

**INTEGRATED SAFEGUARDS DATA SHEET
(FCPF READINESS PREPARATION)
CONCEPT STAGE**

Report No.:

Date ISDS Prepared/Updated: October 4, 2011

I. BASIC INFORMATION

FCPF Readiness activities relate to strategic planning and preparation for REDD+. Specifically, countries prepare for REDD+ by:

- i. assessing the country's situation with respect to deforestation, forest degradation, conservation and sustainable management of forests and relevant governance issues;
- ii. identifying REDD+ strategy options;
- iii. assessing key social and environmental risks and potential impacts associated with REDD+, and developing a management framework to mitigate these risks and potential impacts;
- iv. working out a reference level of historic forest cover change and greenhouse gas emissions and uptake from deforestation and/or forest degradation and REDD+ activities, and potentially forward-looking projections of emissions; and
- v. designing a monitoring system to measure, report and verify the effect of the REDD+ strategy on greenhouse gas emissions and other multiple benefits, and to monitor the drivers of deforestation and forest degradation, as well as other variables relevant to the implementation of REDD+.

The FCPF Readiness Preparation grant will finance some of this preparatory work; it will not finance any physical investments or pilot projects on the ground.

A. Basic Project Data

Country: Mexico	Project ID: P120417	
	Additional Project ID (if any):	
Project Name: FCPF Readiness Preparation		
Task Team Leader: Laurent Debroux		
Estimated Appraisal Date: June 2013	Estimated Board Date: To be determined	
Managing Unit: LCSAR	Lending Instrument: Carbon Offset/TF Grant	
Sector: Forestry (AT)		
Theme: Climate Change (81)		
IBRD Amount (US\$m.):		
IDA Amount (US\$m.):		
GEF Amount (US\$m.):		
PCF Amount (US\$m.):		
FCPF Readiness Fund Amount (US\$m.): US\$3.6 million		
FCPF Carbon Fund Amount (US\$m.): To be determined		
Environmental Category: B		
Simplified Processing	Simple <input checked="" type="checkbox"/>	Repeater <input type="checkbox"/>
Is this a transferred project	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

B. Objectives [from section 2 of R-PP Assessment Note]:

1. The overall, long-term objective of the proposed World Bank/FCPF engagement in Mexico is: *to help Mexico reduce carbon emissions from deforestation and forest degradation, sustainably manage forests, and conserve and enhance forest carbon stocks (REDD+) in a socially and environmentally sound manner, while accessing international financial incentives for local forest users, thereby helping to mitigate climate change at a global level.*

C. Description [from section 3 of R-PP Assessment Note]:

2. The policies, programs and other interventions Mexico intends to implement to reduce emissions from deforestation and forest degradation will be defined through studies and consultations during the readiness preparation phase. The potential strategy options currently under consideration fall into five main categories: (i) improvement of forest management through community capacity-building; (ii) improvement of coordination between forest activities and other activities (livestock, agriculture, tourism, etc.), (iii) removal of barriers to investment in forest management, (iv) further definition and enforcement of forest user rights, and (v) development of sustainable agriculture and other economic options for communities. It is likely that ongoing programs such as PROCYMAF and PES would serve as a cornerstone of the REDD strategy, with improvements to be defined through studies and public consultations during the preparation phase. Since most forests in Mexico are owned by communities, most REDD actions in Mexico would likely be implemented at community level on a voluntary basis.

3. The specific REDD preparation activities Mexico intends to carry out in preparing its Readiness Package are described in the R-PP, and include: stakeholder consultations, analytical work, capacity-building, and a strategic assessment of environmental and social impacts (SESA). These activities would be funded by the FCPF Readiness Preparation Grant of \$3.6 million and a US\$9.01 million grant from the Government of Norway in addition to the Mexican government's own contribution.¹

¹ The US\$9.01 million grant from the Government of Norway would finance all activities related to the Reference Level and the Measurement, Reporting and Verification system, while the proposed FCPF grant would focus on Consultation and Participation, Design of REDD Strategies, Readiness Management Arrangements, and the Strategic Environmental and Social Assessment. The grant from Norway would be implemented by UNDP and FAO.

D. Location and salient physical characteristics relevant to the safeguard analysis (if known):

The Readiness Preparation Grant will not finance physical investments or pilot projects on the ground. Among other things, the Grant will finance a number of analytical and diagnostic studies as well as a series of participative meetings and workshops with stakeholders. While Readiness Preparation is conceived as mostly strategic planning at this stage, it is important to note that key policy and regulatory precedents are being set at the readiness phase that may have downstream impact at the national level once the national REDD+ strategy is ready to be implemented.

E. Borrower's Institutional Capacity for Safeguard Policies:

The Federal Government established the Intersectoral Commission on Climate Change (CICC, *Comision Intersectorial de Cambio Climatico*). Within the CICC, the Government created a REDD+ Working Group which coordinates REDD+ related issues with the various ministries involved in land use topics, indigenous peoples rights, and other sectors involved, with the intention to mainstream public policies for REDD+.

In the process of designing the national REDD+ strategy, CONAFOR promoted the participation of key stakeholders in a open format (seminar) that led to the legal establishment of the CTC-REDD+ (*Comite Tecnico Consultivo sobre REDD+*) on May 13, 2010², composed by a wide-range of civil society organizations and the additional participation of the Secretary of Environment and Natural Resources as well as other relevant government agencies. The minutes of a formal agreement in the CICC-REDD+ Working Group recognizes the CTC-REDD+ as the civil society multisectoral forum operating as a liaison for the governmental CICC-REDD+ Working Group.

Though the CTC-REDD+ is formed by active representatives of NGOs, producers' organizations, private sector and academia, participation has involved mostly national level organizations. Up to date, participation in the CTC-REDD has been open and in a voluntary basis. Most meetings have taken place in Mexico City. The CTC-REDD is chaired by a civil society representative elected by the members. CONAFOR is planning to strengthen the CTC-REDD+ to ensure greater participation of organizations representing grassroots local forest communities in the institutional structure for planning and implementing REDD+ in order that these communities and *ejidos* are able to provide inputs directly. Additionally, CONAFOR has been promoting and supporting the creation of regional and state level CTCs-REDD+ to ensure ample participation by grassroot organizations, in the priority regions for REDD+. CONAFOR plans to strengthen these CTC-REDD+ platforms at the national, regional and local level by ensuring participation of stakeholders (in some cases through financial support) in order to be points for consultation on the SESA, the preparation of the ESMF and the overall design of the national REDD+ strategy.

² The CTC-REDD started working since 2008 as a subgroup of the CTC for the Payment for Environmental Services Program, but it was formalized as a separate CTC until 2010.

CONAFOR has knowledge and experience in applying the social and environmental safeguards policies of the Bank through a number of Bank-financed projects such as PROCYMAF I and II, the GEF COINBIO as well as the Payment for Environmental Services (PES) and the GEF Biodiversity Endowment Fund. CONAFOR also counts with an in-house team of social specialists in the department of social participation that have a long-standing active engagement with regional and local communities, ejidos and Indigenous Peoples in the forestry sector.

In addition, CONAFOR is developing a communications strategy to disseminate information widely and to support the consultation process through existing platforms. For Indigenous Peoples, CONAFOR will coordinate with the *Comision Nacional de Desarrollo para los Pueblos Indigenas* (CDI) to implement a national consultation process. CONAFOR will use other formal advice bodies (like the Consejo Nacional Forestal, Consejos Estatales Forestales, Consejo de Desarrollo Rural Sustentable and Consejos de Desarrollo Sustentable) as consultation platforms.

Given the complexity of the institutional arrangements at various levels, it is important for CONAFOR to strengthen its institutional capacity by recruiting additional human resources that could smoothly coordinate these various platforms at the policy and multi-stakeholder levels.

F. Environmental and Social Safeguards Specialists on the Team:

Mi Hyun Bae (Social Scientist, LCSSO)

Ricardo Hernandez (Sr. Environmental Specialist, LCSN)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

The FCPF Readiness Preparation grant will, in part, support the country's activities to identify the potential risks associated with REDD+ and to identify mitigation options. In order to do this, the Grant will finance a Strategic Environmental and Social Assessment (SESA) in order to integrate key environmental and social considerations into REDD+ Readiness by combining analytical and participatory approaches. The SESA allows: (i) social and environmental considerations to be integrated into the REDD+ Readiness process, in particular the REDD+ strategy; (ii) stakeholder participation in identifying and prioritizing key issues, assessment of policy, institutional and capacity gaps to manage these priorities and recommendations, and disclosure of findings in the REDD Country's progress reports on Readiness preparation; and (iii) an Environmental and Social Management Framework (ESMF) to be put in place to manage environmental and social risks and to mitigate potential adverse impacts.

It is envisioned that the safeguards policies mentioned below may be triggered in the REDD+ Readiness process.

Safeguard Policies Triggered (please explain why)	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	X		
As part of the REDD readiness preparation, the country will assess key social and environmental risks and potential impacts associated with REDD+, and develop a management framework to mitigate these risks and potential impacts.			

Safeguard Policies Triggered (<i>please explain why</i>)	Yes	No	TBD
Natural Habitats (OP/BP 4.04)	X		
<p>Given that the REDD strategy will likely work both within existing protected areas as well as other forest habitats of varying significance, OP 4.04 will apply. If the REDD strategies are successful, the impacts on critical forest habitats are expected to be positive, nevertheless SESA will evaluate the possible risks associated with strategic options on forest habitats within PA as well as other sensitive forest habitats under private or communal control. The Natural Protected Areas System (SINAP), managed by CONANP who has been actively participating in the REDD strategy preparation process is responsible to ensure any activities within the NPAs are compatible with their management plans. The National Biodiversity Commission (CONABIO) produced a map of "Priority Areas" and "Gap Analysis" of areas not included in the SINAP (and therefore not protected by a decree and management plan) which will be included early in the participatory planning process to ensure key policy and regulatory recommendations from the readiness phase will take into account and report on downstream impacts during the national REDD strategy implementation. CONANP and CONABIO will screen any activities proposed in these areas. During the implementation phase monitoring activities will be established to ensure that critical natural habitats are not adversely affected. The ESMF will include provisions to assess possible impacts prior to any actions being undertaken on the ground.</p>			
Forests (OP/BP 4.36)	X		
<p>The REDD+ Strategy is expected to build largely on the experience of CONAFOR in the implementation of the Community Forestry, Payment for Environmental Services and Sustainable Forest Management Certification programs. During the REDD preparation phase, these and other forestry and rural development initiatives will be evaluated in order to ensure lessons learned are incorporated early in the design and assess key social and environmental risks and potential impacts associated with REDD+ are considered in the ESMF.</p>			
Pest Management (OP 4.09)			X
<p>CONAFOR will review the applicability of this policy during the Readiness process, taking into account pest management needs in relation to any wood treatment issues that might be linked to sustainable forestry initiatives and associated industries.</p>			
Physical Cultural Resources (OP/BP 4.11)			X
<p>Mexico created the first government authority to protect Physical Cultural Resources in 1808 (<i>Junta de Antigüedades</i>). The current legislation was passed in 1972 (<i>Ley Federal sobre Monumentos y Zonas Arqueológicas, Artísticas e Históricas</i>). It mandates any chance-find to be reported to the closest civil authority, which will in turn inform the federal authority, <i>Instituto Nacional de Antropología e Historia</i>. Since the FCPF preparation grant will not finance physical investments on the ground and is mostly strategic planning at this stage, the need to trigger this OP will be assessed during preparation and mitigation and management measures will be included in the ESMF as appropriate.</p>			
Indigenous Peoples (OP/BP 4.10)	X		
<p>An Indigenous Peoples Planning Framework (IPPF) will be prepared in compliance with the Indigenous Peoples Policy (OP 4.10). The IPPF will be a specific chapter of the Environmental and Social Management Framework (ESMF). Under this policy, Indigenous Peoples communities potentially affected by the REDD+ Strategy must be consulted in a culturally appropriate manner and their "broad community support" will need to be acquired. Moreover, Mexico has also committed to comply with its obligations under ILO Convention 169 on Indigenous and Tribal Peoples.</p>			

Safeguard Policies Triggered <i>(please explain why)</i>	Yes	No	TBD
Involuntary Resettlement (OP/BP 4.12)	X		
The Government has indicated that the REDD strategy would not involve any physical displacement and that participation in REDD activities will continue to be on a strictly voluntary basis (as CONAFOR's current programs). A Process Framework will be prepared as a specific chapter of the ESMF in order to manage the potential risk of restriction of access to forest resources, for example in the case of protected areas.			
Safety of Dams (OP/BP 4.37)		X	
Projects on International Waterways (OP/BP 7.50)		X	
Projects in Disputed Areas (OP/BP 7.60)		X	
Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects (OP/BP 4.00)		X	

III. SAFEGUARDS PREPARATION PLAN

- A. Target date for review meeting of REDD Country's mid-term progress report, at which time the ISDS may be updated as needed: June 2012**
- B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing³ should be specified in the initial ISDS and/or updated ISDS:**

The main safeguard instrument to be applied during the readiness phase is the SESA, which focuses on a continuous participatory process that influences the REDD+ strategy design from the perspective of stakeholders that may be directly affected by the proposed REDD measures. The SESA process will assess during the readiness phase the social, environmental, legal and policy issues identified by key stakeholders, for which a series of diagnostic studies will be carried out and consulted upon.

In order to start this process, CONAFOR carried out a regional SESA workshop in Bacalar, Quintana Roo (April 9, 2011) and a National SESA Workshop in Mexico City (May 12-13, 2011) with the objective to further inform the public about CONAFOR's plan for designing a national REDD+ strategy and carry out an initial issue scoping exercise with key stakeholder groups. These two workshops provided key stakeholders with an opportunity to provide CONAFOR with a comprehensive overview of the specific issues and concerns that affect them in order to be considered during the readiness phase. The two SESA workshops also called for the participation of additional key stakeholder groups at the regional and state levels that were

³ 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.

not sufficiently represented in the CTC-REDD+. A Workshop Proceedings was prepared and disseminated to stakeholders on May 24, 2011 (Bacalar) and May 30, 2011 (Mexico City) by CONAFOR reflecting the inputs and feedback received from the key stakeholder groups in these two SESA workshops. Each SESA workshop and meeting will be documented for follow-up. Furthermore, Mexico carried out a series of workshops in different regions for the dissemination of REDD+ related information and to obtain feedback from relevant local stakeholders. In these series of workshops CONAFOR presented among other things, the results of the national SESA workshop, the SESA matrix and CONAFOR's responses to the main issues identified by the participants. Finally, CONAFOR asked for feedback on the answers and suggestions on how to address their main preoccupations.

Based on the stakeholders' inputs of the issue scoping exercise, CONAFOR is preparing a SESA Workplan to specifically strategize on a way forward into the SESA process throughout the readiness preparation phase taking as a foundation the stakeholder discussions carried out in the workshop. The SESA workplan will be a self-standing document that will contain specific operational guidance on the next steps and activities, the specific linkages with the overall national REDD+ strategy design and specific components of the R-PP, the specific issues and studies to be carried out, budget, institutional arrangements and timeline. This SESA Workplan, that will be disseminated and commented upon by stakeholder groups prior to its finalization, will be a live document subject to revision as the design of the national REDD+ strategy evolves. The communications strategy will also support the SESA process in terms of information dissemination on the specifics of the strategic options, risks and benefits, to strengthen participatory platforms and process, and also to raise awareness about the overall national REDD+ strategy.

As part of the SESA process, an Environmental and Social Management Framework (ESMF) will be prepared for downstream impacts once the national REDD+ strategy is being implemented. The ESMF is one of the specific outputs needed for the R-Package. Any identified gaps to manage risks and potential impacts in relation to relevant World Bank's safeguard policies should be identified along with the strategy options to feed into the preparation of the ESMF. Subsections of the ESMF will include:

- a. Environmental Assessment (OP4.01) to assess key social and environmental risks and potential impacts associated with REDD+, and the appropriate course of action to mitigate these risks and potential impacts.
- b. Natural Habitats (OP/BP4.04) to evaluate the possible risks associated with strategic options on forest habitats within PA as well as other sensitive forest habitats under private or communal control, with special reference to CONABIO's map of "Priority Areas" and "Gap Analysis".
- c. Forests (OP/BP4.36) to evaluate the possible risks associated with options on forest management and conservation, building largely on the experience of CONAFOR in the implementation of the Community Forestry, Payment for Environmental Services and Sustainable Forest Management Certification programs, to develop the appropriate provisions avoid or mitigate these risks and potential impacts.
- d. Pest Management (OP4.09) when/if CONAFOR's review of the applicability of this policy during the Readiness process determines any account pest management needs in relation to any wood treatment issues that might be linked to sustainable forestry initiatives and associated industries, a pest management plan will be included as part of the ESMF.

- e. Physical Cultural Resources (OP/BP4.11) if the assessment during preparation determines the need to trigger this OP, the ESMF will spell out the institutional coordination mechanism set in place to ensure the Anthropology Institute (INAH) is involved as the law on monuments states, in the management of measures included in the ESMF to appropriately deal with any chance find or other issues.
- f. An Indigenous Peoples Planning Framework (IPPF) (OP4.10) for managing possible negative and positive impacts to Indigenous Peoples communities affected by the REDD+ Strategy. Indigenous Peoples' "broad community support" on the REDD+ Strategy will need to be acquired. Moreover, Mexico has also committed to comply with its obligations under ILO Convention 169 on Indigenous and Tribal Peoples of free, prior and informed consent.
- g. A Process Framework (OP 4.12) for managing the potential restriction of access to forest resources.

The ESMF will provide a framework to manage and mitigate –including the institutional arrangements, responsibilities and resources-, the potential environmental and social impacts related to specific projects and activities (including investments and carbon finance transactions) in the context of the future implementation of REDD+.

IV. APPROVALS

<i>Signed and submitted by:</i>		Date
Environmental Safeguards Specialist	Ricardo Hernandez 10/03/11	R H
Social Safeguards Specialist	Mi Hyun Bae 10/04/11	Mi Hyun Bae
Task Team Leader:	Laurent Debroux 10/04/11	Laurent Debroux
<i>Approved by:</i>		
Regional Safeguards Coordinator:	Glenn Morgan 10/07/2011	Glenn Morgan
Comments:		
Sector Manager:	Ethel Sennhauser 10/12/2011	Ethel Sennhauser
Comments:		