiatives is for ‘learning by doing’. They will in most cases lead to a range of other side benefits, additional to increase IPLCs’ capacity to participate in REDD, such as improve livelihoods, income, sustainable management of forests, wood energy, etc., depending on the activities agreed upon. Although these additional outcomes are desirable, they are not the objective of the DGM country projects, and hence an indicator on sustainable forest management has not been included in the results framework of the project.
9	UK	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)?.	As part of the efforts to ensure quality of data - especially in participatory M&E, double counting will be avoided to a large extent. As re. disaggregation: the categories are not mutually exclusive, i.e. a given individual can presented in more than one category without the implication of double counting.
Implementation Arrangements			
10	UK	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.	The DGM governance structure is an independent arrangement set up and managed by the IPLC representatives in the NSC. The detailed description of the subcommittees’ mandate and interaction with the NSC will be set forth in the internal rules and guidelines for the Mexico DGM, which have been elaborated, consulted, and are expected to be approved in the upcoming full national meeting of the NSC. The internal rules and procedures will also bindingly define approval processes for decisions, approval processes for sub projects and particular guidelines on conflict of interest. In addition, sub projects selection will be based on a transparent and open call for proposals managed by the NEA to which IPLC represented in the NSC, and sub-committees as well those that are not could access if and when they meet the call for proposals’ criteria. This particular process and relation will be defined in the Project’s Operations Manual that is a pre-requisite for negotiations. The Operational Manual as well as the different call for proposals will be endorsed by the NSC based on overall guidelines and procedures
11	UK	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	The particular challenge of working with remote IPLC had been considered when estimating the overall operational cost for the project. In addition, resources have been allocated for an in depended audit process to be implemented annually which is a WB standard

		<p>include public auditing as a transparent approach that ensures funds spent in smaller communities reaches its intended destination?</p>	<p>procedure. To that regard and in addition to standard control mechanisms, considerable cost are expected to monitor remote sub projects including different measures to mitigate these cost and associated risk: a full CDD approach that also includes community promoters that translate project supervision to the particular project intervention sides, a community driven monitoring approach that actively includes IPLC in monitoring project progress, agile financial management and procurement arrangements that do not overload IPLC but maintain certain activities with the NEA (such as procurement processes), and a close collaboration under targeted technical assistance to selected sub projects to enhance technical and entrepreneurial capacity as well as monitor project related proceeds spending. In the particular case of subprojects the subproject implementing organization will need to account for expenditures to the NEA, and the NEA of course to the World Bank under the overall project auditing.</p>
--	--	--	--