

August 31, 2012

**Comments from the United Kingdom on the Approval by Mail: Mexico:  
Financing Low Carbon Strategies in Forest Landscapes (IDB)**

Dear Patricia

Many thanks to the Govt of Mexico and the IDB for preparing this project which the UK approves, but we request the Government and the IDB to address the points attached explicitly during project implementation.

Best  
Jane

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**UK Comments on Mexico: Financing Low Carbon Strategies in Forest  
Landscapes (IDB) - Project ID XFIPMX008A**

The UK approves the allocation of FIP funding to the project under Mexico's Investment Plan entitled "Financing Low Carbon Strategies in Forest Landscapes" on the understanding that the below issues are addressed explicitly during project implementation, and that the Government of Mexico and IDB respond to the below questions.

Our comments reflect some wider concerns about the quality of project documentation under the FIP and we would like to reiterate our previous request that some of the first order questions should be handled as a matter of course before projects are sent to donors – e.g. projects should clearly explain how they meets FIP investment criteria.

- We suggest the proposal is amended to include an estimate of the number of hectares of deforestation and degradation that will be avoided as a result of the programme.
- There is currently no target or expected results in the proposal for number of people who will have improved livelihoods/incomes as a result of the project. We would like to see this as likely to be a core FIP indicator
- How will the project contribute to increased loans within the wider financial sector? The project is focussed entirely on FR and does not discuss how lessons and experience will be shared to help scale up private sector lending.
- Will the project generate and sell carbon credits? If so, has the sale of carbon credits been factored into the emission savings calculations.

- How will the project ensure permanence beyond the life of the project? Is there a risk of leakage and if so how will this be managed?
- According to the economic appraisal, the silvo-pastoral element of the project has a cost-benefit ratio above 1 i.e. costs exceed benefits. Given this, what is the economic justification for including this element?