



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 30-Jan-2018 | Report No: PIDISDSA21179



BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Mexico	P159835	Mexico: Sustainable Productive Landscapes	
Region	Estimated Appraisal Date	Estimated Board Date	Practice Area (Lead)
LATIN AMERICA AND CARIBBEAN	17-Jan-2018	27-Mar-2018	Agriculture
Financing Instrument	Borrower(s)	Implementing Agency	GEF Focal Area
Investment Project Financing	United Mexican States	SEMARNAT, Financiera S.N.C. (NAFIN)/Trustee for the FCC (Climate Change Fund)	Multi-focal area

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Proposed Development Objective(s)

To strengthen sustainable management of productive landscapes and increase economic opportunities for rural producers in priority areas of Mexico

Components

- Capacity Strengthening for Sustainable Landscape Management
- Investments into Biodiversity-Friendly and Climate-Smart Production Systems
- Project Management, Monitoring, and Evaluation

Financing (in USD Million)

Financing Source	Amount
Borrower	17.95
Global Environment Facility (GEF)	21.86
Borrowing Country's Fin. Intermediary/ies	36.00
LOCAL: BENEFICIARIES	0.34
Total Project Cost	76.16



Environmental Assessment Category

B - Partial Assessment

Have the Safeguards oversight and clearance functions been transferred to the Practice Manager? (Will not be disclosed)

Yes

Decision

The review did authorize the preparation to continue

Other Decision (as needed)

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B. Introduction and Context

Country Context

- Mexico's economy continues to expand at a steady though moderate rate of growth.** The increase in Mexico's GDP over the past three years, 2014-2016, at an annual average of 3.0% was stronger than annual average growth recorded during the previous two decades, 1994-2013, of 2.4%.¹ Growth is expected to moderate to about 1.9% in 2017 and strengthen in the medium-term to about 2.5% by 2019² as uncertainty regarding NAFTA and the presidential elections (July 2018) dissipates and gross fixed investment growth resumes. However, these growth rates are only about half the average growth observed in emerging market economies (5.3%) between 1994 and 2016.
- Economic performance has been resilient in view of external shocks experienced over the past few years.** During this time, Mexico's economy has experienced several external shocks, including a sharp drop in oil prices with average oil prices down by 50-60%, an additional reduction in the volume of oil and gas production by 6% annually, international financial market volatility related to a normalization of monetary policy in advanced economies, and, more recently, uncertainty over the future of U.S.-Mexico trade relations. Sensible monetary and fiscal policy responses to these shocks, within an overall sound macroeconomic policy framework including a flexible exchange rate, an inflation-targeting monetary policy framework and fiscal oversight ensuring moderate public sector deficits, has maintained macroeconomic stability in recent years.
- Moderate economic growth over recent years has limited significant poverty reduction and improvements in shared prosperity.** The most recent official poverty estimate, based on a combination of monetary and non-monetary dimensions of welfare, shows a decline in poverty from 46.2% to 43.6% and in extreme poor from 9.5% to 7.6% between 2014 and 2016.³ Access to health services and access to social security and food security were the non-monetary components that most improved. Monetary poverty also declined as poverty rates at the well-being poverty line dropped from 53.2% to 50.6%.⁴ The decline in monetary poverty has been driven by higher income growth at the lowest income distribution levels.
- Mexico is one of the world's richest countries in terms of biodiversity and is generously endowed with forests, land, oil, and mineral resources.** It has approximately 12% of the world's biodiversity, with high levels of endemism, including an estimated 200,000 species in rich ecosystems. Mexico also boasts 64 million hectares of forests, which represent 33 % of its territory. About 61% of forest land belongs to rural communities under a legally established collective ownership system (*ejido*) that is unique in the world. The country's biomes are important for curbing global climate change and conserving global biodiversity.
- This wealth of natural resources is at risk.** Economic pressure, extreme natural events, and climate change continue to erode the country's natural capital. Forest degradation and deforestation have persisted for decades, and only about 10% of the native tropical forest area and half of the temperate forest area remain intact. While deforestation at an aggregate level is declining in Mexico, it is still high, particularly in southern states. Soil erosion affects almost half of the national territory, and 38 % of Mexico's rivers are considered highly polluted. Some sources estimate that the economic cost of environmental degradation and natural resource depletion in Mexico is equivalent to roughly 6.3% of national GDP, and that this cost is even higher in deforestation hotspots. Mexico's extreme vulnerability to climate

¹ Bank staff estimates based on INEGI

² Global Economic Prospects, January 2018.

³ CONEVAL.

⁴ CONEVAL.



change will only heighten its development challenges. World Bank studies estimate that climate change could slow the pace of poverty reduction by 2.4 percentage points by 2030, meaning an extra 2.9 million people would remain in poverty.

6. **For Mexico to prosper more equitably and sustainably, policy must reflect stronger climate change and environmental considerations.** Sound policy interventions can strengthen productivity and earnings, improve inclusiveness to ensure that the poor have access to services, and increase sustainability so that development does not harm Mexico's resource base. Mexico's National Development Plan 2013–2018 (NDP) focuses on promoting prosperity by stimulating economic growth.⁵ It recognizes that opportunities for growth must be environmentally sustainable, low-carbon, and climate resilient to expand durable economic gains and reduce socioeconomic disparities (NDP, Strategic Objective 4, Strategy 4.4.3.). The Special Program for Climate Change 2014–2018 is the national umbrella program for addressing low-carbon development and sustainable strategies.⁶ Most recently, the government has undertaken measures designed to support implementation of the United Nations Sustainable Development Goals (SDGs) and achieve coherent national policies for the country's sustainable development.

C. Sectoral and Institutional Context

7. **The agriculture and forest sectors make important contributions to Mexico's economy and provide livelihoods for millions of rural households.** About half of Mexico's land is under agricultural production (crops and livestock). In 2015 primary agriculture accounted for around 3.4% of Mexico's GDP—actually about 11%, when the sector's forward and backward linkages (through input markets, post-harvest agro-industrial processes, and food production) are considered. It is estimated the sector employs about 13.5 percent of the Mexican labor force. Forestry production accounted for 0.6% of GDP in 2015, twelve million people live in forested areas and depend directly on local natural resources for their livelihoods. Of this population, more than 1.5 million are indigenous, and more than half live in extreme poverty.

8. **The considerable poverty in rural areas increases pressure on natural resources, mainly through activities related to agriculture and forests.** The expansion of commercial and subsistence agriculture has brought significant environmental challenges to Mexico. About 80% of agricultural land suffers from some level of degradation caused by overgrazing, excessive pesticide use, and improper water management. Agriculture and cattle ranching are not only a primary source of greenhouse gas (GHG) emissions in Mexico but are the third most rapidly growing source of emissions.⁷ Pressure from agricultural expansion is increasing in forest buffer zones. In the seven areas selected for the proposed Sustainable Productive Landscapes project (Territorios Productivos Sostenibles, TPS), which are an important reservoir of biodiversity, forests come under pressure largely because of unsustainable forest use and changes in land use that accompany agriculture and livestock production. Forests and agriculture are both highly vulnerable to climate hazards, which exacerbate natural resource deterioration. In southern states, such as Guerrero, Chiapas, and Oaxaca, farmers face severe climate risks, such as floods and pest infestations. For example, efforts to de-commodify coffee production (an economic activity central to the livelihoods of thousands of Mexican producers) via differentiation in organic markets increased exposure to climate-related pests and diseases due to the lack of large-scale and coordinated investments to identify, validate, and deploy technological packages for organic production.

⁵ Plan Nacional de Desarrollo 2013–2018, available at <http://pnd.gob.mx/>.

⁶ Mexico has made important global commitments to reduce national emissions in relation to a defined baseline (for example, by 2030 emissions should be 22% lower than the baseline).

⁷ Agricultural emissions come mainly from methane enteric fermentation (representing 63.87% of all agricultural emissions), followed by manure management (17.13%), soil management (16.58%), rice (0.47%), and burning of agricultural residues (0.2%).



9. **Improved technologies and practices represent opportunities for addressing climate-related challenges, protecting biodiversity, ensuring land productivity, and supporting the economic growth and development of the agriculture and forest sectors.** Farmers in Mexico, through different publicly and donor-funded programs, have begun to adopt a variety of climate-smart practices. Those efforts need to be scaled-up, and for that to happen, there is a need to address significant bottlenecks that restrict improvements in productivity and access to key services and markets. For example, the lack of collateral or financial intermediaries are key bottlenecks in accessing finance, which is crucial to achieving improvements in productivity and market integration. Despite emerging efforts, important gaps remain in putting the right mix of incentives into place to support farmers' productive improvements, including those leading to more biodiversity-friendly and climate-smart production.

10. **The Government of Mexico recognizes the importance of adopting strategic, integrated spatial approaches to ensure large gains from agriculture and forest activities while sustaining the natural resource base upon which those activities depend.** Lessons from Mexico and elsewhere demonstrate the relevance of spatial/landscape approaches in addressing conservation issues. They also emphasize the importance of anchoring spatially integrated approaches among the local actors to whom they matter the most, using mechanisms for identifying strategic priorities and building consensus. Evidence from Mexico shows that communally managed forests experience less deforestation than protected nature reserves and forests managed under logging bans. Extending community and locally based management approaches beyond forests to cover activities in other productive landscapes, particularly in forest buffer zones, can have important environmental and livelihood impacts.

11. **A stronger agenda is needed to more fully integrate the dual goals of improving productive outcomes and enhancing environmental sustainability.** SAGARPA (the Ministry of Agriculture, Livestock, Rural Development, Fisheries, and Food) has several instruments in place to support climate-smart production, yet important gains remain to be made, however, from mainstreaming climate-smart approaches and biodiversity criteria into some of SAGARPA's largest programs, such as PROAGRO Productivo⁸ and PROGAN.⁹ At the same time, several programs managed by the Ministry of Environment and Natural Resources (SEMARNAT) and others, focusing on productive objectives around agriculture, have few links to SAGARPA programs.

12. **Transformational impacts in agricultural productivity, rural livelihoods, and environmental conservation will not be achieved at scale without strongly aligned policies, institutions, and incentives.** Striking the correct balance and scope of action between growth policies and environmental protection is a major challenge, but Mexico is taking important early steps to transform this challenge into an opportunity. The country has introduced several policies and programs and set up institutional frameworks to sustainably manage its productive resources, under the oversight of two leading ministries—SEMARNAT and SAGARPA. Strengthening inter-sectoral collaboration and coordination between SEMARNAT and SAGARPA and allied agencies will do much to ensure that an enabling and effective institutional and policy environment emerges to support sustainable production in Mexico. The Mexican presidency is undertaking high-level efforts to create a coherent policy framework as well, as exemplified by the recent agreement between SEMARNAT and SAGARPA to coordinate programs. To achieve scale and transformational impacts, it is also critical to align efforts to develop and strengthen producers' entrepreneurial capacities and link them to product and service markets. For that reason, the government decided strategically to use a substantial portion of its GEF resources to support integrated productive landscape approaches to align production, livelihood, and conservation objectives.

⁸ PROAGRO Productivo is one of the largest programs of SAGARPA for the agriculture sector.

⁹ PROGAN (Programa de Producción Pecuaria Sustentable y Ordenamiento Ganadero y Apícola) is the largest SAGARPA program for the livestock sector.



D. Proposed Development Objective(s)

Development Objective(s)

13. The Project Development Objective (PDO) is to strengthen sustainable management of productive landscapes and increase economic opportunities for rural producers in priority areas of Mexico.

Key Results

14. The following key results are proposed for measuring achievement of the PDO:

- Productive landscape area under sustainable management.
- Share of beneficiary producer organizations (POs) that improve their capacity to align business growth with conservation objectives.
- Increased sales of goods and services marketed under biodiversity/sustainable criteria.

15. **Project Beneficiaries.** The beneficiaries of the Project include about 20,000 producers in 14 priority sites. The Project will improve the organizational capacity of producer groups and associations and enhance their technical, entrepreneurial, and marketing skills for sustainable production, while promoting strategic alliances and increasing the competitiveness of productive activities. Participating government institutions are also beneficiaries of the project via capacity-strengthening.

16. **Theory of Change.** Together, the (i) unsustainable expansion of agricultural/livestock production and low productivity of the sector, (ii) lack of coordination across government policies and programs at a national and territorial/landscape level, (iii) inadequate access to finance, and (iv) lack of the right mix of market and non-market incentives for sustainable production, fail to contribute to enhanced efforts to conserve biodiversity, inhibit sustainable management of forests and land, and limit the potential of agriculture and productive activities to mitigate climate change. The theory of change of the TSP Project builds on the notion that if (i) an adequate area of forest is conserved under various regimes, such as voluntary agreements, payments for environmental services, and indigenous lands; (ii) agriculture, forest, and degraded lands are managed productively and sustainably; (iii) national policies, strategies, and policies reconcile growth and conservation objectives; and (iv) local capacity and cooperation between key players at the landscape level improves, then the protection of globally significant biodiversity and the integrity of ecosystem services in the targeted regions can be achieved, carbon emissions can be reduced, and opportunities for livelihoods can be improved.

17. In line with this notion, the project proposes interventions to support transformational changes in the way institutions coordinate and intervene at the landscape level, as well as in the ways stakeholders interact and make decisions that have impacts at the farm and landscape levels. The project will bring about these changes by: (i) strengthening the policy and institutional framework and national capacities for landscape management and planning, leading to better alignment of programs/policies/investments and improved coordination; and (ii) strengthening collective action and capacities of producers and other local stakeholders to plan and manage the landscape based on productive but also environmental considerations. Furthermore, the promotion of climate-smart and biodiversity-friendly production systems and productivity improvements, through the alignment of incentives to facilitate access to knowledge, technical assistance, financing, and markets, is expected to also increase the value of the products or services



produced by smallholder farmers/foresters/communities, improving livelihoods and contributing to the achievement of combined local and global environmental impacts.

18. **Alignment with GEF focal areas:** The Project will access GEF funding from four focal areas to support implementation: biodiversity (BD 4), sustainable forest management (SFM 2), land degradation (LD 3), and climate change mitigation (CCM 2). The Project's target contributions to global environmental benefits are as follows:

- Maintain globally significant biodiversity, conserve forest, and the ecosystem goods and services that it provides to society (target: 3,000,000 ha).
- Enhance sustainable productive land management in production systems (agriculture, rangelands, and forest landscapes) (target: 200,000 ha).
- Support shifts towards a low-emission and resilient development path (target: reduced emissions 1.36 million metric tons of CO₂e over the 5-year project period).

E. Project Description

19. The project will be implemented across seven regions that are priority sites for biodiversity conservation, ecological connectivity, land and forestry management activities, climate vulnerability and anthropogenic threats (land degradation, deforestation, and forest degradation), ecosystem services, and relevance of agricultural production activities. The seven regions are: (1) Chihuahua-Durango, (2) Coahuila, (3) Jalisco, (4) Sierra Madre Oriental, (5) Sierra Norte de Oaxaca, (6) Usumacinta Basin, and (7) Yucatán Peninsula. In those 7 regions, 14 priority intervention sites, comprising about 3 million hectares and covering 15 states, 106 municipalities, and 569 agrarian units (*ejidos* and communities) have been selected as the project area.

20. The northwestern sites (Durango-Chihuahua, Coahuila, and Jalisco) are predominantly forest and scrub lands, which host high numbers of biological species of global significance, in a territory with moderate land degradation and low rates of forest land-use changes. In these regions, forest degradation is more prevalent than deforestation. By comparison, the southern sites (Sierra Madre Oriental, Sierra Norte de Oaxaca, Usumacinta Basin, and Yucatán Peninsula) are characterized by a more fragmented forested landscape with a higher number of biological species of global importance, given their greater heterogeneity of habitat types. These southern ecosystems experience higher rates of deforestation and forest degradation on more severely degraded land, whereas the northern ecosystems are more affected by unsustainable and ineffective forest practices. Agriculture has a more dominant presence in the southern ecosystems, and crop and livestock production impose different challenges for landscape integrity and conservation.

21. The target area for the project includes areas where strategies for timber forest management have already been deployed and forest conservation has improved, mainly through payments for environmental services. The target area also encompasses agricultural and livestock production systems, which present important challenges for landscape conservation. A lack of coordination among programs operating in the targeted geographical regions is an important gap that the project will address to achieve efficiencies and scale up the impacts of those programs. There is also a need to strengthen the sustainability criteria applied by public programs operating in the selected sites: efforts to support sustainable forest management generally have little consideration of biodiversity conservation, and efforts to improve agricultural/livestock productivity often lack environmental conditionality. Despite the productive potential of Mexico's forests, most forest dwellers remain marginalized and live in poverty. The sustainable and efficient use and management of forests and productive land can significantly improve the livelihoods of those living in forest and buffer areas. To do so, interventions supporting productivity improvements, entrepreneurship, and business development are needed.



22. The strategies to be deployed by the project are aligned with the drivers of landscape deterioration and opportunities to improve rural livelihoods. In the northwestern sites, priority strategies include the improvement of local management and business capacities for integrated, productive, and sustainable forest management (with a focus on sustainable use of biodiversity) to conserve forests while generating better economic opportunities for local populations. In the southern sites, the most promising opportunities are aligned with improving the profitability and environmental sustainability of agriculture, livestock, and other productive activities to reduce pressure on the remaining forest, reduce land degradation, and support reforestation, while ensuring sustainable management of forests.

23. **Component 1: Capacity Strengthening for Sustainable Landscape Management** (Total: US\$12.27M, GEF: US\$9.67M, GoM: US\$2.60M). This component seeks to strengthen national and local capacities to support the sustainable management of productive landscapes in the selected project areas. Dimensions of capacity to be strengthened/developed include: the policy environment, via harmonization of relevant policies and programs; the institutional framework to effectively support landscape management approaches and investments; and collective and individual capacities of different actors at the national and local levels. Component 1 will support activities through two subcomponents, as follows:

24. **Subcomponent C1.1. Enabling Environment for Sustainable Productive Landscape Management.** This subcomponent aims to build an enabling environment that supports landscape planning and management through activities that strengthen system capacities and knowledge at the national level, including:

- (i) **Institutional coordination via the harmonization of policies and programs and the strengthening of inter-institutional platforms.** Detailed studies and analysis will be financed to assess the environmental impacts of current programs and policies and identify feasible options to improve their environmental outcomes. At the inter-institutional level, this subcomponent will also support the strengthening of: (a) the Climate Change Fund (FCC) as an inter-institutional mechanism to coordinate and leverage climate funding from the public and private sector, as well as the international community, and (b) capacities of relevant agencies for integrated landscape monitoring in alignment with current national systems.
- (ii) **Training, workshops, and the development of guidelines targeting policy makers and technical staff (including extension agents).** These activities will focus on governance models favoring land-use planning and management. Together, these activities will help to build awareness; exchange knowledge, experience, and tools; disseminate lessons learned; and identify opportunities to scale up and mobilize new mechanisms for investment in sustainable productive landscapes. South–South cooperation, through the formation of strategic alliances between different actors working on integrated landscape management in Mesoamerica and beyond, will also be supported. The project will engage with the financial sector to create awareness and support the exchange of knowledge on the potential benefits of engaging in climate finance/biodiversity conservation, including the guarantee fund supported by the project under Subcomponent C2.2.
- (iii) **Enhanced incentive mechanisms to support integrated landscape management.** This activity includes studies/assessments aimed at improving current economic incentives (or designing new ones), to support investments with a sustainable and climate-smart approach to productive activities, mainly within the agriculture, forestry, and tourism sectors.

25. **Subcomponent C1.2. Local Capacities for Enhanced Landscape Governance, Management, and Business Development.** This subcomponent expands local capacities for productive landscape planning, management, and business development to support conservation objectives, sustainable use of biodiversity, and sustainable productive investments. It promotes broad alliances at the landscape and local business levels:



- (i) **Broad alliances at the landscape/territorial level.** These alliances will build shared or agreed mid- to long-term landscape management objectives among relevant stakeholders. Activities to be supported include: (a) a detailed mapping of relevant actors/roles in the 14 project intervention sites; (b) support to current or new platforms for dialogue and consensus building by organized producers and other local actors (women will be particularly encouraged to join these platforms); (c) capacity building for Producer Organizations (POs) and other actors to strengthen levels of collective action, internal governance structures, and business strategies; and (d) workshops and local assessments leading to the establishment of landscape management plans for Biodiverse and Resilient Productive Landscapes (BRPL plans). These plans will align objectives around economic growth, biodiversity, forest conservation, and climate resilience and will support the identification of strategic sustainable productive landscape investments (a green investment portfolio) in the 14 project sites.
- (ii) **Business alliances for subproject investments.** “Territorial business subproject investments” will be prepared in alignment with the landscape prioritization exercise carried out at the landscape level. Support will also be provided for the design and implementation of a communication and information strategy for each project intervention site, including a market information platform on the “key green investments”. Territorial development agencies (ADTs) will be hired to guide processes of collective action, provide capacity building for local actors and POs, as well as to support the identification and formulation of business subprojects to be implemented under Component 2.

26. **Component 2. Investments into Biodiversity-Friendly and Climate-Smart Production Systems** (Total: US\$56.28M, GEF: US\$11.09M, GoM: US\$8.85M, Other (loans to beneficiaries): US\$36.00M, Other (contributions from beneficiaries): US\$0.34M). This component aims at enhancing opportunities for economically viable business investments around the sustainable use of biodiversity and the establishment of biodiversity-friendly and climate-smart production. It supports the implementation of strategic territorial business subproject investments by consolidating support to POs to enhance business opportunities through knowledge-sharing and market-related activities (Subcomponent C2.1) as well as direct productive investments (Subcomponent C2.2). Subprojects will be financed by a combination of grants, credits/loans, and contributions by beneficiaries. The knowledge-sharing and market-related activities of subprojects will be supported through grants, whereas direct productive investments will be supported mainly through loans (although small collective investments in infrastructure/works could also be supported by grants). To facilitate access to loans by beneficiary POs and their members, the project will operationalize a partial credit guarantee (PCG) fund under Subcomponent C2.2.

27. **Subcomponent C2.1 Knowledge Sharing and Market Development.** The subprojects will support POs in the establishment of innovation networks to promote the adoption of best practices and technologies, with the goals of improving productivity and profitability, promoting sustainable management of biodiversity, and contributing to the reduction of GHG emissions. Grants will be provided to beneficiary POs to build partnerships with universities and research centers to support technology transfer—for example, through farm demonstration plots and farmer field schools. These knowledge-sharing activities will include specific strategies to target vulnerable groups, including women and indigenous people. Market-related support will include development of territorial branding strategies, differentiation initiatives, and market linkages.

28. **Subcomponent C2.2. Mitigating Credit Risk for Subprojects to Access Commercial Finance.** This subcomponent will capitalize a PCG fund of US\$6 million to facilitate access to finance for POs implementing strategic subprojects. The fund will be managed by the second-tier development financial institution, FIRA (Instituted Trust Funds for Agriculture), through its existing guarantee fund (FEGA, Fondo Especial de Asistencia Técnica y Garantía para Créditos). The PCG will serve as a risk-reducing instrument and incentive for FIRA’s large network of financial intermediaries to lend to the



subprojects, which are in areas currently poorly served by the financial system, and will motivate financial intermediaries to support a wide range of sustainable productive initiatives (mainly in the forest, agriculture, and tourism subsectors). The capital of the fund will be leveraged to allow a lending portfolio of at least US\$36 million. The PCGs will primarily support investments under the subprojects of POs, but they could also support lending to individual producers who wish to undertake productive initiatives aligned with the objectives of the approved subprojects. The design of the PCG will reflect the World Bank's Principles for Public Credit Guarantee Schemes for SMEs. The project will use FEPA's risk-based pricing model, which considers different sectors and locations and the risk profiles of the various private financial intermediaries that make the loans.

29. **Component 3. Project Management, Monitoring, and Evaluation** (Total:US\$7.59M, GEF:US\$1.09M, GoM:US\$6.5M). Resources under Component 3 will be used for the management of the project. GEF funds will be used for the operation of the Project Coordinating Unit (PCU) and the Regional Technical Units, as well as the overall monitoring and evaluation (M&E) of project activities, including the mid-term and final evaluations.

F. Incremental Analysis

30. The project's incremental benefits can be summarized as follows: through Component 1, incremental benefits would be derived within the project's geographical areas through the incorporation of "biodiversity and sustainability criteria" into at least eight publicly funded programs or policies falling within the agriculture, environment, and forestry scope of influence. This action would have large incremental effects on the environmental, social, and economic impacts of future projects designed for productive operations in the area. Through inter-ministerial/inter-agency coordination and collaboration, the value added to territorial outcomes would be maximized relative to the baseline scenario in which agencies pursue their individual operations. The development of guidelines, mutually agreed upon by SAGARPA and SEMARNAT, for governance models favoring land-use planning, management, and the environmental sustainability and profitability of key production systems, create additionality through the Project. Similarly, through Subcomponent 1.2, which promotes sustainable landscape management instruments and build the capacities of local actors in the 14 Project sites, the Project provides marginal benefits by contributing to the development of territorial plans for biodiverse and resilient productive landscapes. While the value of these activities is not quantifiable, there is a clear added-value of the project, relative to a scenario in which different governmental agencies, producer groups, producers, and other entities operate individually, within their own purview, on a given landscape.

Additionality of the Project

31. Several of the targeted areas include rural low-income and rural forestry/agricultural communities on the fringes of forested areas and/or biological corridors. These communities are characterized by poor land use and ineffective management practices. It is assumed that without the Project, POs and producers would lack resources and technical knowledge to understand how current practices might contribute to environmental degradation and to understand the economic benefits (in terms of improved productivity and output) from changing behavior within each system. The project creates additionality by: (i) providing access to assistance, credit, and technological innovation for beneficiaries; (ii) fostering the transformation and added-value of economic activities, through strengthening access to markets of biodiversity and environmentally friendly, sustainably produced goods; and (iii) linking local, regional, and federal actors to POs and producers to derive benefits of information and knowledge exchange on biodiversity, sustainable productive practices, climate-smart agricultural practices, and legislation to generate behavioral changes in the implementation of productive changes. The incrementality analysis focuses on assessing the economic and financial benefits of transitioning from the baseline scenario toward more sustainable productive systems.



Economic analysis of potential activities under specific interventions to achieve sustainability

32. The economic analysis of the proposed project was based on seven sustainable productive systems that are likely to be the focus of important investments under the project, mainly under Component 2: sustainable forest management; sustainable ranching; and sustainable honey, coffee, agro-silvopastoral, and intercropped maize systems. The project will also invest in environmental management units (UMAs) for the conservation of wildlife and in eco-tourism. Through the systems evaluated for an investment of US\$36 million, leveraged through a loan guarantee fund of US\$6 million of GEF financing and counterpart funding of US\$6.05 million, the expected net present value (NPV) is estimated at US\$15.33 million, or an economic internal rate of return of 22%. Benefits are expected in terms of value addition via improved production resulting from the application of better and sustainable production practices and technologies, along with associated broader social and environmental benefits (such as improving land/soil productivity). Financial benefits are expected from (i) increasing sustainable investments via accessible loans/credit and (ii) penetration into more remunerative markets.

G. Implementation

Institutional and Implementation Arrangements

33. The Fondo para el Cambio Climático (FCC, the Climate Change Fund)¹⁰ and the SEMARNAT, to jointly implement the Project. FIRA/FEGA will manage Project funds for the partial credit guarantee, under operational and financial management arrangements agreed with the World Bank. Participation of other agencies (SEMARNAT, CONAFOR (National Forestry Commission), CONANP (National Commission for Natural Protected Areas), INECC (National Institute of Ecology and Climate Change), and SAGARPA) in the implementation of Project activities will be carried out through coordinating mechanisms that will form part of the Project's Institutional Arrangements.

34. The Project Coordinating Unit (PCU) will be hosted at SEMARNAT. Within SEMARNAT the Planning and Evaluation Unit of the Sub Secretariat of Planning and Public Policy will be the Responsible Unit for the project to the World Bank. Within this Responsible Unit, an Executive Unit for the TPS Project will be established, to house the TPS Project Coordinating Unit (PCU). Furthermore, an FCC support unit within SEMARNAT is in charge of preparing financial reports and providing administrative and technical support to FCC's portfolio of funded projects. This unit will also provide support to the PCU. GEF funds will be channeled through Nacional Financiera (NAFIN), which will act as the fiduciary institution (trustee) managing FCC funds. The PCU will include a team of technical experts and administrative staff under the overall guidance of a General Coordinator/Manager. At the regional level, the project will operate through seven Regional Technical Units.

35. **A Technical Committee for the project will be established.** It will comprise representatives of each of the partner institutions, including SEMARNAT, SAGARPA, CONAFOR, CONABIO, INECC, CONANP, and FIRA. The project's Directive Committee will operate under the rules defined in the Project Operational Manual (POM).

¹⁰ The FCC is a public Trust Fund instituted in November 2012, under the Climate Change General Law (Ley General de Cambio Climático). Its main objective is to channel funds from the public and private sectors for the implementation of climate change adaptation and mitigation measures.



H. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The Project will be implemented in 14 intervention sites within 7 priority regions of Mexico, identified on the basis of their representativeness in term of biodiversity, connectivity, land and forestry management activities, climate vulnerability and mitigation potential, ecosystem services, and agricultural production activities. These seven regions are: (1) Chihuahua-Durango, a priority region for biological diversity and forest management. All municipalities from both states are included; mainly forestry-related activities are contemplated in these regions. (2) Coahuila, a priority region for forest and grassland ecosystem management, which incorporates municipalities with forestry activities and priority conservation areas identified by CONANP in the Chihuahua Desert Corridor. (3) Jalisco, priority defined on the basis on four inter-municipal governance bodies, forest management, the Ameca Biocultural Corridor and biodiversity hotspots. (4) Sierra Madre Oriental, comprised of municipalities that belong to the Sierra Madre Oriental Ecological Corridor. These are also high-biodiversity areas with forest management. (5) Sierra Norte of Oaxaca, a priority region with high biodiversity, forest management and priority ecosystems, with municipalities that belong to the Oaxaca Biological Corridor. (6) Usumacinta Basin, includes priority conservation areas such as the Lacandon Jungle and Centla marshlands, in Chiapas and Tabasco states. And, (7) Yucatan Peninsula, which includes ejidos with forest management and areas of high biodiversity in Campeche and Quintana Roo states. Socio-environmental information for the fourteen sites was collected, systematized and governmental programs operating in the region have been identified. The environmental information for each site included land cover, biodiversity of global significance, main problems and drivers of environmental deterioration, key intervention opportunities to address key environmental challenges, and rationale for project's additionality. The social evaluation indicates the presence of indigenous peoples in the project area. 40% of the municipalities in the project's intervention area have indigenous population according to the Cultural Regions established by the National Commission for the Development of Indigenous Peoples (CDI, Comisión Nacional para el Desarrollo de los pueblos Indígenas) such as Tarahumara region in Chihuahua, the northern highlands of Puebla, the Juarez highlands of Oaxaca, the Mayan region in the Yucatan Peninsula and the Lacandon Selva in Chiapas (CDI, 2006).

I. Environmental and Social Safeguards Specialists on the Team

Angel Alberto Yanosky, Environmental Safeguards Specialist
Arelia Jacive Lopez Castaneda, Social Safeguards Specialist



SAFEGUARD POLICIES THAT MIGHT APPLY

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Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>This Project will work mainly in the harmonization and alignment of government programs around conservation objectives, and on the convergence and coordination of efforts in priority landscapes. It will also support capacity building for local actors and technical bodies, detain processes associated to environmental degradation and improve/diversify productive options for inclusive economic processes. No land use change activities will be supported in any key habitat, including forests and grasslands, and no primary forests will be degraded. The Project’s approach would result mainly in positive environmental impacts given the reduced pressure on natural ecosystems with overall benefits helping maintain socio-ecosystemic functionality of sustainable production landscapes for their biodiversity and ecosystem services. An Environmental Assessment (EA) acceptable to the Bank was prepared to identify project activities and their impact on the environment, and specified the legal framework associated with these activities. Environmental risk is low; within this EA, environmental and social safeguards were considered crucial as the project promotes sustainable productivity, connectivity in forest landscapes for biodiversity conservation and ecosystem services in priority areas. The EA provides detailed socio-environmental information of the project area in seven regions and 14 proposed sites for intervention where more than 400 conservation areas and more than 540 species of global significance are found.</p> <p>The focus on environmental safeguards will be on wildlife habitat, agricultural biodiversity, carbon sequestration, continuity of traditional cultures, the welfare of its inhabitants and connectivity between ecosystems, among others. The EA was developed in order to guarantee the project’s solidity and environmental and social sustainability, create capacities for local actors and to improve productivity, stop processes associated with</p>



environmental degradation and diversify productive options, for an inclusive economic process and improve the process of taking of decisions.

The EA analyzed three levels of risks for the project areas (alignment with public policies, territorial governance and sustainable use) and safeguards, with a thorough analysis of limiting factors and potential solutions for avoidance/mitigation. The EA has produced recommendations for each productive activity in the selected sites within the 7 priority regions, and in relation to project's components and activities. This information facilitated the application of safeguards and its monitoring throughout the project life. Criteria of project intervention was provided for the seven regions and the 14 selected sites (most with two sites, except for 1 in Chihuahua-Durango, and Sierra Norte de Oaxaca, and 4 in Usumacinta Basin). Subsequent selection of sub-projects will be made during project implementation with procedures to be defined in the Operational Manual. Hence, Environmental and Social Management Framework (ESMF) was prepared to provide guidance on potential risks and mitigation measures. This framework also includes detailed information on the proposed monitoring and evaluation of safeguard implementation. A mechanism to assess socio-environmental risks of the sub-projects has been included, and the institutional capacities to implement and monitor safeguards have been depicted in the ESMF, in conjunction of arrangements with the PCU for general safeguard policies. The ESMF clearly delineates that to credit guarantee funding will not be provided to sub-projects (collective or individual investments) that triggers OPs 4.37, 7.50, or 7.60, or any high risk Category A investments. This project will use and build on the experience from the several GEF funded projects implemented by the Bank in Mexico, among them the Sustainable Production Systems and Biodiversity Project, Coastal Watersheds Conservation Project, Forests and Climate Change Project, and FIP and FCPF activities.



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<p>Natural Habitats OP/BP 4.04</p>	<p>Yes</p>	<p>This Project will exclude activities that would lead to the loss or degradation of natural habitats. Through improved production and harvesting techniques that seek to maintain biodiversity, the project will benefit from the connectivity and biodiversity corridors and the landscape approach for long-term integrity of ecosystems for the more than 8 million hectares of the > 400 conservation units found in the territory . CONABIO and CONANP will ensure that Natural Protected Areas (NPAs) in the SINAP will serve as a reference to confirm that proposed activities are consistent with conservation plans and NPAs Management Programs. CONABIO’s standards for preparation, review, and approval of productive sub-projects are consistent with the principles of the Bank policy on Natural Habitats in terms of criteria regarding protection and sustainable management of critical and natural habitats and endangered or threatened species. These were clearly identified in the EA and 134 protected areas in project interventions area and selected sites have been highlighted to guide project implementation. Monitoring will based on specific biodiversity indicators to include natural and induced perturbations, by analyzing the expected vs. observed distribution of selected species; habitat fragmentation through rural evaluation, zoning and land use community plans; loss of continuity/connectivity through success rate observed in distribution/colonization in remote places; and finally, biodiversity loss, through the actual distribution of selected species that may be observed and counted, directly or through different techniques to be identified for Appraisal. The monitoring will also benefit from the different GEF tracking-tools to be part of the project implementation. Potential solutions in areas of risk for habitat management will be incorporated into the OM to be considered during sub-project screening.</p>
<p>Forests OP/BP 4.36</p>	<p>Yes</p>	<p>This Project will not involve actions related to conversion or degradation of critical forest areas or other natural habitats associated with forests, neither will apply any technique which may contravene international environmental laws; nor involve any conversion or degradation of critical</p>



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natural habitats, including adjacent or downstream critical natural habitats. This project will be focused on biodiversity conservation in forestry production areas through planning, management and monitoring schemes with a regional and ecosystemic approach. Policy requirements (as derived from the joint experience with the Bank) from CONABIO/CONAFOR's standards are consistent with the Bank's policy including time-bound plans for small and community forest management schemes included. Sustainable forest management and the role of group of producers in communal lands, ejidos and small business will have the largest impact on the territory (200,000 hectares). Management will be ruled and., whenever feasible, geared towards achieving internationally accepted certification standards.

Pest Management OP 4.09

Yes

The EA and related reports should emphasize the use of agrochemicals and any expected use of agrochemicals in the promotion of actions or in the production units, and include the adoption of biodiversity friendly practices to reduce significantly the use –and hence environmental impacts- of the use of fertilizers and pesticides. The quest for niche markets demands the use of biofertilizers and biological pest control, minimizing the need for agrochemicals. Environmentally friendly practices to be supported may need pesticides especially in forestry and agricultural activities and producers may be engaged in other ongoing associated activities that may be using pesticides, these will be clearly identified and addressed for appraisal. The EA provided information on the legal framework and the Bank's requirement, identifying the need for a Pest Management Plan (PMP) which addresses, among other aspects, training and equipment if pertinent. The Operational Manual will include a provision through which no activities that incorporate or increase the use of pesticides will be supported by the Project.

Physical Cultural Resources OP/BP 4.11

Yes

No large infrastructure works will be financed by the project, but some remodeling or new facilities for the forest communities may require relatively small works and there is a small possibility of finding



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physical cultural resources. The EA and EMF, based on the respective law (Ley de Monumentos y Sitios Arqueológicos) will guide the project team to follow the appropriate conduct in reporting and following up on any such case. CONABIO should contact the state delegation of the National Institute of History and Anthropology (INAH) who has designated personnel to explore and determine possible monuments or archeological sites discovered during civil works in the field.

This Policy is triggered given that indigenous people are present in the Project's area of influence, and could benefit from Project activities. During the Project preparation, several activities were carried out to assess potential impacts and strengthen the Program's performance under the modalities that are more likely to affect indigenous people.

A Social Assessment (SA) was prepared, to identify any possible negative impact and to inform the design of mitigating measures, to improve the social and economic benefits for indigenous peoples, woman and younger generations. The SA identifies the (i) potential positive and negative impacts on IPs by the project, (ii) the legal review; (iii) the key stakeholder groups; (iv) the culturally appropriate consultation processes; (v) and the overall impacts. Some of the key output of the Social Assessment involve (i) the role and participation of women in resource natural management; (ii) issues of indigenous peoples in the project context; (iii) participation of indigenous peoples and other local communities. The Project will in no affect or change the collective territorial rights of Indigenous peoples or alter their rights or access to the natural resources within those territories.

An Indigenous Peoples Planning Framework (IPPF), was prepared based on the results of the Social Assessment carried out and with the review and analysis of the government agencies participating in the project. The IPPF includes: (i) identification of eventual barriers of access to the Project by indigenous people, and proposes corrective measures (ii) establishes guidelines and criteria for an

Indigenous Peoples OP/BP 4.10

Yes



Indigenous Peoples Plan(s). The borrower will use the IPPF to prepare site specific IPPs, as needed when potential positive or adverse effects on Indigenous Peoples are identified going forward. The IPPF establishes actions and strategies to include the social recommendations in accordance with Social Safeguards: (i) communication and culturally appropriate participation strategy (ii) Strengthening and training strategy (iii) Inclusive Care Strategy with focus on gender and indigenous population, (iv) actions for local governance promotion(v)grievance mechanism, and others.

The Grievance Redress Service (GRS) system in accordance with the existing systems, will be held in the SERMARNAT with the participation of CONAFOR, CONANP and CONABIO. During the Project preparation process, participatory consultation workshops were held in the seven priority areas with the following objectives: (i) publicize the content of the Project among representatives of the key local actors of each region and receive feedback; (ii) obtain information that ratifies or complements the information obtained by other means, regarding local conditions, obstacles, or constraints to the model of intervention of the Project, as well as the existing positive conditions for the Project; and (iii) identify possible positive and negative impacts of the Project. Input from those consultations was incorporated into the final versions of the IPPF and PF.

CONABIO, CONANP and CONAFOR have extensive experience working with indigenous peoples and other local Communities, and also have experience in the implementation of the Operational Policies 4.10 through Proyecto Mexico, the Mesoamerican Biological Corridor project(based on the Mexico Community Forestry Project guidelines), Sustainable Production Systems and Biodiversity (P121116), and the Forests and Climate Change Project (P123760).

Involuntary Resettlement OP/BP 4.12

Yes

While no involuntary resettlement is expected under the Project, there will be possible restriction of access originated by project activities within and



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outside of protected areas. Protected areas (reservas naturales, reservas de la biosfera, etc.) and biodiversity corridors are particularly relevant, because conservation and biodiversity objectives will need to be combined fully with the planning of the natural resources use and management.

A Process Framework (PF) was prepared by the Client to comply with the OP4.12. The PF was developed considering lessons learned from the CONAFOR and CONANP. The PF ensured that in cases where there are certain uses, such as spiritual uses, that will not be restricted and to guide possible restriction of access because of project activities (Within and outside of protected areas). The PF also includes a screening to exclude any interventions potentially leading to land conflicts, and provides clear guidance on the handling of conflicts. Potential beneficiaries of this project will demonstrate land tenure and a document where the land use is established, under uses and customs (Carta de Asamblea Comunal). For the development of subproject in private lands, it will be necessary to have a private titleholder.

Safety of Dams OP/BP 4.37

No

There are no planned constructions for dams or any type of reservoirs. The ESMF clearly specifies that credit guarantee funding will not be provided to any sub-project (individual or collective investment) that trigger OP 4.37 or any high risk Category A investments.

Projects on International Waterways OP/BP 7.50

No

The Project will not consider any intervention in areas of international waters. The ESMF clearly delineates that credit guarantee funding will not be provided to a sub-project (individual or collective investment) that triggers OP 7.50, or any high risk Category A investments.

Projects in Disputed Areas OP/BP 7.60

No

The Project will not consider any intervention in disputed areas. The ESMF clearly delineates that credit guarantee funding will not be provided to a sub-project (individual or collective investment) that triggers OP 7.60.



KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

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

The proposed Project approach would lead to mainly positive environmental impacts, contributing to decreased pressure on natural ecosystems, with global benefits to help maintain the socio-ecosystem functionality of sustainable production landscapes for their biodiversity and ecosystem services. At least 540 species categorized under the International Union for Conservation of Nature (IUCN) Criteria and of global importance will benefit from the implementation of the Project.

Furthermore, by supporting production improvements in alignment with environmental conservation principles, benefits are expected to recruit via improved livelihoods.

It is expected that the Project, through capacity-building, intra- and inter-institutional strengthening, multi-sectoral alignment, improved policy coherence and support to the implementation of improved practices, will generate long-term positive impacts. The Project builds on the capacities and convergence of efforts of several agencies: SEMARNAT; SAGARPA, CONANP, CONAFOR, CONABIO and INECC. In addition, the Project will count with the participation of FIRA (second-level Bank). The coordination around the harmonization of programs, results and impacts monitoring, and the support for local landscape prioritization and strategic investments will translate into improved socio-economic and environmental impacts, mainly in those places with vulnerable populations. FIRA is less experienced with the World Bank's safeguard policies, yet it has strong performance standards at the Mexican level endorsed by international standards. FIRA's three level of sub-project screening together with CONAFOR and CONABIO experience, with all together be reflected in the Project's implementation procedures for safeguard implementation and monitoring by the PCU/SEMARNAT.

The Project is aligned with the World Bank's gender strategy and will contribute to reducing gender gaps in accordance with pillar 3 (Removing barriers to women's ownership and control of assets). The Project encourages participation of women and youth and will provide targeted capacity building for women and youth at both production and governance levels. It will also support and monitor youth and women's participation in Project activities, particularly landscape platforms for prioritization and consensus building and activities under Component 1.

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

The Project has not identified any potential future activity having long term impacts. The proposed Project approach would lead to mainly positive environmental impacts, contributing to decreased pressure on natural ecosystems, with global benefits to help maintain the socio-ecosystem functionality of sustainable production landscapes for their biodiversity and ecosystem services. At least 540 species categorized under the International Union for Conservation of Nature (IUCN) Criteria and of global importance will benefit from the implementation of the Project.

Furthermore, by supporting production improvements in alignment with environmental conservation principles, benefits are expected to recruit via improved livelihoods.



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

The most relevant alternative to the expressed environmental, economic and social situations is to bring together the wide experience and capacities found in the range of participating institutions to align efforts around twin goals of protecting the natural resource based, while generating economic opportunities for local communities/producers, from the sustainable use of such natural resource based. Furthermore, the institutions involved in the Project preparation and further implementation, have agreed to work together and combine their efforts to leverage transformation impacts at scale. The combination of i) government efforts around de harmonization of programs in line with conservation objectives, and align their capacities and ii) efforts to strengthen local capacities to sustainable manage sustainable the productive natural resources, provides the best solution to address agriculture and other drivers of environmental degradation. Conditionality on the support provided by the Project to beneficiaries, around productive and conservation objectives would contribute to reduce and avoid environmental risks. The collective effort of public institutions in the territory will also consolidate the vision and the appreciation of public support to biodiversity conservation, ecosystem services and productivity.

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.

Implementation of safeguard policies will be responsibility of the PCU, which will oversee producing all specific documentation for subproject implementation, including the call and approval of subprojects. The PCU will have a Safeguard General Coordinator, who will be responsible of operationalizing the system for safeguard policies via the RTUs, the Territorial Development Agencies (ADT) (supporting the preparation of subprojects), FIRA (through FEAGA) and CONAFOR, which will be implementing activities in the territories. The Bank, once the Project is on its implementation phase, will provide trainings on safeguards' compliance and reporting, and will exchange experiences on these practices with CONAFOR. CONAFOR's capacity for safeguard implementation is well known, as they have extensive experience in the inclusion of the target groups of the Project through differentiated efforts such as community-to-community workshops, for instance. FIRA (through its structures, including FEAGA) has extensive experience in environmental and social normative compliance in Mexico, and it is currently implementing a Social and Environmental Risk Management System (SARAS) based on IFC's performance and sustainability norms (e.g. Ecuador Principles for Lending). Thus, FIRA demonstrates its preparedness to operationalize Project's safeguard policies through the credit guarantee fund, to be capitalized with Project funds. TPS's safeguard requirements are a central part of the "policies and terms & conditions of use" of the guarantee fund that apply to the lenders (users of the guarantee fund). Those policies and terms & conditions of use specify the typology of investments to be supported by the credit guarantee (including TPS's list of exclusion). FIRA (through FEAGA) operationalizes such policies and conditions through its internal network systems, and through a two-step control process (carry out by two different units). The agency also monitors compliance during loan implementation on 80 percent of its portfolio. These processes are additional and complementary to the safeguard implementation and monitoring of subprojects to be developed by the PCU, through the Territorial Development Agencies and RTUs, CONAFOR, CONABIO and FIRA. The social and environmental capacities of all these entities, all together provide reinforced additionality for safeguard implementation monitoring and reporting to the PCU. Project design has included staff and budget for safeguard implementation.

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This project will use and build on the experience from the several Bank implemented GEF funded projects in Mexico, among them the Sustainable Production Systems and Biodiversity Project, Coastal Watersheds Conservation Project, Forests and Climate Change Project and FIP and FCPF activities. The World Bank is currently working in a very satisfactory condition with a project implemented by CONABIO on productive landscape and mainstreaming biodiversity; CONABIO's standards for preparation, review, and approval of productive sub-projects are consistent with the principles of the Bank policy on safeguards in terms of criteria regarding protection and sustainable management of critical and natural habitats, forest conservation and endangered or threatened species. On the other hand, CONABIO/CONAFOR's standards are consistent with Bank policy including time-bound plans for small and community forest management schemes.

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

Main stakeholders in the seven regions proposed by the project were consulted. Workshops were held from September 1 to October 12, beginning in Oaxaca and ending in Coahuila. Workshops were repeated based on a similar program which incorporated environmental and social aspects of the proposed project, and activities and discussions on safeguard scoping. A special annex in the EA identifies all attendees and their origin. All recommendations were incorporated into the EA and then in the framework for environmental management which enriched the project risks' area and the corresponding mitigation and avoidance actions. The IPPF is integrated based on the results of the social evaluation carried out, the review and analysis of the government agencies participating in the project, as well as on the World Bank's review.

In general, the participants in the participation and consultation process expressed themselves in favor of the Project, they agreed on the importance of promoting the participation of natural resources' owners, as well as on specifying



the alignment of programs for the conservation of biodiversity and ecosystem services that allow sustainable rural development, for the benefit of the local populations. The social and environmental safeguards instruments will be available to the public for consultation on the SEMARNAT website.

These consultations had the participation of civil society organizations, institutes, sub-national governments and producers' associations.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
Dec 10, 2017	Jan 25, 2018	

"In country" Disclosure
Jan 25, 2017

The ESMF was disclosed on December 18 at the Client's website. Revised version was uploaded on January 25, 2018 at the Client's website

<https://www.gob.mx/semarnat/documentos/proyecto-territorios-productivos-sostenibles-tps?idiom=es>

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission for disclosure
Dec 10, 2017	Jan 25, 2018

"In country" Disclosure
Jan 25, 2017

The Process Framework was disclosed on December 18 at the Client's website. Revised version was uploaded on January 25, 2018 at the Client's website

<https://www.gob.mx/semarnat/documentos/proyecto-territorios-productivos-sostenibles-tps?idiom=es>

Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank	Date of submission for disclosure
Dec 10, 2017	Jan 25, 2018

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"In country" Disclosure

Jan 25, 2017

The IPPF was disclosed on December 18 at the Client's website. Revised version was uploaded on January 25, 2018 at the Client's website

<https://www.gob.mx/semarnat/documentos/proyecto-territorios-productivos-sostenibles-tps?idiom=es>

Pest Management Plan

Was the document disclosed prior to appraisal?

Dec 10, 2017

Date of receipt by the Bank

Jan 25, 2018

Date of submission for disclosure

"In country" Disclosure

Jan 25, 2017

The PMP (annex to ESMF) was disclosed on December 18 at the Client's website. Revised version was uploaded on January 25, 2018 at the Client's website

<https://www.gob.mx/semarnat/documentos/proyecto-territorios-productivos-sostenibles-tps?idiom=es>

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. YES

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report? YES

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report? YES

Are the cost and the accountabilities for the EMP incorporated in the credit/loan? YES

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OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats? NO

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? NA

OP 4.09 - Pest Management

Does the EA adequately address the pest management issues? YES

Is a separate PMP required? YES

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist? YES

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property? YES

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property? YES

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

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan? YES

If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager? YES

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared? YES

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan? YES

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Is physical displacement/relocation expected? NO

Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods) NO

OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out? YES

Does the project design include satisfactory measures to overcome these constraints? YES

NO

Does the project finance commercial harvesting, and if so, does it include provisions for certification system? YES

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure? YES

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

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? YES

Have costs related to safeguard policy measures been included in the project cost? YES

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies? YES

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? YES

CONTACT POINT

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APPROVAL

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Approved By

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Practice Manager/Manager:		
Country Director:		

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