

## THE WORLD BANK

### Frequently Asked Questions about Mexico's Forests and Climate Change Cooperation Package

[Forest and Climate Change Project](#)

[Forest Carbon Partnership Facility](#)

[Development Policy Loan \(DPL\) to Strengthen Social Resilience to Climate Change](#)

(International Bank for Reconstruction and Development (IBRD) and Forest Investment Program)

## Cooperation Package

### What is the World Bank Forests and Climate Change Cooperation Package in Mexico?

The Government of Mexico (GOM) and the World Bank are committed to promoting the sustainable development of rural communities and fighting climate change. Today, Mexico has a broad range of the Bank's cooperation tools, including:

- a. *Knowledge Services*: Assistance in a range of development options to face climate change and act as innovation incubators.
- b. *Financial Services*: Including investment loans, Development Policy loans and trust fund grants.
- c. *Summoning and Coordination Services*: Including knowledge sharing, South-South exchange projects, coordination with other donors and organizing events.

The forests and climate change cooperation package was designed to support existing national government programs and some innovative investments as follows:

1. [Specific Investment Loan \(SIL\) for Forests and Climate Change \(US\\$350 million\)](#): This is a national investment operation to support the Government of Mexico (GOM) in two main areas: a) Institutional strengthening and inter-institutional cooperation; and b) Supporting community strengthening, sustainable forest management and the payment for forest environmental services by means of incentive programs.
2. [Forest Investment Program \(FIP\) \(US\\$42 million\)](#): The FIP is a program under the [Climate Investment Funds](#) the purpose of which is to support forest country efforts in Reducing Emissions from Deforestation and Forest Degradation (REDD+). The FIP makes innovative investments in early REDD+ actions, mainly focusing on lessons learned and their potential replication through the SIL. Mexico is one of the eight global FIP pilot countries. To increase synergies, in Mexico the SIL and the FIP were mixed in a single operation amounting to a total of US\$392 million. For more information on the FIP, please visit: <http://www.climateinvestmentfunds.org/cif/node/5>.
3. [Forest Carbon Partnership Facility \(FCPF\) \(US\\$3.6 million\)](#): As a member country of the FCPF, Mexico is eligible to receive a US\$3.6 million grant from the REDD+ Readiness Preparation Fund, which will be mainly allocated to studies and dissemination and consultation activities concerning the design of the National Strategy for Reducing Emissions from Deforestation and Forest Degradation (REDD+). For more information on the FCPF, please visit: [www.forestcarbonpartnership.org](http://www.forestcarbonpartnership.org)
4. [Development Policy Loan \(DPL\) to Strengthen Social Resilience to Climate Change \(US\\$300 million\)](#): The purpose of this multi-sector social resilience DPL is to strengthen social resilience to climate change through policies that directly and indirectly benefit the poor through improvements in: a) Planning climate change adaptation at the state level; b) Reducing disaster risks and territorial development at the municipal level; and c) Providing sustainable community forest management at the community level.

The four tools (SIL, FIP, FCPF and the DPL) support Mexico's national agenda on forests and climate change. These tools complement each other and have been designed to optimize their synergies. They are, however, different tools and each has its own goals, operational requirements, safeguards, schedules and financial conditions.

## Forests and Climate Change Project (SIL-FIP)

### What is the purpose of the Forests and Climate Change Project?

This innovative and pioneering effort –integrated in the same package with the [Specific Investment Loan for Forests and Climate Change \(SIL\)](#) and funds from the [Forest Investment Program \(FIP\)](#)– aims at improving the livelihoods of about 4,000 forest communities in Mexico by means of the sustainable management of forest goods and services. Of a total of US\$392 million included in the SIL-FIP funding package, 88% will directly fund small scale projects that will be proposed, prepared and implemented by communities and *ejidos*.

The project will operate through programs such as community forestry and environmental services, among others, which are run by the National Forest Commission (CONAFOR) since 2001. It will help ensuring the continuity of these programs in the future. Only in 2011, about 2,300 communities took part in the programs. The project will also fund studies, workshops and consultations related with forests and climate change in México and help explore new REDD+ approaches through the FIP component.

The SIL-FIP project has three components: 1) Policy design and institutional strengthening; 2) Support for priority community programs at the national level; and 3) Innovation in the areas of early REDD+ actions. The World Bank’s Board of Directors approved the SIL-FIP project on January 31, 2012. Its implementation is should take place over a five year period.

The SIL (US\$350 million) is a loan granted to the Government of Mexico which does not increase the CONAFOR budget. It will provide US\$25 million grant and a US\$17 million loan.

### Which World Bank operational policies apply to the forests and climate change project?

The programmatic focus of the SIL-FIP means that the specific activities are decided on an annual basis and will be based on the demands of communities themselves. For this reason, “frameworks” are used as safeguard tools, since the activities and subproject areas cannot be determined at this point but will be subject to specific community demands.

Applicable social operational policies include the Operational Policy on Indigenous People (OP4.10) and the Involuntary Resettlement Policy (OP4.12) to strengthen the project’s benefits and/or address potential impacts on indigenous populations and manage potential restrictions in the access to natural resources, as applicable. Safeguard tools considered under OP4.10 include a Social Assessment and an Indigenous People Planning Framework. Safeguard tools considered under OP4.12 include a Procedures Framework to support communities with options to face any potential restrictions to natural resources. No physical resettlements or land purchases are envisaged under this project.

Environmental operations policies considered are those related to Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP4.04), Forests (OP/BP4.36), Pest Management (OP4.09) and Physical Cultural Resources (OP/BP4.11). The safeguard tools prepared as part of the project are the Environmental Assessment Report and the Environmental Management Framework.

For more information, please download the [Integrated Safeguard Data Sheet \(ISDS\)](#).

### The FIP Program in Mexico

The FIP’s Subcommittee has awarded US\$60 million to Mexico, one of the eight pilot countries in this global program. Mexico has developed an FIP [Investment Plan](#), which was approved by the FIP Subcommittee on November 4, 2011. The Investment Plan defines four projects: two will be implemented by the World Bank (for overall US\$42 million) and two by the Inter-American Development Bank (amounting to US\$18 million.)

To increase the synergies with other projects run in Mexico, the two FIP projects implemented by the World Bank (US\$42 million) were combined with the SIL (US\$350 million), which became the SIL-FIP Forests and Climate Change Project (US\$392 million in all.) The FIP resources will be used to support component 1 (Policy Design and Institutional Strengthening) and component 3 (Innovation in Early REDD+ action areas) of the SIL-FIP.

### What is the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities of the FIP?

As part of the Forest Investment Program, a Grant Mechanism for Indigenous Peoples and Local Communities has been established. Operational approaches are being developed and discussed at the national level and will be organized with indigenous peoples and local communities as part of the mechanism’s design process in every FIP pilot country.

## DOWNLOADS

[Project Information Document \(PID\)](#)

[Project Appraisal Document \(English\) \(PAD\)](#)

### [Integrated Safeguard Data Sheet \(ISDS\)](#)

FIP's Web page: <http://www.climateinvestmentfunds.org/cif/node/5>

### [FIP Investment Plan \(Mexico\)](#)

## **Forest Carbon Partnership Facility (FCPF)**

### **What is the FCPF and how does it apply to Mexico?**

The [Forest Carbon Partnership Facility \(FCPF\)](#), active since June 2008, is a global alliance aimed at reducing emissions caused by deforestation and forest degradation, conservation and improvement of forest carbon stocks and sustainable forest management (REDD+). The FCPF has two funds: the Readiness Fund and the Carbon Fund.

The Government of Mexico joined the FCPF in 2008 and as part of the Readiness Fund, it prepared a [REDD+ Readiness Preparation Proposal, better known as R-PP](#), which was assessed by the FCPF in March 2010. The World Bank conducted its due diligence in May 2011 and the R-PP finalized that same month. The Government is currently processing a US\$3.6 million grant for the readiness stage. This stage is expected to last approximately two years.

### **Which operational World Bank policies apply to the FCPF?**

Social operational policies that apply are the Indigenous Peoples Policy (OP4.10) and the Involuntary Resettlement Policy (OP4.12). Applicable environment-related operational policies are Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP4.04) and Forests (OP/BP4.36). For detailed information, please download the integrated safeguard data sheet (ISDS) [here](#).

Given the strategic focus involved in FCPF and REDD+, which means that —unlike traditional World Bank projects— they are not defined in terms of time and space, the Social and Environmental Strategic Assessment (SESA) is used.

The SESA considers the social and environmental benefits and risks of REDD+'s strategic goals and its long-term implications from the view of different stakeholders; it discusses public policies that may facilitate or obstruct the achievement of REDD+'s strategic goals; and creates a platform for the engagement of key stakeholders —including indigenous people and other local communities that rely on natural resources— during the entire REDD+ strategy preparation process, among others. The SESA process will support recommendations for the design of ENAREDD+ and will contribute to the preparation of an Environmental and Social Management Framework (ESMF), to be applied during the implementation of ENAREDD+.

### **How do the SESA and the multiple safeguard tools coordinate in the Forests and Climate Change Project?**

Notwithstanding their consistency and synergies, the Forests and Climate Change SIL-FIP Project and the FCPF are two different tools. The Forests and Climate Change Project is an investment operation and should be implemented following the Environmental Management Framework, the Indigenous People Planning Framework and the Procedural Framework for Involuntary Restrictions developed during project preparation. The FCPF comes along with the REDD+ readiness and is subject to the SESA, which will eventually lead to the development of an Environmental and Social Management Framework (ESMF).

### **What is the capacity building program for the Southern Civil Society Organizations in the FCPF?**

Based on the resolution of the Participants Committee from October 2011, the FCPF is creating a new Capacity Building Program for Southern Civil Society Organizations (CSO), in addition to the existing Capacity Building Program for Indigenous People. US\$5.5 million have been provisionally allocated to all FCPF countries, subject to a stakeholder mapping exercise and the development of operational approaches. The operational approaches are expected to be discussed during the FCPF meetings in March and June 2012.

## **DOWNLOADS**

[FCPF Project Information Document \(PID\)](#)

[PCPF Integrated Safeguard Data Sheet \(ISDS\)](#)

FCPF Web page: [www.forestcarbonpartnership.org](http://www.forestcarbonpartnership.org)

## **Development Policy Loan (DPL) to Strengthen Social Resilience to Climate Change**

### **What is a DPL?**

Overall, [development policy loans](#) (DPLs) provide quick-disbursing budgetary assistance to countries with external financing needs to support structural reforms in an economic sector or in the economy as a whole. They support the political and institutional reforms needed to create a dynamic environment that encourages fair and sustained growth. World Bank's policy OP8.60 on Development Policy Loans applies uniformly to any development policy lending ([refer to policy](#)).

### **What is the objective of the social resilience DPL and how does it relate to Mexican forests?**

The social resilience DPL, approved by the World Bank's Executive Board of Directors on March 1, 2012, aims at promoting policies that reduce climate change impacts on vulnerable communities. The DPL will promote: a) Climate change adaptation planning at the state level; b) Disaster risk reduction and territorial development at the municipal level; and c) Sustainable community forest management at the local level. It is one of the first operations promoting forests as adaptation tools. The social resilience DPL supports policy actions taken by the Government of Mexico during 2010 and 2011.

The community forest management pillar supports three policy actions aimed at promoting the participation of several social stakeholder groups in climate change-related policy development through the strengthening of: (i) Inter-sector cooperation among Government agencies; (ii) civil society engagement at the local and national levels; and (iii) the participation of municipalities.

The three specific actions are: a) Launching two cooperation agreements between CONAFOR and the Department of the Environment and Natural Resources (SEMARNAT), and between the CONAFOR and the Department of Agriculture, Livestock, Rural Development, Fishing and Food (SAGARPA); b) establishing a national multi-stakeholder advisory group and three governmental multi-stakeholder advisory groups; and c) for the first time incorporating REDD+ in an inter-municipal project.

Policy actions are based on Mexico's [Vision on REDD+](#), which was introduced during the COP 16 in Cancun (December 2010) and on the FIP Investment Plan prepared in 2011. Both the Vision on REDD+ and the FIP Investment Plan were publicly disseminated. The three policy actions in the forest area were also introduced during the CTC-REDD+ on June 9, 2011.

Policy actions related to community forest management are expected to have a significant impact on the capacities of poor communities and *ejidos* to take part in decision-making regarding the use of natural resource. This will strengthen their resilience and reduce climate risk. Evidence from Mexico and other countries suggests that the community management of natural resources not only has greater economic benefits for communities, but it also creates social capital and builds cohesion.

#### **What are the procedures to monitor and assess the social resilience DPL?**

The implementation of the multi-sector social resilience DPL requires the close coordination of Government agencies and the World Bank. SEMARNAT is the main counterpart, while SEDESOL, SAGARPA and CONAFOR will also be involved in program implementation. As the main counterpart, SEMARNAT will be responsible for coordinating the report on the program's monitoring indicators and the World Bank team will permanently engage in a close dialogue with Government counterparts. The proposed indicator matrix can be found in Annex 2 of the [DPL Program Document](#).

#### **What is the relationship between the DPL's community forest management pillar and the other instruments focused on REDD+?**

The community forest management pillar is based on Mexico's Vision on REDD+, the REDD+ Preparation Proposal for Mexico (RPP) and the FIP Forest Investment Plan.

The DPL forest pillar has been developed in tune with the FIP Investment Plan. One of the FIP activities is the development of multi-sector policies in productive rural landscapes. Part of the preparation activities include the alignment and coordination of rural policies in different government agencies, among them SEMARNAT and SAGARPA. Agreements with these departments to ensure the correct implementation of the Investment Plan are also mentioned. The FIP also includes an activity specifically designed to support participation. An additional effort presented as part of the FIP is the identification and promotion of territorial management bodies in early REDD+ action areas.

#### **Strategic Lines 1 and 5 in the Vision on REDD+ document are explicitly related to the policy actions supported by the DPL.**

Strategic Line 1 includes the item "*Enhanced inter-sector coordination*", which stresses the lack of inter-sector coordination in territorial policies. This Strategic Line also includes the "*Identification and implementation of institutional arrangements for REDD+*", which mentions the importance of promoting arrangements at different territorial scales (through mechanisms to include different Government levels, for instance, inter-municipal) that favor REDD+ implementation. The main goals for 2012 in Strategic Line 5 – "*Communication, social participation and transparency*" – include the support of participation space.

#### **Has the DPL been disseminated to the public?**

Policy actions were introduced to the REDD+ Advisory Technical Committee (CTC-REDD+) on June 9, 2011 and are based on Mexico's Vision on REDD+ and the Forest Investment Program strategy. They have also been discussed in several national and regional venues, were broadly distributed and have been publicly available at CONAFOR's Web page.

#### **DOWNLOADS**

[Project Information Document](#) DPL (PID)

[DPL to Strengthen Social Resilience to Climate Change - Program Document](#) (PD)

[Mexico's Vision on REDD+](#) ++