

UNITED MEXICAN STATES

Forest Investment Program (FIP) Scoping Mission

March 3 and 4, 2011

Aide Memoire

I. Introduction

1. A Scoping Mission for the Forest Investment Program (FIP), composed of the Multilateral Development Banks (MDBs), visited Mexico City from March 3-4, 2011, in order to initiate the preparation process for the FIP Investment Plan, with representatives from the Government of Mexico (GoM), civil society, and the private sector.
2. The GoM was represented by a team from the National Forestry Commission (*Comisión Nacional Forestal*; CONAFOR), the Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*; SHCP), the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (*Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación*; SAGARPA), and the Ministry of Environment and Natural Resource (*Secretaría de Medio Ambiente y Recursos Naturales*; SEMARNAT). From CONAFOR, Juan Manuel Torres Rojo (General Director) lead the government team, which also included José Carlos Fernández (Head of the International Affairs and Financial Development Unit), Sergio Graf (Coordinator of Production and Productivity), Josefina Braña (Director of Climate Change and Commercial Promotion), Sofía Cortina (Manager of Environmental Services), Leticia Gutiérrez (Sub-Manager of Carbon Markets), Gabriela Alonso (Sub-Manager of Negotiation and Institutional Coordination), and Berenice Hernández (Advisor). From SHCP, Silvia Rodríguez (Sub-Director of Statistics and Agriculture, Fisheries and Environmental Projects); and from SAGARPA, Iris Jiménez (Director of Climate Change) participated.
3. The MDB team included the International Bank for Reconstruction and Development (IBRD, also known as the World Bank), the Inter-American Development Bank (IDB), and the International Finance Corporation (IFC, part of the World Bank Group). The IBRD led the Mission, and the IBRD participants were Laurent Debroux (Leader of the Mission), Gerhard Dieterle (Advisor, Agriculture and Rural Development), Gustavo Saltiel (Sector Leader), Harold Bedoya (Director of Operations in Mexico), Ricardo Hernández (Sr. Environmental Specialist), Gregory Frey (Forest Carbon Specialist), Graciela Reyes (Environmental Economist), María Carolina Hoyos (Communications Specialist), and also David Kaimowitz from Ford Foundation and Fabrice Edouard from FAO. From the IDB, Gloria Visconti (Senior Specialist in Climate Change), Dolores Barrientos (Senior Specialist in Climate Change), Miguel Coronado (Chief of Operations), Juan de Dios Mattos (Senior Specialist in Natural Resources), Laura Gaensly (FIP Coordinator), Guillermo Aguilar (Specialist from the Multilateral Investment Fund), and Gmelina Ramírez (Expert in Forest and Climate Change) participated. From the IFC, Daniel San Román (Senior Investment Officer) and Virginia Barreiro (Operations Officer) participated.
4. The Mission would like to thank the GoM and other stakeholders who participated in the meetings, particularly Juan Manuel Torres Rojo, General Director of CONAFOR; Raúl Delgado's team from SHCP; and Victor Celaya's team from SAGARPA, for their support in the fulfilment of this mission.

II. Background and Objectives (See also Annex 1)

5. The FIP is a program within the framework of the Climate Investment Funds (CIF). The main purpose of the FIP is to support developing countries' efforts to reduce emissions from deforestation and forest degradation (REDD), providing up-front bridge financing for readiness reforms and public and private investments identified through national REDD readiness strategy building efforts
6. Mexico was selected as a FIP pilot country in July 2010. The available funds for Mexico are in the range of US\$40 to 60 million, and there may be the possibility to access complementary funds.
7. The GoM decided to coordinate the FIP process through the IBRD, considering their longstanding collaboration in the forestry sector and the new Technical Advisory Program (TAP) between the GoM and this MDB in the area of forests and climate change.
8. The GoM summoned the MDBs for the FIP Scoping Mission. The objective of this Mission was to initiate a dialogue with the government and other actors in order to plan activities for the development of the FIP Investment Plan, and to prepare for the following formal MDB Joint Mission.

III. Mission Meetings (See also the Mission agenda in Annex 2)

9. The Mission opened with a meeting between the MDBs, CONAFOR, and SHCP. The MDBs presented their past and current programs in Mexico related to forests and climate change.
10. A workshop was held with key stakeholders. Summaries of the FIP and of Mexico's REDD+ Vision were presented. Stakeholders discussed topics related to future REDD+ investments.
11. After the workshop, the MDBs, CONAFOR, and SHCP discussed possible characteristics of and opportunities for future FIP investments; institutional arrangements for FIP preparation in Mexico, including information dissemination and public dialogue; the schedule for preparation of the Investment Plan, including the next MDB Joint Mission; and the US\$250,000 preparation grant.
12. The Mission was invited to attend a meeting of the REDD+ Technical Consultative Committee (*Comité Técnico Consultivo*; CTC), which brings together over 60 civil society organizations interested in the REDD+ process (for more information see www.reddmexico.com). CONAFOR presented how the FIP is integrated with Mexico's REDD+ Vision, and also summarized the Mission's previous discussions. CTC-REDD+ was proposed as the main vehicle for information and civil society participation during the formulation process. The Mission also heard reactions and answered questions from the CTC.

IV. Findings of the Mission

13. The main observations from the workshop, technical meetings, and the CTC meeting can be summarized as follows:

14. **Consistency with the REDD+ preparation process and other development actions** – At COP16 in Cancún, Mexico presented its REDD+ Vision, and intermediate step towards the development of a national REDD+ Strategy. FIP investments should fit within the framework of this REDD+ Vision, and contribute to the future national REDD+ strategy, but without prejudging future decisions. Likewise, FIP activities should be consistent and coordinated with the national REDD+ Readiness process, including the activities of the Forest Carbon Partnership Facility (FCPF) and other development partner organizations. The Mission also noticed the GoM's commitment to develop public forest policies, and the broad Technical Advisory Program in the area of forests and climate change that includes a Development Policy Loan and a Specific Investment Loan. The FIP will be linked to this Specific Investment Loan.
15. **Cross-cutting nature** – The GoM wants to include its forest policies within the framework of comprehensive rural development, including economic and social community development, taking into account the spatial perspective. Moreover, many of the drivers of deforestation and forest degradation come from outside the forestry sector. In this way, REDD+ will require various actions both inside and outside the forestry sector, for example in the agriculture and livestock sector.
16. **Levels of action** – Communities, local governments, and other local actors are crucial for the implementation of any REDD+ strategy. The FIP could help strengthen the capacities of these actors and the links between different levels (local, state, regional, federal) of government and non-governmental organizations.
17. **Innovative Character of FIP** – The objective of the FIP is to foster transformational change. Therefore, it should finance demonstrational, experimental, and innovative activities. Likewise, the Mission discussed the possibility of using FIP funds for concrete investments in specific places or regions. In this way, it may be appropriate for the FIP to finance REDD+ programs in priority areas where CONAFOR promotes an integrated approach to public policies, local territorial development, and climate change policies. Innovative financial mechanisms such as microcredits or guarantees were also discussed. The investment could include activities related to community forestry management, restoration activities, productivity of the forest landscape, or others.
18. **Private Sector** – The private sector plays an important role in Mexico's forests, including community forest enterprises, timber-using industries, and other businesses in the rural sector. The Mission recognized the need to have a strategy that improves the link between community enterprises and buyers/markets, and that provides more technical assistance on business and marketing to support income generation through sustainable forest management.

V. Main Conclusions and Next Steps

19. **Institutional Framework** – The Mission discussed that the FIP Steering Committee will be composed of nine representatives: CONAFOR, SEMARNAT, SHCP, SAGARPA, the Agrarian Attorney's Office (*Procuraduría Agraria*), a member from the Board of the Indigenous Peoples' Development Commission (CDI), two representatives from the CTC-REDD (civil society), and the private sector. As the Committee Coordinator, CONAFOR will finish the design of this mechanism and will formalize it by April 2011.

20. ***Dialogue Process and Public Participation*** – The Mission discussed that CTC-REDD could be the information, dialogue, and feedback forum for the civil sector during the Investment Plan preparation and implementation. The importance to assure a wide participation of indigenous groups was emphasized. In addition to the participation of the CDI in the Steering Committee, CONAFOR will facilitate and promote dialogue with organizations that represent Indigenous Peoples' groups and their participation in the formulation of the Investment Plan.
21. ***MDB Roles*** – CONAFOR expressed its interest in accessing the FIP investment through the IBRD in order to minimize transaction costs. However, FIP investments implemented by other entities (i.e. SAGARPA, local Governments, etc.) should be accessed through the most convenient MDB for that particular institution. Likewise, IDB and IFC have links with the private sector, therefore the private sector activities and/or financing schemes could be implemented by them. The technical advisory of IFC could be included into the Technical Advisory Program and IBRD's investments.
22. ***Formulation Grant*** – CONAFOR and the MDBs discussed the proposal for a grant of US\$250,000 to prepare the Investment Plan. In addition to the key consultancies, the grant will be focused on information sharing, workshops, and the facilitation of civil society participation during the preparation process. At the request of CONAFOR, SHCP will present to the IBRD an application to be approved by the MDB Committee.
23. ***Investment Plan preparation and Joint Mission schedule*** – The Mission agreed that during the coming months CONAFOR will conduct the formulation process according to the previously described participatory principles. The GoM will call an MDB Joint Mission when an advanced draft of the Investment Plan is available. CONAFOR's goal is to present a Draft Investment Plan during the next FIP Sub-Committee meeting in June, and then will call for a Joint Mission for the week of August 29. CONAFOR will send the Terms of Reference of the Joint Mission at least four weeks before the Mission, as stated in the FIP guidelines.

VI. Signatures (See the original Aide Memoire in Spanish)

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