

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC15257

Date ISDS Prepared/Updated: 28-Jun-2016

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I. BASIC INFORMATION

A. Basic Project Data

Country:	Mexico	Project ID:	P151604
Project Name:	Mexico Dedicated Grant Mechanism for IP and LC (P151604)		
Task Team Leader(s):	Alberto Coelho Gomes Costa		
Estimated Appraisal Date:	16-Dec-2016	Estimated Board Date:	30-Mar-2017
Managing Unit:	GEN04	Lending Instrument:	Investment Project Financing
Sector(s):	Forestry (100%)		
Theme(s):	Climate change (40%), Social Inclusion (20%), Indigenous peoples (30%), Gender (10%)		
Financing (In USD Million)			
Total Project Cost:	6.00	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
Strategic Climate Fund Grant			6.00
Total			6.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The proposed Development Objective (PDO) of the project is to strengthen participation in decision-making and planning processes related to FIP and REDD+ at the local, national and international levels of forest-dependent people and to increase their capacities to manage community forests by directly working with ejidos and local communities.

In the spirit of the DGM's collaborative approach to design and implementation, the DGM Program objective is consistent with the interests and aspirations of the IPLCs expressed in the DGM Design

Proposal and the DGM Framework Operational Guidelines. Likewise, the proposed PDO has an overarching approach which leaves enough room to allow the selection of activities based on the principle of demand-driven interventions and identified through an extensive participatory and representative process which is the nature and essence of the DGM.

C. Project Description

The Mexico DGM project would be aligned with Mexico's FIP Investment Plan. The Mexico DGM will focus on the direct and underlying causes of deforestation and forest degradation in Mexico's REDD+ Early Action Areas: Oaxaca, the coastal watersheds of Jalisco and the Yucatán Peninsula (Campeche, Yucatan and Quintana Roo). While FIP's intervention are mainly focused on enhancing the quality and quantity of the offer under CONAFOR's programs and financial services through public development banks and financial intermediaries, the DGM will complement these efforts by directly supporting new and innovative (demand-driven) sustainable forest management schemes and practices identified by ejidos and communities. Considering that DGM's contribution to the overall subsidies available to ejidos and communities is small, the value added of the project will be to identify and pilot, under a participatory approach, initiatives that better integrate IPLC's needs, perspectives, and modalities of delivery and organization. The DGM's approach to identify interventions will support an extensive participatory and representative process by: (i) enhancing informed participation of the local population in decision-making processes; (ii) incorporating the interests of different local shareholders (including women, young people, and landless people); and (iii) considering peoples' worldviews and traditional knowledge when design policies, programs and/or projects. The following components have been preliminarily discussed and proposed by representatives of key stakeholders (ejidos and communities):

Component 1: Governance and Financing Mechanisms for Community Forestry Management (about USD 3.6 million). This component would support a revolving fund and seed money to support the implementation of demand-driven proposals from ejidos and communities within the following thematic areas: (a) avoided deforestation and forest degradation through sustainable forest management, (b) protection of environmental services; (c) enhancement of carbon stocks in forest landscape, (d) agroforestry and sustainable use of non-timber products, (e) low carbon production systems in agriculture, and (f) evolving towards and strengthening of enterprises associated with appropriate social schemes.

Component 2: Capacity Building, Communication and Advocacy (about USD 1.5 million). This component would support a focalized capacity-building plan for strengthening managerial skills and technical knowledge required for community forest management. The component will: (i) provide training and technological development to community and producers' organizations; (ii) facilitate knowledge-exchange networks among forest-dependent people and community forest entrepreneurs; (iii) support a communication strategy for reporting on project's progress and outcomes, identify and disseminate lessons learned to both internal and external audiences and interested parties. It would promote spaces for sharing experiences or good practices related with the Project among different community members and communities.

Component 3: Management, monitoring and evaluation (about USD 0.9 million). This component would support activities that will increase the capacity of indigenous peoples and local communities to oversee, monitor and evaluate project activities and to strengthen internal systems of social control. The component would also cover the incremental costs in which the National Executing Agency (NEA) (to be selected) would incur to implement the sub-projects to be selected under the project.

Additionally the Mexico DGM will benefit from the Global DGM component on knowledge sharing

and networking on REDD+.

Expected outcomes. DGM activities will address the underlying economic causes of deforestation and degradation by working directly with ejidos and local communities providing revolving funds and seed money to support new and innovative (demand-driven) proposals within thematic areas. The project will focus on some of the social causes of deforestation and degradation by strengthening managerial skills and technical knowledge required for community forest management. Thus, the project is expected to: (i) improve participation of forest-dependent communities in REDD+ related processes; (ii) enhance ownership over community forest initiatives that they have identified and participated in; and (iii) improve the access to information, knowledge, and skills needed to engage in sustainable forest management and run community forest enterprises eventually on more sounding business and entrepreneurial grounds.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The target area of the project includes the State of Oaxaca, the coastal watersheds in the State of Jalisco and the Yucatán Peninsula. In this priority project target area, forestry remains a relevant economic sector and about 7.3 million people live under the poverty line. Together, these states are responsible for 12.9 percent of the country's timber production (5.9 million cubic meters) and 11.7 percent of its fuelwood and charcoal production (0.7 million cubic meters).

E. Borrowers Institutional Capacity for Safeguard Policies

The proposed Grant will be executed, by an implementing agency with relevant capacity on social and environmental safeguards, which will be selected among a non-profit and non-governmental organizations according to Terms of Reference to be developed in compliance with the DGM guidelines.

It is worth noting that in the last decades, Mexico has demonstrated its commitment to combat deforestation and forest degradation as well as conservation of biodiversity. It has promoted a number of national strategies and regulatory adjustments to promote sustainable forest management, in particular involvement of the communities that live their livelihoods from natural resources. The country's regulatory framework includes the General Sustainable Forest Development Law, a General Climate Change Law and the Sustainable Rural Development Law and the preparing its National REDD+ Strategy (ENAREDD+) in a progressive and participatory manner since 2010. In addition, Mexico participates in many platforms of technical and financial support for REDD+, and is one of the eight pilot countries for the Forest Investment Program (FIP) and a member of the UN-REDD program.

The DGM project is aligned with Mexico's National Development Plan 2013-2018, which calls for strengthening the national climate change policy to foster a competitive, sustainable, resilient and low carbon economy, by promoting and encouraging the incorporation of timber and non-timber surfaces with forestry potential as well as by strengthening the social capital and management capabilities of ejidos located in forests and areas with high value for biodiversity conservation. It is also consistent with Mexico's ENAREDD+, which main goals are to lower GHG emissions from deforestation and forest degradation, conserve and increase forest carbon stocks while fostering sustainable rural development and improving forest owners' livelihoods. The ENAREDD+ follows principles of social inclusion and gender equality, based on (i) full and effective participation of indigenous peoples and ejidos, (ii) respect to their rights, knowledge and social organization as well as (iii) respect for the forms of land tenure as prerequisite for preserving forests, environmental services and the country's enormous biodiversity.

For these programs the country has made environmental assessments of the forestry sector and have developed a number of frameworks, plans and proved best practices instruments, that could be the

basis for the development of DGM environmental and social frameworks, and they have helped to develop the capacity of communities that have participated in the programs.

F. Environmental and Social Safeguards Specialists on the Team

Arelija Jacive Lopez Castaneda (GSU04)

Dora Patricia Andrade (GEN04)

Juan Martinez (GSU02)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project is expected to finance activities that would have a net positive impact on the environment and the society, bringing benefits to forests, natural habitats and landscapes and contributing to improve the living conditions of vulnerable and poor people who rely on forestry resources for their livelihood. The project is fully aligned with Mexico's overall agendas for REDD+, climate change, forest and natural resources management and sustainable development and has also taken into account the lessons learned from the longstanding engagement of the Government of Mexico (in partnership with the World Bank Group, international donors and other multilateral development institutions). The ESMF should take into account (i) the Programmatic ESMF developed for the DGM Program and (ii) the assessments and developed instruments for the programs in Mexico, as well as lessons learned. As the National Executing Agency (the Recipient of the Grant) would not be hired before project approval, the programmatic ESMF developed for the DGM Program will be the safeguards instrument at appraisal and the country specific ESMF would be developed as part of the Project Operation Manual and as a condition of effectiveness of the Project. The task team should consult with LEGEN on this issue.</p> <p>In addition, given the overall social and environmental risk in the sector and given that the implementing agency is yet to be identified, the RSA will retain responsibility of review and clearance of safeguards oversight and management at appraisal stage.</p>
Natural Habitats OP/BP 4.04	Yes	<p>The proposed program is expected to have significant positive impacts on natural habitats promoting sustainable land uses. The application of this policy seeks to ensure that all options proposed</p>

		<p>under the Program will take into account the conservation of biodiversity in the jurisdiction of the program.</p> <p>The ESMF will include appropriate screening criteria to ensure that impacts on natural and critical natural habitats are properly evaluated. Furthermore, the ESMF will clearly state that no sub-projects which involve the significant conversion of natural habitats will be financed. Finally, it would be ensured that any investments undertaken in designated protected areas are consistent with approved management plans where feasible.</p> <p>As the National Executing Agency (the Recipient of the Grant) would not be hired before project approval, the country specific ESMF would be developed as part of the Project Operation Manual and as a condition of effectiveness of the Project.</p>
Forests OP/BP 4.36	Yes	<p>Overall, the program is expected to have significant positive impacts on forests, in that the main goal of the program is to reduce deforestation and forest degradation, promote sustainable management of forests. The ESMF will reflect the requirements of the Bank's Operational Policy regarding forest management, in particular as these relate to plantations and the use of critical forest areas, as relevant. Screening mechanisms will be incorporated into the ESMF to ensure that any small-scale impacts on forests be mitigated through measures defined as part of the broader approach on natural habitats.</p> <p>The ESMF will include the process for development of sustainable management plans and other forestry-related policies or enforcement activities.</p>
Pest Management OP 4.09	TBD	<p>This policy remains as TBD until the full scope of program activities is defined. If livelihood activities might include sustainable agriculture or reforestation activities that require pest management this should be considered in the ESMF and policy triggered if pertinent.</p>
Physical Cultural Resources OP/BP 4.11	Yes	<p>This policy is triggered given that some of the forests involved are likely to have historical or cultural significance to local communities (including spirit and sacred areas). The associated ESMF will include screening provisions for evaluating potential impacts cultural resources and provide specific guidance on chance finds procedures.</p>
Indigenous Peoples OP/BP 4.10	Yes	<p>The project will benefit indigenous peoples and local</p>

		<p>communities located in the State of Oaxaca, the coastal watersheds in the State of Jalisco and the Yucatán Peninsula by improving their capacities and support initiatives from indigenous peoples, local communities and producers (organizations, and will be designed with free, prior and informed consultation seeking broad community support. A Social Assessment will be prepared on the basis of a literature review to inform the proposition by the NEA of a set of guidelines to ensure that community activities are designed through a process of free, prior and informed consultation and receive the broad support of the beneficiary indigenous peoples. These guidelines will be incorporated on the Project Operation Manual (condition of effectiveness). Following OP 4.10 principles and guidelines, no stand-alone instrument for OP 4.10 (Indigenous Peoples Policy Framework or Indigenous Peoples Plan) will be prepared because the vast majority of project beneficiaries will be indigenous peoples (communities. Meanwhile, the Project Appraisal Document (PAD) will include a brief summary of how the project complies with this policy, in particular the IPP requirements.</p>
Involuntary Resettlement OP/ BP 4.12	Yes	<p>No project activities are expected to result in Involuntary Resettlement. The project will fund forest management improvements for the avoidance of deforestation and forest degradation through sustainable forest management, also opening opportunities for self-employment, generating incomes, and increasing the wellbeing of ejidos and indigenous peoples within the Project (s target area. A draft Process Framework should be developed based on existing information at appraisal and should be finalized as part of the Project Operation Manual and as a condition of effectiveness of the Project to ensure that affected communities (forest management initiatives are not worse off from any access restriction. In the event that land must be acquired land donation based on free prior and informed consultation is preferred. The task team should consult with LEGEN on this issue.</p>
Safety of Dams OP/BP 4.37	No	<p>This policy is not triggered given that the project will not support the construction or rehabilitation of dams nor will support other investments which rely on the services of existing dams.</p>

Projects on International Waterways OP/BP 7.50	No	This policy should not be triggered because the proposed project will not affect International waterways.
Projects in Disputed Areas OP/ BP 7.60	No	This policy should not be triggered because the proposed project will not affect disputed areas as defined under the policy.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 13-Jan-2017

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

Revision of the previous EA, EMF and SESA in the Forest and REDD+ Programs: September 2016

Elaboration of Social Assessment: October 2016

Elaboration of the ESMF: As part of the Project Operation Manual (after project approval)

Elaboration of the PF: Draft at Project Appraisal and final version as part of the Project Operation Manual

IV. APPROVALS

Task Team Leader(s):	Name: Alberto Coelho Gomes Costa	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Agnes I. Kiss (SA)	Date: 29-Jun-2016
Practice Manager/ Manager:	Name: Robert H. Montgomery (PMGR)	Date: 29-Jun-2016

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.