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# INTEGRATED SAFEGUARDS DATA SHEET APPRAISAL STAGE

**Report No.**: ISDSA1918

Date ISDS Prepared/Updated: 18-Jun-2013

Date ISDS Approved/Disclosed: 19-Jun-2013

#### I. BASIC INFORMATION

### 1. Basic Project Data

Country:	Mexico		Project ID:	P131709	
Project Name:	Coastal Watersheds Conservation in the Context of Climate Change Project (P131709)				
Task Team	Adriana Goncalves Moreira				
Leader:					
Estimated	10-Jun-2	2013	<b>Estimated</b>	14-Nov-2	2013
Appraisal Date:			<b>Board Date:</b>		
<b>Managing Unit:</b>	LCSEN		Lending	Specific	Investment Loan
			<b>Instrument:</b>		
GEF Focal	Multi-fo	ncal area			
Area:	TVIGITI-IO	cai area			
Sector(s):		Forestry (40%), General agriculture, fishing and forestry sector (40%), Public administration- Agriculture, fishing and forestry (20%)			
Theme(s):	Biodiversity (30%), Climate change (30%), Other environment and natural resources management (20%), Participation and civic engagement (10%), Other rural development (10%)				
		under OP 8.50 (E	0 •	very) or (	OP No
	•	Crises and Emerg	gencies)?		
Financing (In Us			T . 1 D . 1 E'		0.00
Total Project Cos		267.80	Total Bank Fin		0.00
Total Cofinancing			Financing Gap	:	0.00
Financing Sou					Amount
BORROWER/F	ROWER/RECIPIENT 228.28				228.28
Global Environ	Global Environment Facility (GEF) 39.52				39.52
Total	267.80				
Environmental	B - Parti	ial Assessment			
Category:					
Is this a	No				
Repeater					
project?					

#### 2. Global Environmental Objective(s)

The project global environmental objective (GEO) is the same as the project development objective (PDO): To promote integrated environmental management of selected coastal watersheds as a means to conserve biodiversity, contribute to climate change mitigation, and enhance sustainable land use.

#### 3. Project Description

Project activities will be coordinated through watershed-level planning in regions expected to be highly affected by climate change, with high biodiversity and opportunities to leverage existing institutional presence and programs to address climate change, land degradation, and sustainable forest management. Since the watersheds (selected according to a process described in Annex 9) are large areas, activities will concentrated in protected areas and surrounding areas where carbon stock depletion is highest, biological connectivity is essential and institutional capacities are highest. Activities include: (i) conserving sites of high priority for biodiversity in protected areas; (ii) implementing PES to support the conservation of forests at high risk for fragmentation and degradation in surrounding areas; (iii) supporting ejidos, communities and individual landowners to implement biodiversity and forest-friendly practices in plots essential for connectivity and forest conservation; (iv) collection and management of data related to ecosystem health, through processes that engage and develop the capacities of local communities to implement integrated watershed/subwatershed action plans (IWAPs), and (v) testing and mainstreaming innovative approaches to interinstitutional collaboration and learning. These activities will provide examples of improved land use within the watersheds and it is expected that they will trigger investments from other sources to implement the IWAPs. This approach, including social participation and efforts directly aimed at mainstreaming investments, will address some important drivers of carbon and biodiversity depletion while improving local livelihoods. IWAPs will also provide a framework to ensure that carbon and biodiversity depleting activities are not merely displaced to other sites.

Activities supported by the project are organized in five components. Component 1, protected areas conservation, will be implemented by CONANP and FMCN, following the model developed in earlier GEF projects (SINAP 1 and 2). Component 2 will support CONAFOR's existing PES program as well as a program for forestry and agricultural sub-projects for sustainable land and forest management projects through FMCN. INECC will lead Component 3, engaging local communities and coordinating with national and state agencies to collect and manage watershed health data. Component 4 mechanisms for inter-institutional collaboration, promoting social participation monitoring and evaluation, and engaging implementing agencies in strengthening channels for coordination and learning. Component 5 covers project management from a fiduciary perspective. Requested GEF funds include endowment funds, to be invested in the existing Biodiversity Fund at CONAFOR with NAFIN as the administrative entity, and in an FMCN investment account, the Fund for Coastal Watersheds (FCC). Non-endowment funds will be administered by FMCN for activities that require immediate attention and can leverage additional short-term investments. Endowment funds, in the experience of CONANP and FMCN, leverage matching capital resources, which guarantee the long-term future of project results. Project components will include the following activities:

Component 1. Creation and consolidation of Protected Areas

Subcomponent 1.1. Supporting the creation of new Protected Areas and strengthening management effectiveness of new and existing Protected Areas through financing of biodiversity conversation activities included in the Annual Operating Plans.

Subcomponent 1.2. Carrying out fundraising activities to obtain additional non-GEF funding to be

deposited by FMCN in FCC to finance biodiversity conservation activities in Protected Areas and selected watersheds.

Component 2. Promoting sustainability within watersheds

Subcomponent 2.1. Reducing deforestation and forest fragmentation through Payments for Ecosystem Services by CONAFOR's Fund for Biodiversity (FB). These PES will conserve the forest remnants within the watersheds.

Subcomponent 2.2. The carrying out of Agro-ecosystem Sub-projects. These sub-projects will reduce pressure on forest remnants through improved land use practices.

Subcomponent 2.3. The carrying out of Sustainable Forestry Management Sub-projects. These sub-projects will improve local capacities for sustainable forest management around relevant forest fragments, and support implementation of practices that will contribute to reduced deforestation.

Component 3. Enabling adaptive management by strengthening monitoring capacities Strengthening of community monitoring systems in selected watersheds including, inter alia: the development of models of watershed components and ecosystems services with the aim of establishing priority sites for project implementation and producing integrated watersheds and/or sub-watersheds land management actions plans (IWAPs); and carrying out within Protected Areas and priority sites in the selected watersheds: (a) monitoring of deforestation and ecosystem degradation; (b) regular community hydrological monitoring; (c) biodiversity monitoring; (d) carbon monitoring; and (e) workshops to analyze findings, data and share experiences at the watershed level.

Component 4. Innovative mechanisms for inter-institutional collaboration and promoting social participation

Carrying out inter-institutional coordination activities (including networks, forums and learning communities) at the regional and local levels, involving state and municipal governments, civil society, academic institutions to promote cross-section coordination, participation and oversight of sub-watersheds land management actions plans (IWAPs).

Component 5. Project management

Support for implementation of the project, including inter alia, costs for project coordination, technical assistance, support of the Technical Project Committee and regional PCUs, supervision of safeguards implementation, financial management, procurement and audits.

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

The project will operate in 10 watersheds along the Gulf of California and 6 along the Gulf of Mexico, selected because of their high biodiversity values, presence of protected areas, importance for the implementing institutions, local capacity, matching fund potential, and inter-institutional collaboration in the watershed. The watersheds were selected jointly by the four implementing agencies. INECC identified 17 coastal watersheds along the Gulf of California and 15 along the Gulf of Mexico that meet the basic criteria of high biodiversity values and existing or potential protected areas. The implementing agencies then scored the candidate watersheds according to additional criteria and selected six high priority watersheds along the Gulf of Mexico for the GEF. he selected watersheds show high variability, with degradation prevalent along the Gulf of Mexico;59.9% is devoted to cattle ranching, 39.2% to agriculture and 1% is urban. Increasingly, natural ecosystems in these watersheds are being pressured by competing land uses: expansion of low intensity cattle

ranching, slash-and-burn agriculture, sugar cane, and hydro-electric dams, as well as general coastal development. Negative these land use changes include carbon emissions, loss of biodiversity, erosion and other land degradation effects, and less sustainable livelihoods for communities within the watersheds. In terms of social development, the project area in the Gulf of Mexico comprises 2.7 million inhabitants (51% women) distributed in 4,771 localities in 112 municipalities of the states of Veracruz, Tabasco, Chiapas, Hidalgo, Puebla and Campeche. The majority of this population (85.37%) is located in Veracruz. Approximately 10% are indigenous peoples including: Tzeltal, Chol, Chontal, Nahuatl, Popoluca, Totonaca, Otomí and Tepehua. These communities in particular face high levels of marginalization and low social indicators.

#### 5. Environmental and Social Safeguards Specialists

Kristyna Bishop (LCSSO)

Marcelo Hector Acerbi (LCSEN)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Given the essentially environmental conservation characteristic of the project, a category B is proposed. This policy has been triggered due to the potential minimal impact of subprojects to be financed mainly under component 2. The Project has prepared a single, project-level Environmental and Social Management Framework (ESMF). One of the functions of the ESMF is to define the screening procedures and criteria that the Recipient will use to determine what, if any, further environmental analysis and instruments will be required for all subcomponents activities and defines the specific EA procedure during Project implementation. From an environmental assessment point of view, the project is expected to generate positive benefits.
Natural Habitats OP/BP 4.04	Yes	This safeguard is triggered primarily because of the positive benefits to natural habitats that the project could bring about. Given the focal areas of the project, there may also be some minor, adverse impacts to natural habitats as well, depending on the form of the ultimate activities to be developed under component 2. The instrument that treats these issues at the project level is the ESMF. If the ESMF's screening process determines that subcomponent activities may result in adverse impacts to natural habitats, these impacts will be addressed in subsequent specific management measures. In general, the project is expected to be beneficial to biodiversity, especially by maintaining corridors to connect

		protected areas and other important natural habitats. This connectivity will be especially important for wildlife as part of a climate change adaptation strategy.
Forests OP/BP 4.36	Yes	This safeguard is triggered due to the potential for changes in forest management as a result of the project. The ESMF includes the measures to address the eventual impacts related to forests. In general, the project is expected to have a positive impact on forests. Protected areas are a proven tool for slowing deforestation rates. The PES and sustainable forest management components will create incentives for community-based organizations and learning to support the implementation of agro-ecological practices that sustain livelihoods while minimizing loss of forest cover, and in many cases, restoring and improving forest, soil, and watershed conditions. The institutional strengthening and coordination components will enhance the ability of management agencies at many levels to detect changes, identify appropriate practices, and engage communities in valuing and enhancing forest and hydrological ecosystem services.
Pest Management OP 4.09	Yes	This safeguard is triggered as some subproject-supported activities (e.g., forest management) could potentially involve the use or purchase of pesticides or other agricultural chemicals. The ESMF incorporates measures to ensure compliance with the policy.
Physical Cultural Resources OP/BP 4.11	Yes	The ESMF includes a safeguard provision for chance findings of "historical sites and/or archeological sites." These safeguard measures also cover other physical cultural resources such as sacred sites, burial sites and other resources that are of significance to local communities. No Physical Cultural Resources will be affected by the project and it is unlikely that its activities may cause any damage to cultural assets. However, the policy has been triggered as a preventive measure to ensure that all participants respect the rich cultural heritage of the region. In case of chance findings, to handle such findings, Mexico has a well-developed legislative and normative framework, which is under the oversight of the National Institute for Anthropology and History (INAH). The screening and action procedures for

		chance findings would be incorporated into the
Indigenous Peoples OP/BP 4.10	Yes	chance findings would be incorporated into the environmental screening section of the ESMF.  This policy is triggered because there are indigenous peoples in the watersheds in the Gulf of Mexico region. A social assessment and consultation process was undertaken during preparation in order to better understand their socio-economic and demographic circumstances and to gather inputs, concerns and suggestions for the preparation of an Indigenous Peoples Planning Framework (IPPF). None of the watersheds that are being considered by the project in the Gulf of California region include indigenous communities within the protected areas, but consultation will be conducted as needed and an IPP prepared if necessary during project implementation. An Indigenous Peoples Plan Framework (IPPF) has been prepared for Components 1 and 2 per the requirements of OP 4.10. The IPPF was shared with a representative group of indigenous leaders from the Gulf of Mexico as well as other relevant stakeholders and their concerns and their inputs have been incorporated into the final version, which has been disclosed on the websites of the four executing agencies and on the Bank's Infoshop. The IPPF prepared for the Forests and Climate Change project will be used for the CONAFOR-executed part of Component 2 and IPPs prepared for those activities as agreed with CONAFOR.
		The IPPF prepared by CONAFOR was disclosed prior to the approval of the Forests and Climate Change project in Nov 2011 and it was redisclosed on the FMCN website.
Involuntary Resettlement OP/BP 4.12	Yes	This policy has been triggered in order to address possible impacts resulting from restrictions on access and use of natural resources in the new and existing protected areas that will be supported in Component 1. In particular, it is anticipated that new regulations to protect fragile habitats or endangered species may result in some restriction. As required by OP 4.12, a Process Framework has been prepared to provide operational guidance regarding the screening mechanism and mitigation measures and and training in the safeguard policies will be provided to the technical staff in the regional UCP.

Safety of Dams OP/BP 4.37	No	The project does not involve dam safety issues.
Projects on International Waterways OP/BP 7.50	No	The project does not involve international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project does not involve disputed areas.

#### II. Key Safeguard Policy Issues and Their Management

#### A. Summary of Key Safeguard Issues

# 1. Describe any safeguard issues and impacts associated with the Restructured project. Identify and describe any potential large scale, significant and/or irreversible impacts:

It is expected that the project will have overall positive impact on the environment and for the populations living in the Gulf of Mexico and Gulf of California. The creation of new protected areas and strengthening the management of existing ones will conserve forest and watershed resources and support the economic and social development of these regions. Outcomes and conservation status of areas supported by the project will be monitored through the GEF tracking tools, national protocols and through the development and implementation of community-based monitoring methods, with baseline and subsequent data captured in CONAFOR and CONABIO's national database. These monitoring tools are captured in the Project's ESMF.

The sustainable management practices supported in Component 2 are expected to reduce deforestation pressure in fragmented landscapes by engaging local community members in forest conservation, reforestation, and sustainable forest management, reducing pressure for land use change and also reducing soil erosion. These lands are currently at high risk of conversion.

Component 3 will enhance local communities' capacity to participate in monitoring and to better understand forest and watershed ecosystem services, and is expected to generate further opportunities for enhancing livelihoods through sustainable management and use of natural resources.

Finally, the enhanced institutional collaboration supported by Component 4 is expected to strengthen local governments' capacity to monitor and manage watershed resources, and create opportunities for synergy and enhanced application of practices to achieve the desired outcomes envisioned in the Conventions on Biological Diversity and Desertification, and the UNFCCC.

# 2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

It is expected that the project will have an overall positive impact on the environment and for the inhabitants of the selected watersheds in the Gulf of Mexico and the Gulf of California. However, some of the activities that will be supported by the project may result in changes in how the communities use these resources and the transition may be difficult. The transition will be mitigated by the various activities included in the general social strategy, extensive training for the technical staff in the region UCP who have the responsibility for screening for negative impacts per the Process Framework and the participatory planning process that will be undertaken each year as part of the preparation of the Annual Operating Plans.

# 3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Given the nature of the project and the intense environmental risks facing the watersheds, the project supports strong evidence-based activities that are intended to avoid continued degradation and therefore no project alternatives were seriously considered. However, as indicated above, it is expected that some of the activities will require changes in behavior and these have been considered and mitigation measures to address them are reflected in the social strategy, safeguard instruments and the overall design of the project.

# 4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The Project has prepared a single, project-level Environmental and Social Management Framework (ESMF). One of the functions of the ESMF is to define the screening procedures and criteria that the Recipient will use to determine what, if any, further environmentaland/or social analysis and instruments will be required for all subcomponents activities and defines the specific EA procedure during Project implementation. From an environmental assessment point of view, the project is expected to generate positive benefits. The protected area strategies supported by previous projects and extended in the proposed project have been shown to be effective in conserving forest and watershed resources. Existing protocols for establishment of protected areas include studies of ecological and social conditions, opportunities, and risks, and measures for enhancing positive outcomes and mitigating risks. Management plans and monitoring systems provide for detecting and addressing environmental and other impacts in real time. CONAFOR's Forests and Climate Change program, including systems for promoting best practices in sustainable forest management and PES to support those practices, included a detailed environmental assessment conducted in 2011 (Informe de Evaluación Ambiental, Proyecto Bosques y Cambio Climático SIL, prepared for CONAFOR) and a detailed social assessment that informed the development of an Indigenous Peoples Planning Framework and Process Framework. The extension of this program to new watersheds is expected to bring similar outcomes, including learning about appropriate incentives for and the adoption of best forest management practices; development and adoption of IWAPs; reforestation of degraded areas; institutional strengthening of the entities responsible for forest and water resource management and regulation; capacity for early detection and management of changes; and enhanced efficiency and synergies in the application of resources destined for natural resource management improvements as well as improved conditions for the local populations. All Project activities are subject to the environmental procedures defined in the ESMF and in compliance with the requirements (as stated in the ESMF) of the General Law for Sustainable Forestry Development (LGDFS) and its Regulations; the General Law for Ecological Balance and Environmental Protection (LGEEPA); the General Law for Wildlife, the Sustainable Rural Development Act, and the National Water Act.

### 5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The direct beneficiaries of the project will be landowners. ejidos and communities participating in the project as well as local organizations working with them to provide technical assistance and training. In the Gulf of Mexico, the project area (six watersheds/sub-watersheds) comprises 2.7 million inhabitants (51% women) distributed in 4,771 localities in 112 municipalities of the states of Veracruz, Tabasco, Chiapas, Hidalgo, Puebla and Campeche, of which approximately 10% are indigenous peoples. In the Gulf of California, where the project will be supported in large part by counterpart and matching funds, target watershed/sub-watersheds and populations will depend on areas to be selected in accordance with donor preferences. In both areas, knowledge sharing and participatory monitoring and evaluation will empower community organizations to actively

participate in decision-making and develop their own mechanisms to improve governance in the watersheds. Other direct beneficiaries will include landowners who receive direct compensation for conserving forests within the selected watersheds and residents of communities whose livelihoods are enhanced by the economic flows resulting from establishment of protected areas. Annex 2 summarizes the scope of the project.

During preparation, four workshops were conducted in the Gulf of Mexico watersheds. A total of 110 people participated from 27 organizations, 37 communities, 10 indigenous groups as well as representatives from all three government levels. Their inputs were used to develop the ESMF and the related safeguard instruments. The ESMF was disclosed on the FMCN webpage on April 1, 2013. Validation of the contents of the ESMF and the related safeguard instruments took place on April 10th, 2013 via the auspices of the Consulting Board for Sustainable Development (Consejo Consultivo de Desarrollo Sustentable) in Veracuz, which includes representatives of the federal, state, indigenous, women, private, academic, youth, and no-profit sectors. Their inputs were incorporated into the final version of the ESMF, IPPF and PF and they are available on the CONANP, CONAFOR, INECC and FMCN webpages (in FMCN since 1 April 2013).

#### **B.** Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other		
Date of receipt by the Bank 28-Apr-2013		
Date of submission to InfoShop	08-May-2013	
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors		
"In country" Disclosure		
Mexico	01-Apr-2013	
Comments: Documents disclosed on the FMCN website		
Resettlement Action Plan/Framework/Policy Process		
Date of receipt by the Bank	28-Apr-2013	
Date of submission to InfoShop	08-May-2013	
"In country" Disclosure		
Mexico 01-Apr-2013		
Comments: Documents disclosed on the FMCN website		
Indigenous Peoples Development Plan/Framework		
Date of receipt by the Bank 28-Apr-2013		
Date of submission to InfoShop	08-May-2013	
"In country" Disclosure		
Mexico	01-Apr-2013	
Comments: Documents disclosed on the FMCN website		
Pest Management Plan		
Was the document disclosed prior to appraisal?	NA	
Date of receipt by the Bank NA		
Date of submission to InfoShop NA		

"In country" Disclosure		
Comments:		
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.		
If in-country disclosure of any of the above documents is not exp	pected, please explain why:	

### C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment			
Does the project require a stand-alone EA (including EMP) report?	Yes [×]	No [ ]	NA[]
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes [×]	No [ ]	NA[]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [×]	No [ ]	NA[]
OP/BP 4.04 - Natural Habitats			
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [ ]	No [×]	NA[]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [ ]	No [ ]	NA [×]
OP 4.09 - Pest Management			
Does the EA adequately address the pest management issues?	Yes [ × ]	No [ ]	NA[]
Is a separate PMP required?	Yes [ ]	No [×]	NA[]
If yes, has the PMP been reviewed and approved by a safeguards specialist or SM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [ ]	No [ ]	NA [×]
OP/BP 4.11 - Physical Cultural Resources			
Does the EA include adequate measures related to cultural property?	Yes [×]	No [ ]	NA[]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [×]	No [ ]	NA[]
OP/BP 4.10 - Indigenous Peoples	-		
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [×]	No [ ]	NA[]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [×]	No [ ]	NA[]

	1		
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Sector Manager?	Yes [ ]	No [ × ]	NA[]
OP/BP 4.12 - Involuntary Resettlement			
Has a resettlement plan/abbreviated plan/policy framework/ process framework (as appropriate) been prepared?	Yes [×]	No [ ]	NA[]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [×]	No [ ]	NA[]
OP/BP 4.36 - Forests			-
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [ ]	No [ ]	NA [×]
Does the project design include satisfactory measures to overcome these constraints?	Yes [ ]	No [ ]	NA [×]
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes [ ]	No [ ]	NA [×]
The World Bank Policy on Disclosure of Information	1		
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [×]	No [ ]	NA[]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [×]	No [ ]	NA[]
All Safeguard Policies	•		
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [×]	No [ ]	NA[]
Have costs related to safeguard policy measures been included in the project cost?	Yes [×]	No [ ]	NA [ ]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [×]	No [ ]	NA [ ]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [ ]	No [×]	NA [ ]

### III. APPROVALS

Task Team Leader:	Adriana Goncalves Moreira	
Approved By		
Regional Safeguards Advisor:	Name: Glenn S. Morgan (RSA)	Date: 19-Jun-2013
Sector Manager:	Name: Karin Erika Kemper (SM)	Date: 19-Jun-2013