

# Final Project Report

Identifying Adequate Benefit Sharing Mechanisms for  
Reduced Emissions from Deforestation and Forest  
Degradation (REDD+) Activities in Mexico

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## Acronyms and Abbreviations

<b>AM-REDD+</b>	Mexico REDD+ Alliance
<b>APDT</b>	Territorial Development Public Agents
<b>ATREDD+</b>	REDD+ Early Action
<b>BSM</b>	Benefit Sharing Mechanism
<b>CDI</b>	National Commission for the Development of Indigenous Peoples
<b>CIDRS</b>	Inter-Ministerial Rural Sustainable Development Commission
<b>CIGA</b>	Center for Research in Environmental Geography-UNAM
<b>CNBV</b>	National Bank and Securities Commission
<b>CO<sub>2</sub></b>	Carbon Dioxide
<b>CONABIO</b>	National Commission for Knowledge and Use of Biodiversity
<b>CONAFOR</b>	National Forestry Commission
<b>CONANP</b>	National Commission of Natural Protected Areas
<b>CONEVAL</b>	National Council for the Evaluation of Social Development Policy
<b>CSO</b>	Civil Society Organization
<b>ENAREDD+</b>	National REDD+ Strategy
<b>ERPA</b>	Emission Reductions Payment Agreement
<b>ER-PIN</b>	Emission Reductions Program Idea Note
<b>FCPF</b>	Forest Carbon Partnership Facility
<b>FINDECA</b>	Financial Institution for Rural Enterprise Development (Oxaca)
<b>FIRA</b>	Trust Funds for Rural Development
<b>FND</b>	Fund for the development of Agriculture, Forestry and Fisheries
<b>FMCN</b>	Mexican Fund for the Conservation of Nature
<b>FPIC</b>	Free, Prior and Informed Consent
<b>GT-REDD+</b>	REDD+ Work Group of the Inter-ministerial Commission of Climate Change
<b>ICCC/CICC</b>	Inter-Ministerial Commission of Climate Change
<b>IFAI</b>	Federal Institute of Access to Public Information and Data Protection
<b>ILO</b>	International Labour Union
<b>INALI</b>	National Institute of Indigenous Languages
<b>INEGI</b>	National Institute of Statistics, Geography and Informatics
<b>IRE</b>	Initiative to Reduce Emissions
<b>IUCN</b>	International Union for the Conservation of Nature
<b>LDA</b>	Local Development Agents
<b>LDRS</b>	Law of Rural Sustainable Development
<b>LGCC</b>	General Law on Climate Change
<b>LGDFS</b>	General Law of Sustainable Forestry Development
<b>LGEEPA</b>	General Law of Ecological Equilibrium and Protection of the Environment
<b>MRV</b>	Monitoring, Reporting and Verification
<b>OAF</b>	Options Assessment Framework
<b>ONG</b>	Non-Governmental Organization
<b>PEC</b>	Special Concurrent Program
<b>PROFOR</b>	Program on Forests
<b>PwC</b>	PricewaterhouseCoopers
<b>REDD+</b>	Reducing Emissions from Deforestation and Forest Degradation, plus conservation, sustainable management of forests, and enhancement of forest carbon stocks
<b>REDD+ BS</b>	REDD+ Benefit Sharing
<b>REDD+ CT</b>	REDD+ Mexico Technical Advisory Committee
<b>SAGARPA</b>	Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food

<b>SEDATU</b>	Secretariat of Rural and Urban Development
<b>SEDUMA</b>	Secretariat of Urban Development and Environment (State Government of Yucatan)
<b>SEMA</b>	Secretariat of Ecology and Environment (State Government of Quintana Roo)
<b>SMAAS</b>	Secretariat of Environment and Sustainable Use (State Government of Campeche)
<b>SEMARNAT</b>	Secretariat of Environment and Natural Resources
<b>SRD</b>	Sustainable Rural Development
<b>tC</b>	Tonne of Carbon
<b>UNFCCC</b>	United Nation Convention on Climate Change

## Executive Summary

As part of the framework to create a National Strategy to Reduce Emissions from Deforestation and Forest Degradation (ENAREDD+), and to further the design of a REDD+ benefit sharing mechanism, the National Forestry Commission (CONAFOR) and the World Bank Program on Forests (PROFOR) carried out an exercise to apply the Options Assessment Framework (OAF), a tool developed by PROFOR to identify and assess the capacity of a country to distribute, via different mechanisms, the benefits derived from REDD+ and its corresponding result-based payment schemes.

The major objective was to provide guidance regarding the benefit sharing mechanism in the REDD+ institutional design process to fit the context and progress of Mexico's REDD+. The final result of the OAF exercise is a roadmap condensing the actions needed for the viable implementation of the REDD+ benefit sharing mechanism. The exercise was carried out from October 2014 to May 2015.

The OAF methodological pillar includes four components considered critical for the successful development of a benefit sharing mechanism: institutional capacity, legal framework, fund management capacity and monitoring capacity. In accordance with the REDD+ design progress in Mexico, the OAF exercise took into consideration performance-based benefit sharing mechanisms at the national and sub-national levels.

The OAF tool, and the above-mentioned methodological framework include a questionnaire to assess the existence and quality of the elements (country readiness level) for each key component; the participants score each question according to the country's capabilities. Once the scores have been assigned, the tool generates a total score for each component equivalent to the percentage of the maximum score (100%). The percentages indicate the degree of reliability with which the country's institutions could implement a specific type of benefit sharing mechanism given the current conditions.

The first step in the OAF implementation was the development of an Initial Report condensing a bibliographical and documentary research and information from interviews with key stakeholders. This Initial Report included a list of potential REDD+ beneficiaries, based on documents from ENAREDD+ and the Emission Reductions Program Idea Note (ER-PIN), and a literature review and recommendations obtained during the interviews. This document also included elements to evaluate the OAF questions in terms of the four key components: institutional capacity, legal framework, fund management capacity and experience, and monitoring capacity and experience. For the institutional capacity component, CONAFOR was identified as having a high level of capacity for forest management and its human resources are highly trained specifically in REDD+. However some challenges in the structural and institutional coordination capacity were identified, especially regarding rural and agricultural development. The Initial Report contains information to assess the forest management technical capacity of forest-based communities and Civil Society Organizations.

A set of REDD+ related laws and regulations was presented for the Legal Framework component. The legal instruments to allocate forest revenues and carbon rights were identified (Article 134 of the General Law of Forestry Sustainable Development - LGDFS); the regulations include general guidelines for rights to sequestered carbon but not for avoided emissions. The legal framework to support the consultation with the communities and peoples was also identified: ILO Convention No. 169, the LGDFS, and ENAREDD+ as a guiding principle.

Regarding the fund management capacity and experience component, 10 Mexican environmental funds were identified as having experience. In terms of access to financial services and the facility to access them in ATREDD+ areas, a non-homogeneous banking service was detected (better access to financial services in Jalisco and Quintana Roo compared to Chiapas and Campeche). Several independent organizations with experience in financial and non-financial auditing services in the country were also mentioned.

Regarding the last component, monitoring capacity and experience, at least one organization capable of environmental monitoring (forestry and conservation) with regional scope in the ATREDD+ was identified. Some decentralized experience with monitoring systems was also recovered, between CONAFOR and other independent entities. The assessment and monitoring systems governing CONAFOR were presented: program implementation additional assessments by Mexican universities, and evaluations programmed by CONEVAL to assess the design, performance and results.

For the second step, a webinar was conducted to provide feedback for these early findings with the participation of REDD+ and rural/forestry development experts. The result was a set of suggestions to increase the information baseline and recommendations to address the OAF questions. These results were used to adapt the OAF questions to the country's context and enrich the report which was the major input for the next phase of the OAF.

The third step consisted of the scoring of the OAF questions in a two-day workshop in the city of Mérida. The most important results were: 54% overall scoring for a national level benefit sharing mechanism based on performance; the score for a sub-national benefit sharing mechanism was 40%, indicating that in general, there is more readiness at the national than the sub-national level to implement a benefit sharing mechanism based on performance. According to the OAF methodology, given these conditions it is necessary to carry out a set of enabling actions for a viable implementation of the mechanisms discussed. As a second result, the workshop generated a subset of prioritized and detailed actions.

As the final step, a national workshop was conducted to validate the results of the regional workshop and to obtain concrete measures for a viable REDD+ benefit sharing mechanism. This workshop defined the set of enabling actions for the roadmap to design and implement a benefit sharing mechanism based on performance, at national and sub-national level, in Mexico. The roadmap is presented as an agenda for CONAFOR. Some of the conclusions include:

- To engage the rural development sector in the REDD+ design and implementation and specifically in the benefit sharing, we propose strengthening coordination spaces such as CIDRS and CICC, and other actions such as reactivating the Territorial Projects Work Group.
- For an effective cooperation between the national and state governments regarding sustainable territorial management and forest conservation, we propose establishing a formal agreement between the federal and state government to implement the REDD+ strategies.
- For the legal instruments to fully support public access to information, we propose implementing capacity building mechanisms to allow the communities to exercise this right.
- For CONAFOR and the state governments to have the capacity to define legal norms to design and operate funds, we propose conducting a best practice study and use it as a guide to define the jurisdictional funds.
- To facilitate the access to financial services for community groups participating in REDD+, we propose mapping the sources and financial mechanisms, designing a worksheet and establishing agreements with financial institutions that would offer flexible products tailored to the financing needs of the producers and residents of the REDD+ implementation areas.
- To decentralize the monitoring systems as part of a benefit sharing mechanism, we propose developing a standardized monitoring process, an operational manual (monitoring guide for direct users) and strengthen local institutions so they can help support the benefit sharing mechanisms, and monitor the socioeconomic impact (programs and incentives).

This product is expected to serve as working material for CONAFOR, in its institutional management and REDD+ leadership and to propose actions to other institutions.

## I. Background and Introduction

The government of Mexico, particularly CONAFOR, is interested in developing a benefit sharing mechanism (BSM) required from participating in international schemes for REDD+ result-based payments, including the Initiative to Reduce Emissions with the Forest Carbon Partnership Facility (FCPF). A key to the success of the REDD+ implementation in Mexico is the design of adequate benefit sharing mechanisms that guarantee that the financial and non-financial resources are transferred fairly and efficiently to promote the goals of the initiative.

To help design a mechanism to distribute benefits derived from the participation in REDD+ as requested by CONAFOR, the Options Assessment Framework (OAF) was applied to help decision makers in identifying and developing benefit sharing mechanisms suitable to the REDD+ context and approach in Mexico. OAF is a tool based on methodological documents and a questionnaire that evaluates the existence and quality of the four key components in the country. PROFOR and PricewaterhouseCoopers LLP (PwC) developed this tool to help those responsible for designing and implementing REDD+ benefit sharing mechanisms to evaluate the readiness level of a country to implement certain type of benefit sharing mechanism<sup>1</sup>. Based on the readiness level of each country, the tool proposes the effort (enabling actions) necessary to implement the mechanism selected.

The major objective of the OAF exercise is to provide guidance regarding the benefit sharing mechanism in the REDD+ institutional design process in accordance with the context and progress of a particular country. The final result of the OAF implementation is a roadmap listing the enabling actions to support the design of the REDD+ benefit sharing mechanism. By implementing the OAF tool, the country's situation in terms of four key components considered critical for the successful development of a benefit sharing mechanism was evaluated: institutional capacity, legal framework, fund management capacity and monitoring capacity.

### Project Focus

CONAFOR is the lead agency tasked with developing the REDD+ program. CONAFOR is committed to reducing deforestation and forest degradation and protecting the environmental services generated by forests, to which end it has developed and implemented programs such as payment for environmental services, community forestry and sustainable forest management. It is also investing significantly in capacity building to be able to address the needs of implementing the country's REDD+ program.

Mexico presented its REDD Readiness Preparation Proposal (R-PP)<sup>14</sup> to the Participants Committee (PC) of the Forest Carbon Partnership Facility (FCPF) in 2010 and it was approved in March of that year. Since 2010, Mexico has been working on the participatory development of its National REDD+ Strategy (ENAREDD+). That same year the CICC published *Mexico's Vision on REDD+: Towards a National Strategy*, which included key targets and definitions that guided the development of the strategy and thus emphasized the importance of the inclusion of public policies to promote sustainable rural development, incorporating and strengthening community management of forests and conservation of their biodiversity. The Emission Reductions Initiative is aligned with the institutional arrangements proposed in the National REDD+ Strategy. The potential actions of the Emission Reductions Initiative will take place in the early REDD+ action (ATREDD+) areas that provide an

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<sup>1</sup> The OAF methodological framework establishes four key components that can be evaluated as options combining two distinctive characteristics (national/sub-national, input/performance(or results)). Thus 4 types of BSM are theoretically possible: (i) input-based national level, (ii) input-based sub-national level, (iii) results-based national level, and (iv) results-based sub-national level. CONAFOR was especially interested in evaluating the readiness level of results-based BSM at the national and sub-national levels. Therefore these two (results-based BSM) were the focus of the OAF exercise for Mexico.



opportunity for testing specific actions in the field and promoting sustainable rural development. The Emission Reductions Initiative will be implemented in five Mexican states selected for early REDD+ Actions (ATREDD+): Jalisco, Campeche, Chiapas, Quintana Roo and Yucatan. (These areas were selected on account of having the highest rates of forest loss and having the highest environmental values especially for biodiversity and hydrological contributions. These areas contemplate different land uses and activities of different sectors.

As a requirement of approval of its program of REDD+ in the early action areas, Mexico needs to show progress in developing BSMs for these areas. CONAFOR indicated its interest in looking closely at performance (or results)-based BSMs and thus, and consistent with the REDD+ implementation framework<sup>2</sup>, the OAF application considered benefit sharing mechanisms based on performance at the national and sub-national level.

The results of the OAF application will assist the decision making process and the final design of the REDD+ benefit sharing mechanisms will be made by the relevant institutional stakeholders. The OAF is a participatory tool to assess a country's specific capacity to design and implement benefit sharing mechanisms. The OAF tool does not dictate which mechanism is better but rather it informs the effort needed to identify the type of mechanism selected by CONAFOR and its partner participants in the REDD+ design and implementation process+.

### Description of the OAF Application Process

The OAF application was participatory and included the opinion of experts from the government, academia, civil society organizations, and Mexican forest landholder representatives as well as other relevant REDD+ development agencies.

To begin the OAF exercise, data on the four key components was compiled in a document called Initial Report which was socialized in November 2014. The four components evaluated by OAF are: institutional capacity, legal framework, fund management capacity, and monitoring capacity. For more about THE OAF structure and its methodological basis, see Chapter 3 in the Annex: Initial Report. The preparation of this report included a review of the bibliography and interviews with key stakeholders and REDD+ expert in Mexico.

After the socialization of the Initial Report, a series of discussion with stakeholders and experts reviewed the content and obtained feedback to improve the sources and content of the information for the OAF application exercise in a regional workshop. A webinar was held on December 2014 to obtain feedback on the initial findings with the participation of representatives from state and federal government, civil society organizations, international organizations, and universities. This participatory exercise generated precise information, suggestions to increase the information, and other details that were incorporated to the report.

The updated information helped adapt the OAF questions to the country's context in the four key areas, and thus generate an OAF tailored to Mexico and appropriate to use at the regional workshop.

The OAF exercise was conducted in a regional workshop in Mérida (an early action area) in early January 2015. The workshop involved dynamic group work based on the experience of the participants with each of the OAF components. The groups scored each component question and generated a national and a sub-national

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<sup>2</sup> Defined by various REDD+ related documents: Mexico REDD+ Vision (2010), National REDD+ Strategy (April 2014), Design and Implementation of Special Programs, Institutional Strengthening and Capacity Building in REDD+ Early Action Areas (ATREDD+), Emission Reductions Program Idea Note (ER-PIN); representing Mexico's proposal to the FCPF Carbon Fund, among others.

score for the viable implementation of a benefit sharing mechanism based on performance. The OAF results indicated the level of effort and training needed for the viable implementation of the selected benefit sharing mechanism. In other words, the participants generated a set of enabling actions, prioritized and discussed during the workshop. The scores and the set of enabling actions were the final outcome of the regional OAF exercise, see Annex III: Regional Workshop Report.

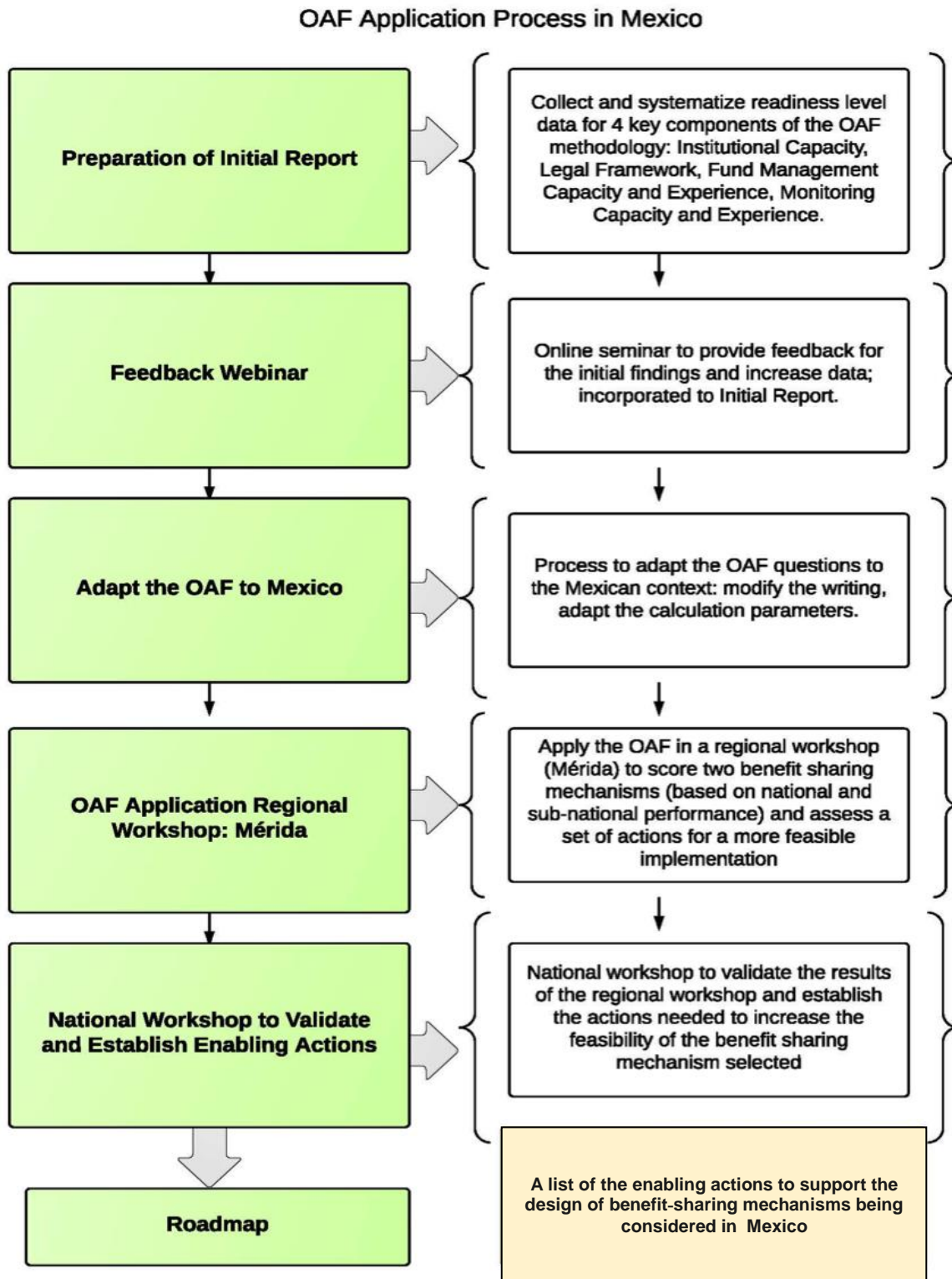
A national workshop was held in March 2015 to validate the results of the regional workshop and specify concrete actions for a viable REDD+ benefit sharing mechanism. This workshop defined a set of enabling actions that make up the roadmap to design and implement a benefit sharing mechanism based on performance in Mexico, given the evaluated conditions. The workshop included a discussion of the implementation framework for the Initiative to Reduce Emissions (IRE) linked to the roles each entity should adopt in the REDD+ benefit sharing mechanism (CONAFOR, Jurisdictional Funds, State Governments, Implementing Agents, Ejidos and Communities). An additional step to facilitate the adoption of the recommendations of this consultancy for the design process was the reclassification of the enabling actions into a set of institutional agendas for CONAFOR. The outcome of this effort is presented in the Roadmap, Chapter 6 of this document.

The agendas that make up the roadmap are: 1) Coordination; 2) Applied Research; 3) Strengthening Public Entities (CONAFOR, CONABIO, SAGARPA), Civil Society Organizations (CSOs), Implementing Agents<sup>3</sup>, Ejidos and Communities; 4) Tool Development; 5) Training; and 6) Legal Framework Adaptation and Institutional Responsibilities.

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<sup>3</sup> (ER-PIN CONAFOR, Abril 2014) Pg. 40-41.

Figure 1: OAF Implementation Process in Mexico



Source: The author. Abardía A., Lavariega, L PROFOR-CONAFOR (2015)

## II. Results from the OAF Application: Initial Report

The main findings of the initial report are presented here. The complete report is attached as a separate document, Initial Report<sup>4</sup>, and has the following content:

1. Expected Benefits
2. Potential Beneficiaries
3. Description of the Option Assessment Framework
4. Initial Report for the Four Key Components
  - a. Component 1. Institutional Capacity
  - b. Component 2. Legal Framework
  - c. Component 3. Fund Management Capacity and Experience
  - d. Component 4. Monitoring Capacity and Experience
5. Preliminary Remarks

### Expected Benefits

In compliance with the procedures for accessing FCPF funds, CONAFOR prepared an Emission Reductions Program Idea Note (ER-PIN) to participate in the FCPF Carbon Fund. The ER-PIN presents an implementation model with a landscape approach and mechanisms for intergovernmental cooperation. This document estimated a flow of about 60 million dollars for the 2016-2020 period to be transferred from a World Bank trust fund to a federal entity in Mexico<sup>5</sup>. According to the ER-PIN, the resources to pay for REDD+ results should be disbursed as payment for activities included in an Investment Plan previously evaluated by a collegial body.

To implement the early stages of these investment plans, and for the avoided emissions to reach the magnitude committed to the FCPF Carbon Fund, the Mexican government and the private, social and international stakeholders will invest resources in actions to improve the forest conditions and the capabilities of the ejidos and communities within the ATREDD+. From the methodological perspective of the Program on Forests, the above investments are also considered as benefits with diverse sources of financing and distributed via public or private investment mechanisms<sup>6</sup>, disbursed during the policy preparation and implementation phases prior to the result-based payment phase. From the Mexican institutional perspective, these enabling investments to reduce emissions are considered co-benefits, initially not distributable but rather assigned to each Investment Plan approved. Thus, under the principle of additionality<sup>7</sup>, only the resources derived from international schemes or carbon markets for avoided emission are considered as benefits<sup>8</sup>. The results of these initial investments will be considered public and private assets that will likely improve the governance, environmental, social and institutional conditions in the ATREDD+. The distribution of additional benefits (payment for results from avoided emissions) will be possible at the territorial but not the individual level, and will happen after the emission reduction reports from each participating state are issued.

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<sup>4</sup> Available in Spanish upon request.

<sup>5</sup> (ER-PIN CONAFOR, April 2014). Pg. 57.

<sup>6</sup> (PwC-Behr, 2012) Table 1.1 Pg. 6.

<sup>7</sup> Additionality: Benefits are awarded to actions that prove emission reductions or increased removals in the forestry sector that would not have occurred in the absence of the REDD+ mechanism. Mexican Civil Council for Sustainable Forestry, AC (2014). Summary for Decision Makers “*Elementos para el diseño del mecanismo de distribución de beneficios para REDD+ en México: Informe final de consultoría*”. México: Alianza México REDD+. Pg 2.

<sup>8</sup> Consejo Civil Mexicano para la Silvicultura Sostenible, A.C. (2014), Balderas Torres, A. y Skutsch, M.(2014) pg. 2-3.

## Potential Beneficiaries

The official position identifies two elements regarding the REDD+ beneficiaries<sup>9</sup>:

- ENAREDD+ defines two groups of beneficiaries: landholders and others responsible for activities that reduce deforestation and forest degradation<sup>10</sup>.
- ER-PIN recognizes the right of title holders to the benefits of avoided emissions, but not those of people/groups lacking title to the land<sup>11</sup>.

The following list of potential REDD+ beneficiaries is based on the current legal framework, the source of the demands over the REDD+ benefits, and possible inclusion mechanisms proposed in the relevant literature.

- **Individual/group owners or holders of forest land:** Private property owners (entities or individuals) Ejidos and communities. Ejido/community members.
- **Indigenous peoples and communities on forest land:** Indigenous peoples. Ejidos and indigenous communities.
- **Benefit holders of forest land:** Groups or individuals recognized by the ejido and community assemblies or that have an agreement with the ejido and community members; tenants on private land.
- **Untitled settlers living on communal/ejido land:** Women and organized women's groups, youth groups, and other residents living on communal/ejido land.
- **People and groups with properties and activities outside the forest:** Cattle ranchers, farmers, or people involved in mining, industry, energy, real estate and tourism development activities.

Currently, in Mexico, only landowners have the rights to benefits through avoided deforestation. However, there is an effort to recognize the relationship of non-owners to the forest so that they can be included in initial investment plans and also become eligible for results-based payments. Based on the literature review and the interviews, three options were identified to incorporate untitled people and groups living on forest land into the benefit sharing mechanisms:

1. Adapt the ejido and community bylaws to allow contracts that incorporate clauses for the rights to the benefits of avoided emissions.
2. Assist in generating ad hoc agreements, case by case, with the ejidos and communities<sup>12</sup>.
3. Amend the current legal framework to recognize different types of ownership regarding the right to the benefits of avoided emissions<sup>13</sup>.

Finally, it should be noted that the government has excluded itself from taking any results-based payments, even though it owns forest land. However, it has allowed itself to avail of REDD+ program funds for capacity building activities as a way to help other landowners benefit from results-based payments.

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<sup>9</sup> Associated only with the property of sequestered carbon, the rights to avoided emissions are not recognized.

<sup>10</sup> (ENAREDD+, 2014) Pg. 34.

<sup>11</sup>ER-PIN clearly indicates that the BSM will be consulted with the local stakeholders, including extensive clarification regarding the people and groups that will access the benefits, as well as the mechanisms to incorporate them.

<sup>12</sup> From the interviews, we perceived that these agreements may be unstable and that there are few tools available to grant legal certainty to the untitled groups.

<sup>13</sup> A document by IUCN discusses the REDD+ legal framework and proposes option to include in REDD+ the stakeholders lacking ownership of forest lands. Carrillo Fuentes, J.C, Published by the International Union for Conservation of Nature (UICN), Regional Office for Mexico, Central America Central and the Caribbean. San José, Costa Rica. 2015.

## Key OAF Components

This is a summary of key findings for the four key components of the OAF methodology prepared using the OAF questions to evaluate a benefit sharing mechanism based on performance at the national and sub-national level.<sup>14</sup>

### Component 1. Institutional Capacity

This component assesses the capacity of federal and state government agencies, civil society, communities, ejidos and private sector in the following areas: forest technical management (knowledge, tools, presence in the territory), community development, REDD+ expertise, intergovernmental/inter-sectoral coordination, involvement of Civil Society Organizations (CSOs), and private sector in forest public policy, financial management systems and support for the ejidos and communities in terms of agricultural/forest management issues.

#### CONAFOR and State Government Institutional Capacity

The information gathered and the interviews with experts show that CONAFOR has good forest management capabilities. In terms of REDD+, it has highly trained human resources (although insufficient compared to the work load resulting from increased activities to design and pilot models). The staff at the central offices had more REDD+ technical capacity compared to the staff at the state level. In 2014, REDD+ liaisons were added to the state level offices. CONAFOR has good REDD+ design capabilities but less capability in terms of implementation, inter-institutional agency coordination and field presence. The interview respondents agreed that there are great challenges in both technical and budgetary strengthening.

The states have reached different level of progress in terms of inter-institutional planning and coordination:

**Campeche:** Has a Climate Change State Plan and an established Inter-Ministerial Commission on Climate Change (CICC). Is part of the REDD+ Peninsular Strategy.

**Chiapas:** Has a Climate Change State Plan and an established CICC. The REDD+ State Strategy is under development.

**Jalisco:** Its Climate Change State Plan is being developed; the CICC has been decreed. The REDD+ State Strategy is under development.

**Quintana Roo:** Has a Climate Change State Plan; the CICC has been decreed. Is part of the REDD+ Peninsular Strategy.

**Yucatan:** Has a Climate Change State Plan; the CICC has been decreed. Is part of the REDD+ Peninsular Strategy.

The coordination and collaboration between the federal and state governments faces major challenges. Federal agencies typically implement their programs through delegations, offices that depend on the central unit and operate fully on federal resources, plans and procedures. In general, the view of the respondents is that CONAFOR is modeled after other federal agencies, which act at the central level and directly over the

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<sup>14</sup> In light of the preceding discussion on types of benefits, it is important to clarify that OAF tool focuses on monetary benefits. The non-monetary benefits (or co-benefits, as defined in Mexico) are being considered separately, and are not the focus of this paper.

territories, with little influence from the state governments. In this respect, the REDD+ Early Action Areas<sup>15</sup> are a coordination effort between different levels and sectors of the government. A different situation is observed in the rural development sector functioning under the Special Concurrent Program (PEC) for the planning and implementation of agricultural policy. Here, the Inter-Ministerial Commission for Sustainable Rural Development (CIDRS) and the rural development councils have direct influence. The state trusts that implement the PEC resources, function under significant dialogue and coordination between the state and federal government.

The most important inter-institutional REDD+ coordination effort in Mexico is between the forestry and the agricultural and rural development sectors. The major findings are: 1) There is a major coordination challenge between the forestry, environmental and agricultural entities to implement REDD+ in terms of regulation, implementation, and planning; and 2) There are important areas of agreement between the entities mentioned (CICC, CIDRS) but they do not include binding decisions in terms of policy design or implementation; this reduces their chances of achieving high level program or budget agreements. CONAFOR promoted a Territorial Actions Work Group within the CIDRS to monitor and coordinate the REDD+ Early Actions. This group had little activity in 2014 and it might need to be re-launched to resume its activities.

The federal government engagement with the CSOs and private sector in REDD+ issues is apparent in two areas: ENAREDD+ Work Group (GT-ENAREDD+) within the National Forest Council (CONAF) and the Technical Advisory Committees to Reduce Emissions from Deforestation and Degradation (CTC REDD+) at the national and state levels. There is also an academic sector actively involved in REDD+ design through consultancies. Nevertheless, only a few second-tier organizations were found to be participating actively in performance monitoring, policy decisions, and forest policy risk assessment.

In terms of communication skills, CONAFOR has a social communication area and has launched the preparation of the "Communication Strategy for the Preparatory Process for a REDD+ Mechanism in Mexico" with support from the Mexico REDD+ Alliance. CONAFOR has agreements with the National Commission for the Development of Indigenous Peoples to use the community radio spaces; and to train indigenous broadcasters in forestry aspects. It also has an agreement with the National Institute of Indigenous Languages (INALI) for the translation of broadcast material. According to the experts, some of the REDD+ communication challenges include:

1. Disseminate REDD+ among the ejidos and communities, using clear and culturally correct language.
2. Clarify key REDD+ concepts in the rural areas, as there are significant gaps in the technical knowledge; there are also gaps in the level of knowledge among ejido/community members.
3. Several actions defined as REDD+, have been previously implemented in the ejidos and communities under other names; Determine which contexts should use a REDD+ adapted language.
4. Strengthen the oral communication channels.

In terms of the capacity to store and process financial, property, and legal information required to manage a national payment scheme, CONAFOR has good fund management capacity.

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<sup>15</sup> The Special Programs are CONAFOR efforts to direct resources to specific sites with high rates of deforestation and degradation. The programs promote sustainable productive activities, with a strategic development in response to specific problems. CONAFOR operates special programs in the three REDD+ Early Action Areas: Lacandona Rainforest (PESL) Jalisco Coastal Watersheds (PECCJ) and the Yucatan Peninsula (PEPY).

### Capacity of the Implementing Agents: Territorial Development Public Agents (APDTs)<sup>16</sup>

#### Inter-Municipal Boards

- There are four boards in Jalisco and one in each state of Yucatan, Quintana Roo and Chiapas.
- The general objectives are to promote environmental conservation and local sustainable development.
- They receive support from the Forest and Climate Change Project (CONAFOR) and the REDD+ Local Governance Project (Latin American Investment Facility) to help consolidate and strengthen their territorial and landscape planning and operational capacity; assets; and institutional structure to begin operations.
- The boards have different levels of management capabilities<sup>17</sup>.

#### Mesoamerican Biological Corridor

- Belongs to CONABIO's Biological Corridors and Resources coordination.
- It has areas and staff specialized in REDD+ and has presence in the ATREDD+.
- Works closely with the ejidos and communities to formulate and manage project funding.

### Capacity of the CSOs Working with REDD+

We identified some CSO with knowledge and technical, forest management, and community development capacity to generate baseline data and monitor forest carbon, biodiversity, and socio-economic parameters. During the project, it became clear that these capacities were not homogeneous in all the ATREDD+ and it is necessary to implement a capacity building program for the CSOs.

### Capacity of Forest-Based Communities

Mexico has an advanced community forestry management panorama with broad participation. Several ejidos, communities and forestry producer's organizations have participated in the REDD+ design. These stakeholders were analyzed in terms of their technical, organizational, forest management and conservation capacity to support, monitor, and report REDD+ activities. During the project, it became clear that the capacity level was not homogeneous in all the ATREDD+ and a capacity building program was necessary for the forest-based communities.

## **Component 2. Legal Framework**

The OAF questions regarding the Legal Framework focus on identifying the existence and quality of the enforcement of the national and state legislation in terms of ownership and possession of forest lands, the rights to forest revenue, the relationship between forest ownership and carbon ownership, the aligning of national and local plans, access to information, and the rule of law. Given the particular land ownership context in Mexico, the participants suggested that this component should be evaluated considering the legislation governing the agricultural and forest rights. The following basic legislation should be considered while defining a benefit sharing mechanism:

- Political Constitution of the United States of Mexico (Articles 2 and 27).

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<sup>16</sup> The ER-PIN defines certain characteristics for the APDTs and the last official discussions on this topic agree that the potential stakeholders will be the Inter-municipal Boards and the Mesoamerican Biological Corridor.

<sup>17</sup> The Jalisco Boards are older and have more capacity than the newer boards.



- Agrarian Law (Articles 23 and 45).
- General Law of Sustainable Forestry Development -LGDFS- (Article 5 and 134)
- Law of Rural Sustainable Development (LGDRS).
- General Law on Climate Change (LGCC)
- Mexico is a signatory to the ILO Convention 169 which among other things requires that indigenous and tribal peoples are consulted on issues affecting them.
- National Climate Change Strategy (ENCC).

Articles 2 and 27 of the National Constitution are two most important regulatory elements governing aspects of ownership of the land, forests, carbon, and regulatory elements for indigenous peoples. These in turn, give rise to regulatory laws such as the Agrarian Law, LGDFS, and LGEEPA.

Regarding the state legal framework for ATREDD+:

- All the ATREDD+ states have a Law of Sustainable Forestry Development, except Yucatan;
- Only Jalisco and Yucatan have a Law on Sustainable Rural Development;
- Quintana Roo is the only state with a Law for Climate Change Action; and
- All the states have a Law on Ecological Equilibrium and Environmental Protection.

One of the most important characteristics evaluated by the OAF is whether there are principles and instruments protecting the rights of forest landholders in relation to the ownership and use of forest land. Mexican law contemplates these principles in Articles 2 and 27 of the Constitution, and also in international agreements signed by Mexico as well as secondary and state laws. These principles are: The right of indigenous peoples to self-determination; the right to a healthy environment; and stewardship of the national development to ensure sustainability and integration. In this context, Article 27 of the Constitution is particularly relevant as it recognizes the legal status of the ejidos and communities, and protects their ownership of the land, both to establish human settlements and for productive activities<sup>18</sup>. Nevertheless, the participants insisted on the lack of tools for the effective enforcement of the laws recognizing these rights.

Regarding the clear allocation of forest revenue to title holders, Article 134 of the LGDFS infers that the owners of forest lands are entitled to the forest revenues. The types of owners are defined in the Agrarian Law: private property, ejido, communal property, colonies. All owners with full rights to the land are entitled to the forest revenue and may perform legal acts (agreements, contracts) with third parties (individuals or entities) for the use or enjoyment of the land they own.

Regarding the legal support for public access to government information, the federal government approved a General Transparency Law in March 2015 establishing sanctions for lack of transparency. On the other hand, CONAFOR has a Citizen Service Mechanism (MAC) consisting of three parts: 1) Internal Control Organ (OIC). 2) Liaison Unit of the Federal Institute of Access to Public Information and Data Protection (IFAI). 3) Citizen Attention and Information Services (SIAC). There are also civil and academic efforts to monitor and evaluate public actions and budgets carried out by national and international transparency independent organizations such as Open Budget Index, Artículo 19, Transparencia Mexicana, FUNDAR, among others.

In relation to the laws governing the rights to forest carbon and land ownership, Article 134 of the LGDFS contains general ownership guidelines for sequestered forest carbon but not for avoided emissions.

Regarding the legal framework for the implementation of community consultations, Mexico is a signatory to the ILO Convention 169 (which provides guidelines for the Free, Prior and Informed Consent-FPIC), also in Article

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<sup>18</sup> Carrillo Fuentes, J.C. (2015). *Análisis del marco legal para la implementación de mecanismos de distribución de beneficios REDD+ en México. Serie Técnica: Gobernanza Forestal y Economía, Número 3. San José, Costa Rica: UICN.*

134 of the LGDFS; ENAREDD+ adopts the FPIC as a guiding principle. The National Commission for the Development of Indigenous Peoples (CDI) has a protocol to implement the consultations with indigenous peoples and communities.

### Component 3. Fund Management Capacity and Experience

The OAF methodology evaluated the capacity and experience to manage funds based on the presence of national and state environmental funds; the existence of organizations capable of monitoring budget programs, anti-corruption and embezzlement mechanisms; the experience of environmental programs disbursing funds to individuals and communities; the existence of a payment network (banks and subsidiaries) and financial institutions with tolerance for risk and adequate repayment terms for rural communities.

The presence of 13 environmental funds show that the country's organizations and public entities have the capacity and experience to create, operate and maintain financial schemes with public, private, national, and international funds.

Regarding the banking and financial inclusion in Mexico to allow community groups to open accounts and have easy access to low cost financial services, the ATREDD+ have the following characteristics:

- Jalisco and Quintana Roo have better financial services. Transportation costs are high for residents of the Maya areas in Quintana Roo (higher than the national average).
- Chiapas and Campeche have poor access to commercial and development banks, however, (or perhaps because of it) they are the states with the largest microfinance opportunities.
- Jalisco has increased presence of cooperatives.
- Chiapas has the lowest number of ATMs for every 10,000 adults.

Some loan and loan subsidy systems available for the forestry sector were identified. Some of these schemes are part of the partnerships established by CONAFOR with other public entities (such as FIRA) and others are part of the support programs for rural development sector.

In terms of anticorruption aspects, we identified the following public resource monitoring and control tools (same as other sectors): Federal High Audit Office, Ministry of Public Administration, Internal Control Organs (areas within each federal entity). The auditing of private trusts is done directly by the Tax Administration Service.

In terms of the performance of environmental programs to disburse and monitor payment at the national level, CONAFOR has experience with the Environmental Services Program, as a tool to promote conservation. It involves payments to a large number of beneficiaries, and verification of results (using field and satellite methods).

As part of the effort to determine the experience of independent organizations in terms of financial and non-financial auditing (i.e. governance) of the fund management processes, we identified the following civil organizations involved in REDD+ auditing or monitoring:

- Transparencia Mexico
- Mexican Civil Council for Sustainable Forestry
- Mexican Institute of Competitiveness
- Artículo 19 A.C.

Regarding the legislation that allows the establishment and protection of REDD+ state trust fund we found that the state trust funds are governed by the laws for budget and fiscal responsibility and the laws ruling

government-owned federal corporations. In these cases, the Ministries of Finance and Treasury act as sole trustees. Relevant features of the trust fund legislation in the ATREDD+ states are:

- The trusts are considered government-owned public entities.
- The degree of budgetary autonomy is low when they depend on resource allocations from the state treasury; this forces them to abide to the state budget approval cycles and procedures.
- In every case, they are prohibited to take any investment risk on the trust fund capital.
- Participation of the states' comptroller agents and the government agencies' Finance Secretaries is required.
- Public trust funds are required to clearly identify their contribution to the development goals of the state.

#### Component 4. Monitoring Capacity and Experience

According to the OAF, the monitoring capacity and experience<sup>19</sup> involves the following aspects:

- Presence of organizations that monitor and inform about government programs
- Ability of the government to inform frequently about environmental program spending
- Ability of the federal government to delegate program monitoring to third parties (state governments or external agencies).
- Use of monitoring and surveillance data in the case of forest programs.
- Experience using GIS data and ground verification by the agency implementing the benefit sharing mechanism.

Regarding the presence of organizations with sufficient experience combining forest monitoring, social orientation and ecological conservation, the following organizations with regional forest monitoring capabilities<sup>20</sup> were identified:

- Bioasores in the Pucc and Chenes region of Yucatán and Campeche.
- Biodiversidad, Medio Ambiente, Suelo y Agua, A.C (BIOMASA) in Chiapas.
- Instituto para el Desarrollo Sustentable en Mesoamérica, A.C. in Chiapas.
- PRONATURA, in the municipality of Holpelchén, Campeche.
- Grupo Mesófilo A.C. in Oaxaca.
- AMBIENTARE, A.C. in Oaxaca.
- JIRA in Jalisco.
- The Yucatan Peninsula has the Maya Forest Observatory as part of the REDD+ Yucatan Peninsula Regional Strategy. The goal is to inform the forest management and policy decisions, and contribute to the National Forest Monitoring System. Its creation was consolidated in 2014 led by the Mexico REDD+ Alliance+.

During this project, it became clear that although there are a number of civil society organizations, their monitoring capabilities are not homogeneous within the ATREDD+. A capacity building program for these stakeholders is recommended.

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<sup>19</sup> OAF defines monitoring in a wide sense, not restricted to measuring carbon emissions or monitoring land use changes. It involves monitoring public programs and budgets, and socioeconomic and productive variables. It refers to monitoring in general as a tool.

<sup>20</sup> National initiatives have been crucial to strengthen the capacity of these stakeholders, including: Mexico REDD+ Alliance projects and the Mexican Fund for the Conservation of Nature (FMCN).

Regarding the external monitoring of environmental programs, CONAFOR has a wealth of public access external evaluations of its public programs carried out since 2002, mainly by the University of Chapingo. There are also other evaluations programmed by CONEVAL.

Regarding the capacity of CONAFOR to incorporate monitoring and evaluation data into the forest management planning, we found that this institution relies on INEGI, through its land use department, to assess the availability and current status of the natural resources. CONAFOR also determines the eligible areas in its environmental service programs using this information and data from other institutes such as INECC. CONAFOR responds to CONEVAL's assessments using the Mechanism to Monitoring Areas for Improvement Derived from Reports and Assessments. This mechanism evaluates the improvements made and identifies aspects that can be incorporated into program management processes.

This component involves several questions related to the use of GIS to integrate a Monitoring, Reporting and Verification system. In Mexico, there is an initiative underway and significant advance in a MRV system within the framework of the Mexico-Norway cooperation program through the REDD+ Strengthening and South-South Cooperation fund.

### Preliminary Remarks

The following summary of the Initial Report of the application of the Options Assessment Framework condenses some observations that coincide with the concerns expressed by the respondents.

#### REDD+ Benefits

- The design for a REDD+ benefit sharing mechanism in Mexico contemplates a mixed system including performance-based payments and payment for input/supplies, based on the preliminary design for the IRE implementation framework.
- The benefits distributed during the results-based phase will be transfers for activities previously agreed in the investment plans. The implementing agents, communities and CONAFOR participate in the preparation of the investment plans, following the criteria established by the Jurisdictional Funds.

#### Beneficiaries

- ENAREDD+ defines two groups of beneficiaries: forest owners and residents of areas implementing activities to stop deforestation. The first group (forest landowners) has fully supported ownership rights over sequestered carbon, but not over the right to benefits from avoided emissions. The second group currently lacks legal rights to sequestered carbon. Several mechanisms have been suggested by experts to include these stakeholders in the benefit sharing mechanisms<sup>21</sup>.
- Several groups having clear potential to participate in REDD+ were identified:
  - Individual/group owners or holders of forest land
  - Indigenous peoples and communities on forest land
  - Benefit holders of forest land
  - Untitled settlers living on communal/ejido lands

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<sup>21</sup> For example, the option presented by J. Carrillo in Carrillo Fuentes, J.C, Published by the International Union for Conservation of Nature (IUCN), Regional Office for Mexico, Central America and the Caribbean. San José, Costa Rica. 2015. Or the models proposed by Balderas & Skutsch in Balderas Torres, A. & Skutsch, M. Published by the International Union for Conservation of Nature (IUCN), Regional Office for Mexico, Central America and the Caribbean. San José, Costa Rica. 2014.

- People and groups with properties and activities outside the forests

### Institutional Capacity

- CONAFOR has high capacity for planning and design, but perceived weakness in terms of organizational structure to support REDD+
- There is some coordination experience within the federal government, represented by CONAFOR and state governments, through their environmental units; but there are some outstanding coordination issues.
- There are great challenges in terms of interagency coordination in the forestry, agriculture and rural development sectors.
- We identified some CSOs with knowledge and technical, forest management, and community development capacity. These capacities were not homogeneous in all the ATREDD+ and it is necessary to implement a capacity building program
- The Inter-Municipal Boards have operated as implementing agents in Jalisco since 2007 promoting territorial integrated management and natural resources management to establish the social, political and economic conditions and contribute to improve the quality of life of its inhabitants. Inter-Municipal Boards in other states such as Quintana Roo and Yucatan are legally formed but their operating systems are currently under construction.

### Legal Framework

- The Mexican legal framework supports the decisions of ejidos and communities. This implies that the decisions about the inclusion of non-owners fall on them. Throughout the project, we have outlined other design aspects and possibly these inclusion decisions may be promoted by other REDD+ strategy agents: the APDTs.
- The rights of indigenous peoples are protected in two ways, but both lack enforcement tools:
  - Forest landowners (Agrarian Law and General Law of Sustainable Forestry Development).
  - The legal requirement for Free, Prior and Informed Consent for any action taking place in the areas they own and areas where they live (the LGDFS and the National Commission for the Development of Indigenous Peoples (CDI) require a protocol to implement consultations with indigenous peoples and communities, in accordance with the standards of the ILO Convention 169).
- There is a legal framework to ensure transparency and certain tools to enforce it but at the international level, the country ranks very low in terms of openness and access to information.

### Fund Management Capacity and Experience

- The federal government and specialized institutions have sufficient experience and capacity for fund management.
- The legal framework allows the creation of state funds, regulated by the Mexican tax laws and government-owned agencies at the federal entity level.
- There are different levels of access to financial services within the ATREDD+.

### Monitoring Capacity and Experience

- Capacity building for forest monitoring in Mexico is aimed at the federal and state levels. In addition, CONAFOR supports the development of a proposal to strengthen community-based monitoring as a tool to help territorial management.
- Although some monitoring, reporting and evaluation mechanisms for programs and environmental spending were found in SEMARNAT and CONAFOR, they cannot be perceived as monitoring and impact assessments reports.
- Capacity building for forest monitoring includes other relevant stakeholders supporting technical and methodological processes such as the civil organizations. We found at least one CSO with regional scope capabilities within the ATREDD+ but with non-homogeneous monitoring capabilities.
- Significant progress has been made to develop a national MRV system to support the REDD+ strategy, it will be particularly useful for the benefit sharing result verification mechanisms.

### III. Webinar Input and Results

A Webinar was held as part of the process to implement a participatory OAF and to obtain feedback on the first findings of the Initial Report. It was held on Thursday December 11<sup>th</sup>, 2014 with the following objectives:

- 1) Answer questions about the report and project methodology from officials, and representatives of the CSOs and academia.
- 2) Identify gaps in the information or in the focus of the questions.

The session was attended by 31 representatives from the government, civil society organizations, international organizations, and academia. The dynamic of the webinar was the presentation of the project by the team from PROFOR and CONAFOR; the OAF methodology; and the main results of the Initial Report. Below is a summary of the most important contributions from the participants. The full report of the webinar is in Annex II: Webinar Report.

*Table 1: Webinar Conclusions*

Section	Comments
<b>Benefits / Beneficiaries</b>	<ol style="list-style-type: none"> <li>1. The participants suggested reviewing the rights of the owners to define the activities in the Investment Plans, according to the guidelines in the current REDD+ special programs, the owners do not have the right to decide over specific elements, they can only select from a group of pre-set options. CONAFOR replied that there will be a broad menu of activities from which beneficiaries will be able to choose the most suitable for each region.</li> <li>2. The participants proposed reviewing the possible beneficiaries, because including non-owners could cause benefit appropriation issues, and goes against what has been implemented to date in the REDD+ special programs.</li> </ol>
<b>Institutional Capacity</b>	<ol style="list-style-type: none"> <li>1. The participants perceived very poor/no coordination capacity between CONAFOR - SAGARPA.</li> <li>2. The participants suggested strengthening the coordination experience between CONAFOR - SAGARPA regarding the special programs.</li> <li>3. The participants suggested strengthening the capacity of CONAFOR to coordinate various public policy institutions in the rural areas.</li> </ol>
<b>Legal</b>	<ol style="list-style-type: none"> <li>1. The participants suggested reviewing the experience with the Yaqui people and the</li> </ol>

Section	Comments
<b>Framework</b>	<p>National Commission for the Development of Indigenous people (CDI) protocol regarding the implementation of consultations, to complete the assessment of the implementation tools for the Free, Prior and Informed Consent (FPIC) mechanisms.</p> <ol style="list-style-type: none"> <li>2. Regarding transparency and access to public information, the participants suggested revising the National Strategy for Citizen Participation in the Environmental Sector of the Coordinating Unit for Social Participation and Transparency (UCPAST).</li> <li>3. The participants suggested emphasizing, in the initial report, that the indigenous territories should be defined in order to implement certain indigenous rights.</li> <li>4. The participants suggested considering the Forest State Boards and the Forest Regional Boards as key stakeholders to strengthen the transparency and accountability mechanisms.</li> </ol>
<b>Fund Management</b>	<ol style="list-style-type: none"> <li>1. The participants suggested detailing the information about banking and financial services, taking into account the differences in gender, rural and urban areas, among others.</li> <li>2. The participants suggested reviewing the CDI Regional Funds in the ATREDD+ and in the areas where Financiera Nacional is helping to channel funds.</li> <li>3. The participants suggested reviewing the new tax provisions that could complicate access to financial services.</li> <li>4. Regarding the environmental funds identified, the participants suggested searching for existing information about their results or impact.</li> </ol>
<b>Monitoring</b>	<ol style="list-style-type: none"> <li>1. The participants suggested adding the civil initiative “Jalisco cómo vamos” as a potential collaboration platform.</li> <li>2. The participants suggested reviewing the experience of the Mesoamerican Biological Corridor regarding forest coverage monitoring in the areas of the Lacandona Rainforest Special Program (PESL) and the Yucatan Peninsula Special Program (PEPY).</li> </ol>

The comments from the webinar helped to enrich the initial report and also to better understand the four components of a benefit sharing mechanism within the Mexican context. It also served to adapt some of the OAF questions to the national context and as a result improve the tool applied at the Regional Workshop in Merida.

## IV. OAF Regional Application Workshop – Mérida, Yucatán

The OAF Regional Application Workshop was held on January 12-13, 2015 in the city of Mérida, Yucatán. The main objective was to implement a scoring exercise for the key components of a REDD+ benefit sharing mechanism according to the methodology designed by PROFOR; and to prioritize the enabling activities to further its design and implementation. The workshop lasted two days with the participation of 18 representatives from the federal and state government, CSOs, and forest producers.

Following the OAF methodological framework, prior to the workshop we proceeded to socialize the Initial Report with input from the webinar and the OAF tool adapted to Mexico. The scoring methodology tool consists of a questionnaire that evaluates the existence and quality of the elements of each of the four key components. The participants rate the national capacities of a country and assign a score. Then, the tool generates a score for each component equal to a percentage of the maximum score (100%<sup>22</sup>). The percentages indicate the degree of effectiveness with which the country's institutions could implement a specific type of benefit sharing mechanism given the current conditions. The percentages also indicate the elements that could need more support. The second phase of the OAF application is a set of enabling actions that provide guidance for the tasks needed for the effective implementation of the selected benefit sharing mechanism.

The workshop objectives, the explanation of the methodology, and the Initial Report were the documents provided to the participants to update and help them determine their rating scores. The scoring exercise had two phases: an individual and a collective phase. The first was achieved through materials distributed to the participants. The second was the result of a group effort.

As suggested by the groups working in the systematization of the scores, some questions were eliminated. The condition to remove a question was if in the individual evaluations at least half of the group participants failed to answer it or labeled it as "not applicable". Naturally, the calculation parameters changed. As a result of the elimination of certain questions, the maximum overall score and each component score, changed. The scores (and percentages) presented here have been adjusted to the new maximum scores. For more details, see Chapter 3 in Annex III: Regional Workshop Report.

The table below shows the results of the collective scores for a national mechanism based on performance. The table displays the scores for the four components and subcomponents. The scores for each component correspond to each workgroup. The spokesperson for each group presented the scores at the beginning of the second day.

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<sup>22</sup> The OAF adaptation in Mexico included changing the calculation parameters, that is, some questions that were not applicable to the Mexican context were eliminated. Therefore, the maximum score changed. The scores presented here have been adjusted according to this modification.



Table 2 Group Scores for a National Benefit Sharing Mechanism

Element	National Performance-based Mechanism		
	Maximum Score (M)	Group Score (R)	Group %
			(R/M x 100)
1. Institutional capacity of the government, civil society, community and private sector	<b>32</b>	<b>17.5</b>	<b>55%</b>
Capacity of the suggested organizations to implement the benefit sharing mechanism.	16	9.5	59%
Capacity of the CSOs	10	6	60%
Capacity of the forest-based communities	2	1	50%
Capacity of the private sector	4	1	25%
2. National legal framework relevant to REDD+	<b>22</b>	<b>13</b>	<b>59%</b>
3. Fund management capacity and experience	<b>20</b>	<b>9</b>	<b>45%</b>
4. Monitoring capacity and experience	<b>16</b>	<b>9</b>	<b>56%</b>
<b>Global Totals:</b>	<b>90</b>	<b>49</b>	<b>54%</b>

The overall OAF score for a national benefit sharing mechanism based on performance was 54%, which is in the 50-75 range. According to the result interpretation table<sup>23</sup>, this means that the REDD+ benefit sharing mechanism may be viable in the medium term (2-3 years) if the corresponding enabling actions are carried out. The table shows that the component with the highest score was the REDD+ National Legal Framework (59%). The component with the lowest score was Fund Management Capacity and Experience (45%).

<sup>23</sup> Chapter 3 in the Annex: OAF Regional Application Workshop Report.

The scores for the implementation of a sub-national benefit sharing mechanism were as follows:

*Table 3 Group Scores for a Sub-National Benefit Sharing Mechanism*

Element	Sub-National Performance-based Mechanism		
	Maximum Score (M)	Group Score (R)	Group %
			(R/M x 100%)
1. Institutional capacity of the government, civil society, community and private sector	<b>36</b>	<b>18.5</b>	<b>51%</b>
Capacity of the suggested organizations to implement the benefit sharing mechanism.	16	9	56%
Capacity of the CSOs	10	5	50%
Capacity of the forest-based communities	2	1	50%
Capacity of the private sector	4	0.5	13%
Additional considerations	4	3	75%
2. National legal framework relevant to REDD+	<b>14</b>	<b>2.5</b>	<b>18%</b>
3. Fund management capacity and experience	<b>20</b>	<b>6</b>	<b>30%</b>
4. Monitoring capacity and experience	<b>12</b>	<b>6</b>	<b>50%</b>
<b>Global Totals:</b>	<b>82</b>	<b>33</b>	<b>40%</b>

The overall score for a sub-national benefit sharing mechanism was 40%. This score is in the 26-50 range (one level below the national mechanism). This indicates that the REDD+ sub-national benefit sharing mechanism is not currently feasible but could be in long-term (3-5+ years) if the corresponding enabling actions are implemented. Component 1 received the highest score (51%); followed by Component 4 (50%). Both elements were rated above the average. The elements below average were Fund Management Capacity and Experience (30%) and Sub-National REDD+ Legal Framework (18%); the latter had the most deficiencies.

The second day of the workshop was devoted to the presentation of the results described above and to implement the second step of the OAF methodology: prioritization of the enabling actions. Given the scores mentioned above, the OAF tool provided a set of actions that if implemented would make the selected benefit sharing mechanism more feasible.

The enabling actions provided by the OAF tool are activities and tasks that should be carried out by a responsible entity in the context of the REDD+ design and implementation in Mexico. To complete *what should be done*, the necessary inputs, the entities involved, and a time estimate should be identified.

The work groups analyzed a set of actions corresponding to the component they evaluated and prioritized the actions deemed more necessary for the country's readiness. The enabling actions selected were as follows<sup>24</sup>:

*Table 4 Enabling Actions from the Regional Workshop for a National Benefit Sharing Mechanism*

Element	High Priority Enabling Actions
1. Institutional capacity of the government, civil society, community and private sector.	5
2. National legal framework relevant to REDD+	4
3. Fund management capacity and experience	-
4. Monitoring capacity and experience	3
<b>Global Totals:</b>	<b>12</b>

The table below shows some examples from the prioritization exercise including an OAF question that obtained a low score and an enabling action about *what should be done*:

*Table 5 Example of Enabling Actions from the Regional Workshop*

Component	Target	Enabling Action
Institutional Capacity	Effective collaboration between the national and state government in terms of sustainable territorial management and forest conservation.	Design new binding tools: establish a formal agreement between the federal and state governments to implement the REDD+ strategies.
Legal Framework	CONAFOR and the state governments have the capacity to define the regulations to design and operate funds, providing a solid legal framework, so that the institutional structures are able to operate efficiently, effectively, and fairly.	Analyze the results of previous experiences designing and operating funds; and the experience of other entities, their result and the quality of their management. Based on this analysis, extract lessons learned for institutional design.
Fund Management	Community groups capable of opening accounts in the local bank without burdensome requirements (e.g. no need for deposits) or having other available means to transfer funds.	Analyze the opportunities and potential risks for banks participating in REDD+. Use this analysis to provide incentives to participate in the implementation of the benefit sharing mechanism.
Monitoring	The government is capable of providing frequent and public reports about the	Create a tool to monitor and report spending associated with REDD+ in all its phases.

<sup>24</sup> Group 3 was not able to finish the prioritization exercise. The actions with the lowest scores were considered a priority for the next stages.

Capacity	monitoring of public program spending in the environmental and agricultural sector; and report about the impact of REDD+ activities in public programs/policies.	Assign a communication team to submit regular reports about disbursement of benefits through accessible communication channels.
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### Workshop Notes

In addition to scoring and prioritizing the enabling actions, the workshop had other results from the comments and contributions of the participants. Below is a summary of the notes from the workshop:

- At the national level, the OAF application generated a 54% score.
- At the sub-national level, however, the score was 40%.
- The difference between scores (national and sub-national) illustrates the perception of the participants in terms of the existing capacities and tools among the government and regional stakeholders (state and interstate).
- The most important and urgent enabling actions according to the perception of the workshop participants, are related to inter-agency coordination.
- CONAFOR is primarily responsible for carrying out the enabling actions as a leader in the sector.
- The enabling actions prioritized in this workshop were the input used for validation at the national workshop.

## V. National Workshop

The national workshop was held during the final phase of the project "Assessment of Options for Effective Benefit Sharing Mechanisms for the REDD+ Initiative in Mexico", on March 26<sup>th</sup>, 2015 with the following objectives:

- 1) Review the preliminary design of the implementation framework for the Emission Reduction Initiative (IRE).
- 2) Describe the actions that will promote the viability of a benefit sharing mechanism for the four key components of the methodology designed by PROFOR.

The workshop had 32 participants: nine from the federal government, six from the state governments, 13 from civil society organizations and forest producers, and four from academia. The workshop lasted one day and had three sections: 1) Presentation of the project results. 2) Discussion of the IRE Implementation Framework and 3) Discussion of the enabling actions identified in the regional workshop to define the roadmap elements and details.

The implementation of the IRE will be the first experience in Mexico participating in a REDD+ results-based payment mechanism. The implementation framework for this initiative assigns roles and responsibilities to specific entities involved in the REDD+ strategy and particularly in the benefit sharing mechanism. This assignment of roles leads to the questioning of the current and required capacities to perform them, and in this sense the OAF tool provides valuable recommendations. For this reason, we considered important to address the discussion of the design of this initiative within the framework of the OAF application. This issue was addressed in Section 3 of the workshop. The capacities of the responsible agencies were not discussed; instead, the roles that the agencies should play in the IRE implementation process were evaluated. CONAFOR requested the evaluation of two specific aspects related to channeling funds from the international to the national level and from the national to the regional level. The results of this consultation with the participants may be found in the Annex: National Workshop Report.

### **Workshop Dynamics**

The dynamic of Section 2 of the workshop used a flowchart prepared by the consultants based on the ER-PIN and the interviews with CONAFOR. The flowchart and its description are presented in Annex I: Initial Report.<sup>25</sup> The first activity was a presentation and plenary discussion of the flowchart for the IRE Implementation Framework. The table below shows a summary of the comments from the workshop participants regarding the processes and stakeholders involved. The results may be consulted further in Annex III: Regional Workshop Report.

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<sup>25</sup> The Initial Report is available in Spanish, upon request.

Table 6 Discussion of the IRE Implementation Framework

IRE Implementation Framework Stakeholder / Process	Comments from the Participants
Support for the IRE implementing Agents	<ul style="list-style-type: none"> <li>• The flowchart does not indicate if there will be financial support for the implementing agents to prepare the investment plans.</li> <li>• The state rural development units, the SAGARPA state delegations, and the state forest/environmental sectors should initially acknowledge the implementing agents.</li> </ul>
Characteristics and Capabilities of the Implementing Agents	<ul style="list-style-type: none"> <li>• Defining the implementing agents (what they are, how they are formed, what they do) is important in the context of the state and sector agreements. They are a key figure for the nation's rural development and not only for REDD+.</li> <li>• The recognized implementing agents (inter-municipal boards and CONABIO via the Mesoamerican Biological Corridor) meet the established characteristics to function as implementing agents, but this does not mean that they are the only ones. Is it possible to create others according to the specific conditions of each state? A key aspect is that they should be public agents.</li> <li>• The implementing agents are not expected to be capable of reporting reduced emissions; instead they should report results and management issues.</li> <li>• Ideally, the implementing agent will not be in charge of result-based payments. Even if the implementing agent receives resources, these should be used to formulate and support the implementation of the investment plans.</li> <li>• The jurisdictional fund should be responsible for disbursing resources to the participating communities or populations.</li> </ul>
Participation of the State Governments	<ul style="list-style-type: none"> <li>• The state governments should participate in monitoring and reporting to guarantee the emission reductions at the local level; the state capacities and tools are not homogeneous and should be diagnosed and strengthened.</li> </ul>

Two aspects that summarize much of the reflections from the IRE Implementation Framework are:

1. **Nature and role of the implementing agents:** the implementing agents should not take the responsibility to disburse the funds and should maintain their technical role in the formulation and implementation of investment plans. The disbursement of resources requires different capabilities that the implementing agents do not currently have; they should not be given a double role: technical and administrative.
2. **Need for a state agency, fund or state financial instrument** with a governance structure, criteria, principles, representation, and accountability tools to transfer funds from the national entity to the regions. The state government should not receive the transfers; but since the state government will take on responsibilities to implement the REDD+ strategy it should participate in the distribution of benefits (also consider different results with similar efforts).

Considering these two conclusions agreed by the group, the flowchart was modified and shown at the end of this chapter (figure 2).

The following charts shows the opinion of the workshop participants regarding three questions around the topic of channeling of funds at the international, national, and regional levels. This summary includes the responses, comments, and recommendations received.<sup>26</sup>

**Question 1: What would be the implications for a REDD+ benefit sharing mechanism if the resources are considered federal public resources or trust fund resources?**

Resources managed via a national trust fund would have the following advantages:

- More disbursement flexibility.
- Not subject to the annual budget cycle of public federal resources.
- Less bureaucratic requirements.
- More flexibility in investment procedures and criteria.
- More possibility to adapt fund channeling to the local or regional conditions.

If the option to channel funds via a federal trust fund is chosen, the following should be considered:

- Increased monitoring and auditing due to the risk of resource diversion.
- Ensure wide participation in the decision-making process.
- Ensure that the trust regulations include the needs to channel REDD+ result-based payments.

**Question 2: In your experience, what design elements improve the efficiency and equity of the process to disburse funds to the final beneficiaries?**

Essential elements for a good disbursement process to the final beneficiaries (in this context, the final beneficiaries will be the final receptors of the investment resources and the REDD+ result-based payment):

- Clear operational norms.
- Transparency throughout the process (chain of custody of the resources at the local, regional and federal level).
- External audits.
- Timely evaluations; including institutional learning processes (improvement cycle).
- Disbursement of resources with flexible/regionally adapted schedules.
- Ensure the necessary capacity of the parties: to design the norms, and for the implementation and monitoring.

**Question 3: What would be the implications if the REDD+ benefit sharing mechanism is centralized? What should be the role of the state governments?**

**Advantages of a centralized scheme:**

- Better control over resource distribution.
- Less risk of corruption.
- Facilitates auditing and accountability.
- The federal government has more institutional capacity than the state governments.

**Disadvantages of a centralized scheme:**

- Risk of political use of the resources and changes in the administration (same risks at the state level).
- Lose sight of regional particularities.

<sup>26</sup> At the start of the OAF process, CONAFOR had already commissioned a separate study to look into the details of a macro financial flow structure including the issue of location of the fund into which carbón payments would be received. Thus, CONAFOR suggested that the OAF should focus on the access to financial services aspects under its fund-management pillar". However, at CONAFOR'S request, the 3 questions here were presented at the final national workshop. Workshop participants debated the pros and cons but no definite conclusions were drawn.

- Risk of making unilateral decisions.

**Suggested roles at the state level:**

- Monitor the results of the investment plans.
- Participate in the planning and implementation of the investment plans.
- Participate in identifying and selecting the implementing agents.

Section 3 of the workshop: Discussion of the enabling actions identified in the regional workshop. The objective was to provide details for the actions needed to improve the viability of a benefit sharing mechanism and generate a roadmap. The dynamic of this exercise was a group discussion to validate the enabling actions labeled as a priority by the regional participants, and describe them in terms of the stakeholders, mechanisms and processes. The final result is a set of actions or tasks considered of the highest priority by the participants in the national and regional workshop. The table below summarizes the results. The final version is presented as a Roadmap in the next section of this document.

*Table 7: Summary of the Priority Actions from the National Workshop*

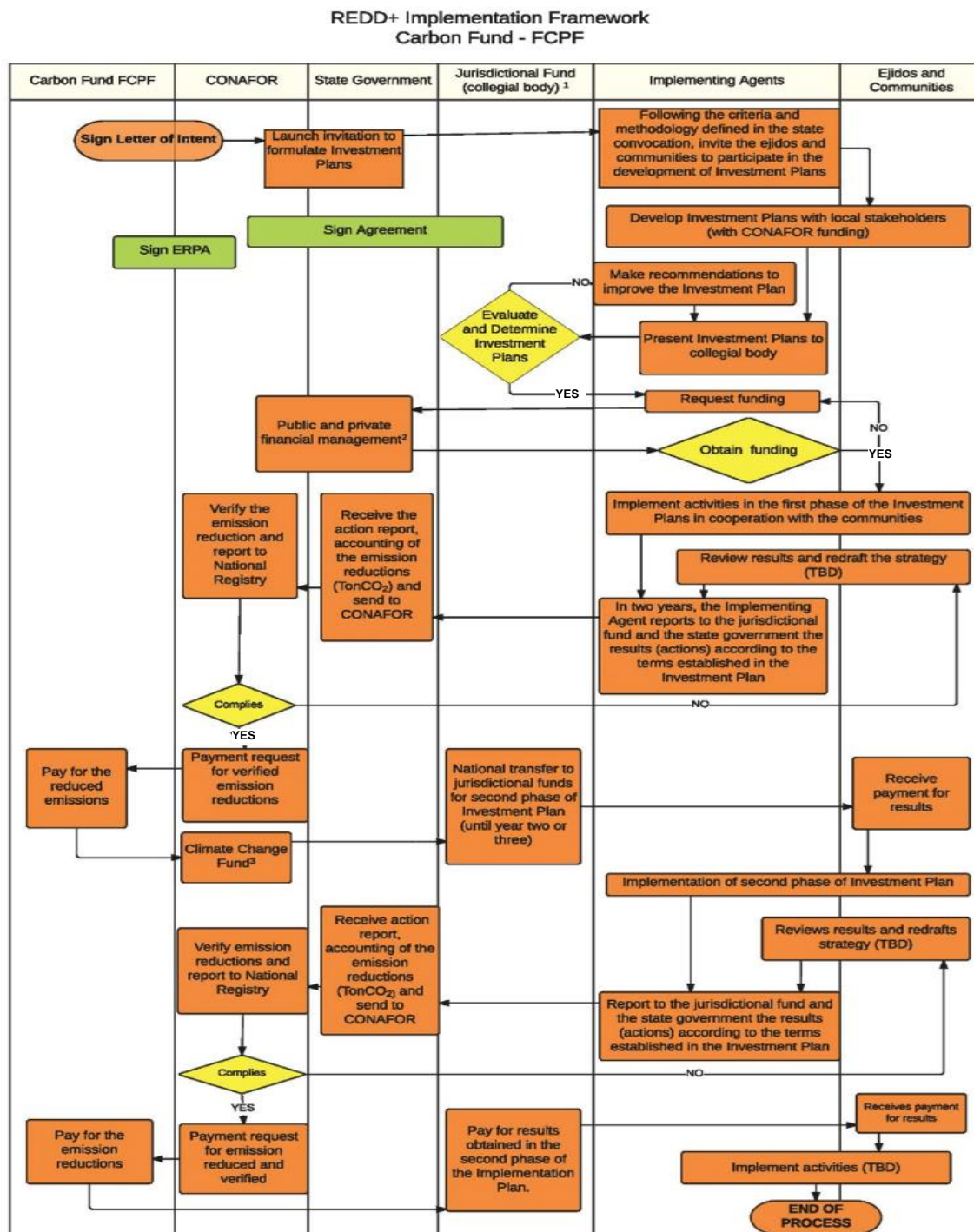
<b>OAF Component</b>	<b># of Priority Enabling Actions<sup>27</sup></b>	<b>Action Areas</b>
<b>Institutional Capacity</b>	5	<ul style="list-style-type: none"> <li>• Participation of rural development entities and agencies, specifically the agricultural sector, in the development of policies and coordination issues.</li> <li>• Effective collaboration between the national and state governments regarding sustainable territorial management and forest conservation.</li> <li>• Strengthening forest-based communities.</li> <li>• Strengthening the CSOs.</li> <li>• Coordination between the government and CSOs.</li> </ul>
<b>Legal Framework</b>	4	<ul style="list-style-type: none"> <li>• Inter-sectoral coordination to align various sector development plans.</li> <li>• Legal framework and tools to implement community consultations.</li> <li>• Legal framework and implementation tools that fully support public access to information.</li> <li>• Capacity to define regulations to design and operate the funds.</li> </ul>
<b>Fund Management Capacity and Experience</b>	3	<ul style="list-style-type: none"> <li>• Facilitate access to financial services for community groups participating in REDD+.</li> <li>• Identify the necessary changes to improve credit conditions for ATREDD beneficiaries.</li> </ul>

<sup>27</sup> The number of enabling actions slightly changed the results of the regional workshop because the national participants considered other action areas as very necessary.



		<ul style="list-style-type: none"> <li>• Official definition of the entity responsible for the transfers.</li> </ul>
<b>Monitoring Capacity and Experience</b>	3	<ul style="list-style-type: none"> <li>• Publication of environmental program spending reports and reports of the impacts of the territorial management activities.</li> <li>• Decentralization of the monitoring systems</li> <li>• Strengthen local institutions and NGOs to help the benefit sharing mechanisms and monitor the socioeconomic impacts.</li> </ul>

Figure 2 Preliminary Flowchart of the IRE Implementation Framework



1: The collegial body will be formed by representatives from the federal government, CONAFOR, state and municipal governments, social stakeholders and academia. It may function as an Adjudicating Committee for the jurisdictional, state or interstate funds. (ER-PIN 2014, Pg. 40-41)  
 2: The financial management process will be implemented by CONAFOR, state governments, and Implementing Agents.  
 3: Or the designated entity.

Source: The authors, based on ER-PIN and interviews with CONAFOR Abardea A., Lavariega, L PROFOR-CONAFOR (2015)

## VI. Roadmap and Final Conclusions

The ultimate goal of this project is to develop a working tool to guide the implementation of the necessary actions to improve the viability of the implementation of a benefit-sharing mechanism being considered in Mexico. The roadmap provides actions to address the gaps or weaknesses identified in the four key components. It was based on the results of each project milestone: initial report, webinar, regional workshop, and national workshop.

The result of the national workshop consisted of a series of actions and tasks to fill a *gap* or improve the capacity of the stakeholders involved in the REDD+ design and implementation in Mexico.

- Each result was associated with a responsible entity,
- Identification of the entities involved in the implementation,
- Proposals for the necessary inputs or information, and
- In some cases, an estimate of the time needed to implement each task was presented.

At first, the results were classified according to the four main OAF components: institutional capacity, legal framework, fund management capacity and experience, and monitoring capacity and experience., However, in consideration of comments by CONAFOR, subsequently, the enabling actions were reclassified in six agendas, as follows:

1. Coordination
2. Applied Research
3. Strengthening Public Entities, CSOs, Implementing Agents and Forest-based Communities
4. Tool Development
5. Training
6. Adjustments to the Legal Framework and Necessary Responsibilities.

The reclassification was an effort to align actions in the road-map, under the 4 pillars of the OAF, to those CONAFOR is most familiar with and hence to facilitate the adoption of the recommendations of this exercise.

In the final road-map below, the enabling actions are presented next to their objective, the entity responsible for implementing it, the entities involved in the process, and an estimate of the time frame for CONAFOR to validate the action before its corresponding adoption. It should be noted that no specific sequencing of the actions identified was discussed or proposed.

We hope this product helps CONAFOR with its institutional management and REDD+ leadership, and to help propose actions to other institutions.

## Enabling actions to improve the viability of the REDD+ benefit sharing mechanisms in Mexico

Given the reclassification of enabling actions into agendas based on the OAF components, some challenges will be associated with enabling actions corresponding to different agendas.

### Agenda 1. Coordination

Entities responsible for specific tasks



Challenges	Enabling Actions	Responsible / Entity Involved	Estimated Implementation Time
There is effective collaboration between the national and state governments for sustainable territorial management and forest conservation.	<p>1) Establish a formal agreement between the federal and state governments to implement REDD+ strategies, e.g. memorandum of understanding, political agreement or other cooperation instrument<sup>25</sup>.</p> <p>2) Strengthen regional institutional arrangements.</p>	CONAFOR / SAGARPA, forest and agricultural areas of the state governments.	1) 6 months, 2) Indefinite
CONAFOR and the state governments are capable of defining the norms to design and operate funds, providing a solid legal framework, so that the institutional structures are able to operate efficiently, effectively and fairly. Also in Agenda 2.	CONAFOR and the state governments should receive advice regarding institutional and financial design, to implement best practices guidelines <sup>26</sup> and define the jurisdictional funds.	CONAFOR / State Governments, APDT's, CSOs.	6 months

25. A memorandum of understanding between SAGARPA, CONAFOR and the State Forestry Commission will be signed in Oaxaca.

26. Refers to a study mentioned in this document. See Applied Research Agenda

### Agenda 1. Coordination

Objective	Enabling Actions	Responsible / Entity Involved	Estimated Implementation Time
Existence of public or private entities with experience in low interest/long-term loans, and with risk tolerance for community groups, individuals, social enterprises and the private sector. Also in Agenda 2.	<p style="text-align: center;">CONAFOR and the state governments develop a cooperation agenda with micro-credit agencies and development banks experienced in granting long-term loans and having a higher risk tolerance.</p>	CONAFOR / FIRA, FND, FINDECA and other local financial agencies.	12 months (considering the ongoing work along this line via FIP)
Effective coordination between national agencies with relevant mandates for the benefit sharing mechanism (i.e. between CONAFOR, SAGARPA and CONABIO)	<p style="text-align: center;">1) Activate the participation of the agricultural sector in the process to prepare the state REDD+ strategies and incorporate the territorial vision.</p> <p style="text-align: center;">2) Improve the link between the CIDRS and CICC.</p> <p style="text-align: center;">3) Reactivate the territorial projects work group within the CIDRS.</p> <p style="text-align: center;">4) The state GT-REDD+ are able to report to both commissions (CIDRS and CICC).</p>	CONAFOR and SAGARPA / SAGARPA (Rural Planning and Development).	1) 12 months, 2) 12 months, 3) 12 months, 4) Indefinite

### Agenda 1. Coordination

Objective	Enabling Actions	Responsible / Entity Involved	Estimated Implementation Time
<p>Existence of effective coordination mechanisms between the environmental and agricultural agencies, in order to align/incorporate the objectives of the REDD+ benefit sharing mechanisms to the sectoral development plans or the National Development Plan (NDP).</p>	<p>1) Ensure that SEMARNAT considers REDD+ and the benefit sharing mechanisms in its proposals to the NDP (next six years).</p> <p>2) Build on existing interagency arrangements (CICC, CIDRS, GT REDD+) to define the mechanisms and planning tools to ensure consistency between the REDD+ objectives, REDD+ benefit sharing, and sectoral programs.</p> <p>3) Reactivate the territorial project work group within the CIDRS.</p>	<p>SEMARNAT (Climate Change Unit)/CONAFOR, CICC, GT-REDD+, CIDRS.</p>	<p>1) 3 years (next six years) 2) Indefinite, 3) Indefinite</p>
<p>The federal Government is capable of engaging the CSOs and the private sector in the development and implementation of sustainable territorial development policies at the central level.</p>	<p>Strengthen/reactivate/encourage the current coordination spaces established by various laws (LDRS, LGDFS, etc.)</p>	<p>CONAFOR/state governments, producer organizations, and municipalities.</p>	<p>12 months</p>

### Agenda 1. Coordination

Objective	Enabling Actions	Responsible / Entity Involved	Estimated Implementation Time
<p>Community groups are able to open accounts at the local bank without burdensome requirements (e.g. No deposits) or have other means of transferring funds</p>	<p>1) Develop a worksheet to ensure that the beneficiaries of REDD+ result-based payment schemes have the means to transfer funds<sup>27,28,29</sup>.</p> <p>2) Establish a collaboration agreement with the CNBV<sup>30</sup> and BANSEFI, to promote a financial culture/inclusion in the rural sector<sup>31</sup>.</p>	<p>CONAFOR, SAGARPA, SEDATU /CNBV, and other financial agencies.</p>	<p>1) 4 months after implementing the Applied Research Agenda, 2) 4 months (some initiatives are already underway)</p>

27. The mechanisms to transfer funds should consider the community microfinance or credit agencies already established in the different locations.

28. Based on a study mentioned in Applied Research.

29. The regional worksheet could include the business development areas of public banks, private banks or other non-banking financial service providers.

30. National Bank and Securities Commission.

31. In order for the transfer means (banks, financial agencies, etc) to be close to the people using them.

## Enabling actions to improve the viability of the distribution mechanisms of REDD + benefits in Mexico

### Agenda 2. Applied Research



Objective	Enabling Actions	Responsible / Entity Involved	Estimated Implementation Time
Organizations of producers and forest-based communities have sufficient technical, forest management, and conservation capacity to support, monitor and report REDD+ initiative projects and related activities at the local level, using easy to follow guidelines. Also in Agendas 3 and 4.	<p>Conduct a study to identify the main technical strengthening needs among the producer organizations and forest-based communities in the ATREDD+.</p>	CONAFOR / civil society networks, producer organizations.	4 months (consider the differences in the ATREDD+)
CSOs have sufficient knowledge and technical capacity to participate in territorial planning, decision-making and program implementation at the state level.	<p>Map the CSOs, producer organizations, private agents, universities and research centers, to identify their capacities for community work, forest management projects, forest legislation awareness, use of GIS tools for forest monitoring, etc.</p>	CONAFOR / state governments, producer organizations and municipalities.	5 months



## Agenda 2. Applied Research

Objective	Enabling Actions	Responsible / Entity Involved	Estimated Implementation Time
CONAFOR and the state governments are capable of defining the norms to design and operate funds, providing a solid legal framework, so that the institutional structures are able to operate efficiently, effectively and fairly. Also in Agenda 1.	Conduct a study to compile best practices for the design and operation of national and international environmental funds <sup>32</sup> .	CONAFOR/state governments, APDT, CSOs.	4 months
Community groups are able to open accounts at the local bank without burdensome requirements (e.g. No deposits) or have other means of transferring funds. Also in Agenda 1.	Develop a map/diagnosis of funding sources and financial mechanisms for sustainable rural development in ATREDD+ regions <sup>33</sup> .	CONAFOR, SAGARPA, SEDATU /CNBV, and other financial institutions.	6 months
The federal government is capable of engaging the CSOs and the private sector in the development and implementation of sustainable territorial development policies at the central level. Also in Agenda 1.	Design incentives so that spaces such as the Municipal Councils for Sustainable Rural Development assume or adopt the REDD+ agenda.	CONAFOR, SAGARPA/state governments, producer organizations, civil society.	12 months

32. Consider the lessons learned from the creation of the Peninsular Climate Change Fund (FPCC).

33. Participatory diagnosis and community consultation.

## Agenda 2. Applied Research

Objective	Enabling Actions	Responsible / Entity Involved	Estimated Implementation Time
Existence of public or private entities with experience in low interest/long-term loans, and with risk tolerance for community groups, individuals, social enterprises and the private sector. Also in Agenda 1.	<p style="background-color: #92d050; padding: 5px;">1) Systematize the existing information about the credit conditions established by the public, private and social institutions in the ATREDD+<sup>34,35</sup>.</p> <p style="background-color: #92d050; padding: 5px;">2) Identify the necessary changes to improve credit conditions for the ATREDD+ beneficiaries, considering the risk conditions and interest rates.</p> <p style="background-color: #92d050; padding: 5px;">3) Conduct a study of the financial exclusion in ATREDD+ polygons; using existing CNVB data<sup>37,38</sup>.</p>	CONAFOR/ FIRA, FND, FINDECA and other local financial agents.	1) 5 months, 2) 3 months, 3) 5 months
Capacity to decentralize the monitoring systems transferring them to local institutions or NGOs, in order to help the benefit-sharing mechanisms and monitor the socioeconomic impact. Also in Agendas 4 and 5.	<p style="background-color: #92d050; padding: 5px;">Develop a map/diagnosis of the stakeholders having monitoring capabilities (program, socioeconomic and forest monitoring) to identify gaps, strengths, and weaknesses<sup>39</sup>.</p>	CONAFOR and state governments/ municipalities and Inter-municipal Boards , academia, local communities	3 months

34. Input to map the credit conditions of the public, private and social institutions in the ATREDD+.

35. Map the financing sources for REDD + in Chiapas and Cutzamala, AMREDD+.

36. Review lessons learned in the federal public programs already serving ATREDD+ regions to learn about the coverage and the possibility of using their structures (PROSPERA program).

37. Progress report of the joint efforts of CONAFOR and Financiera Rural with the Financial Inclusion Forestry Sector Fund (FOSEFOR).

38. Progress report of the joint efforts of CONAFOR and FIRA with the National Forest Fund.

39. The stakeholders could be the CSOs, municipal governments, inter-municipal partnerships, private sector organizations, among others.

**Enabling actions to improve the viability of the distribution mechanisms of REDD + benefits in Mexico**

**Agenda 3. Strengthening Public Entities (CONAFOR, CONABIO, SAGARPA), CSOs, I.A., Ejidos and Communities**



Objective	Enabling Actions	Responsible / Entity Involved	Estimated Implementation Time
<p>CSOs have sufficient knowledge and technical capacity to participate in territorial planning, decision-making and program implementation at the state level. Also in Agenda 2.</p>	<p>1) Propose CSO strengthening mechanisms i.e. financing, information sharing, workshops, logistical support and transportation, technical capacity building programs.</p> <p>2) Improve the financial stability of the operating structures in the CSOs already trained.</p> <p>3) Create mechanisms for the recognition and leadership of the Implementing Agent in their work areas, and bring together the CSOs to work on specific agendas.</p>	<p>CONAFOR/ State Governments, CSOs, producer organizations and municipalities.</p>	<p>1) 10 months, 2) Indefinite 3) Indefinite</p>

### Agenda 3

Objective	Enabling Actions	Responsible / Entity Involved	Estimated Implementation Time
<p>Organizations of producers and forest-based communities have sufficient technical, forest management, and conservation capacity to support, monitor and report on REDD+ initiative projects and related activities at the local level, using easy to follow guidelines. Also in Agendas 2 and 4.</p>	<p style="text-align: center;">Develop the technical capacity of the ejidos, communities and producer associations to manage activities oriented to good territorial management.</p>	<p>CONAFOR /civil society networks, producer organizations.</p>	<p>Indefinite</p>
<p>Government offices with physical presence and capacity, with staff to engage and work effectively in forest policy and decision -making with community groups and the private sector.</p>	<p style="text-align: center;">1) Link the operational staff with the institutional action lines, granting them specific cross section responsibilities.</p> <p style="text-align: center;">2) Strengthen field staff to perform roles in cross section territorial interventions.</p>	<p>CONAFOR/GT-REDD+, municipalities, producer organizations and CSOs.</p>	<p>1) Indefinite, 2) 6 months</p>

**Enabling actions to improve the viability of the distribution mechanisms of REDD + benefits in Mexico**

**Agenda 4. Tool Development**



Objective	Enabling Actions	Responsible / Entity Involved	Estimated Implementation Time
<p>Organizations of producers and forest-based communities have sufficient technical, forest management, and conservation capacity to support, monitor and report on REDD+ initiative projects and related activities at the local level, using easy to follow guidelines. Also in Agendas 2 and 3.</p>	<p align="center">Establish a work group with representatives from the government, CSOs, and academia to develop easy to use guidelines for forest monitoring, carbon monitoring; and socioeconomic indicators for the ejidos and forest-based communities.</p>	<p>CONAFOR / State governments, civil society networks, producer organizations, academia.</p>	<p>Ongoing process</p>

#### Agenda 4.

Objective	Enabling Actions	Responsible / Entity Involved	Estimated Implementation Time
<p>Government capable of providing frequent and public monitoring reports, reports of public program spending, environmental and agricultural sector reports; and reports of public policy/program impacts related to REDD+ activities.</p>	<p>1) Create a monitoring and reporting tool for the costs associated with all the REDD+ phases, managed by the national fund or jurisdictional funds; may be coordinated by the GT-REDD+<sup>40,41</sup>.</p> <p>2) Develop a tool for the Implementing Agents to evaluate the annual impact of the Investment Plans and REDD+ related public programs/policies<sup>42</sup>.</p>	<p>National Fund (FCC)/CONAFOR, CONABIO, FND, SEMARNAT, SAGARPA, SEDATU, CONEVAL, External evaluators (academia).</p>	<p>1) 6 months, 2) 6 months</p>
<p>Capacity to decentralize the monitoring systems and transferring them to local institutions or NGOs, in order to help the benefit-sharing mechanisms and monitor the socioeconomic impact. Also in Agendas 2 and 5.</p>	<p>Develop a standardized monitoring process and an operating manual detailing the monitoring roles and responsibilities (monitoring guideline for direct users).</p>	<p>CONAFOR CONABIO/INEGI, SMAAS, SEMA, SEDUMA, municipalities, Inter-municipal Boards, Maya Rainforest Observatory, academia, local communities.</p>	<p>4 months</p>

40. The expense reports should include those exercised by the decentralized organs, implementing units and entities within support programs and invite the CSOs involved in the REDD+ implementation to provide information related to their corresponding expenses.

41. For example, an online platform to report expenses; user-friendly and with regular updates.

42. The evaluation should be conducted by external evaluators with support from CONEVAL and civil society; and be accessible to the audience.

## Enabling actions to improve the viability of the distribution mechanisms of REDD + benefits in Mexico

### Agenda 5. Training

**Entities responsible for specific tasks**

CONAFOR

Objective	Enabling Actions	Responsible / Entity Involved	Estimated Implementation Time
The legal framework and its implementation tools fully support public access to information. Also in Agenda 6.	Implement mechanisms for community capacity building in order for communities to exercise their right to access information and effectively guarantee this right.	CONAFOR/IFAI, SEMARNAT, CONAFOR, CDI, state governments.	12-24 months
Capacity to decentralize the monitoring systems and transferring them to local institutions or NGOs, to help the benefit-sharing mechanisms and monitor the socioeconomic impact. Also in Agendas 2 and 4.	<p>1) Develop training programs for potential monitoring stakeholders<sup>43</sup>, to socialize the methodology for program monitoring, socioeconomic monitoring, and forestry monitoring<sup>44,45</sup>.</p> <p>2) Create incentives (eg institutional culture, a requirement to access the performance-based payment) to monitor territorial actions.</p>	CONAFOR and CONABIO / INEGI, SMAAS, SEMA, SEDUMA, municipalities, Inter-municipal Boards, Maya Rainforest Observatory, academia, local communities.	1) 6 months, 2) 3 months

43. Based on the mapping indicated in the Applied Research Agenda.

44. A methodology described in the Tool Development Agenda.

45. In the case of gaps in monitoring stakeholders, develop a periodic/permanent monitoring capacity building program.

## Enabling actions to improve the viability of the distribution mechanisms of REDD + benefits in Mexico

### Agenda 6. Adjustment of the Legal Framework and Necessary Responsibilities

**Entities responsible for specific tasks**

CONAFOR

SEMARNAT

CDI

Objective	Enabling Actions	Responsible / Entity Involved	Estimated Implementation Time
<p>The legal framework and its implementation tools fully support public access to information; promote discussion of forest policies; and impose sanctions for failure to comply with the obligation to provide access to information. Also in Agenda 5.</p>	<div style="background-color: #c4c400; padding: 5px; margin-bottom: 5px;">1) Establish formal public consultation periods for all new forest policies introduced.</div> <div style="background-color: #70ad47; padding: 5px;">2) Review and clarify the legal framework and sanctions for failure to disclose information or misleading the public.</div>	<p>CONAFOR/IFAI, SEMARNAT, CONAFOR, CDI, state governments.</p>	<p>1) Indefinite, 2) Indefinite</p>
<p>Establish a legal framework and implementation tools for community consultations, to obtain their consent regarding land use decisions and benefit sharing agreements affecting forest lands where the communities hold customary or formal rights.</p>	<div style="background-color: #1a3d54; color: white; padding: 10px; text-align: center;">Build consultation norms emphasizing the right to access the information and the necessary implementation mechanisms.</div>	<p>CDI and CONAFOR/ legislative power, CSOs, communities and indigenous people, state governments.</p>	<p>12 months</p>



## Final Project Notes

The road map presented in the previous section of this document contains enabling actions resulting from the project completion. Below is a summary of the enabling actions (identified as high priority by the participants of the workshops), that could help address the challenges and gaps.

<b>Institutional Capacity</b>	<b>Enabling Action Aimed to</b>
To facilitate the participation of rural development entities and organizations, specifically the agricultural sector, in policy development and coordination issues.	Strengthen the coordination spaces between CIDRS and CICC; reactivate the Territorial Projects Work Group.
To facilitate the effective collaboration between the national and state governments in terms of sustainable management of the territory and forest conservation.	Establish a formal agreement between the federal and state governments.

<b>Legal Framework</b>	<b>Enabling Action Aimed to</b>
To facilitate inter-sectoral coordination to align sectoral development plans.	Take advantage of existing inter-agency arrangements (CICC, CIDRS, GT REDD+) to define planning mechanisms or tools that guarantee consistency between the REDD+ objectives, REDD+ benefit sharing, and sectoral programs.
To facilitate a legal framework and enforcement tools that fully support public access to information.	Implement community capacity building mechanism so that the communities are able to exercise their right to access the information.
To facilitate the capacity to define legal norms to design and operate funds.	Conduct a study that collects best practices to design and operate national and international environmental funds and guide CONAFOR and the state governments in the definition of jurisdictional funds.

<b>Fund Management Capacity and Experience</b>	<b>Enabling Action Aimed to</b>
To facilitate access to financial services for community groups participating in REDD+.	Map the necessary sources and financial mechanisms to design a work sheet and draft agreements with a wide range of financial institutions. Agreement with the National Bank and Securities Commission to promote a financial culture in the rural sector.

<b>Monitoring Capacity and Experience</b>	<b>Enabling Action Aimed to</b>
Publish spending reports for environmental programs and territorial activity impact reports.	Create a monitoring tool for REDD+ related expenses managed by the national fund or jurisdictional funds. Develop a tool for the Implementing Agent for the annual impact evaluation of the Investment Plans.
<b>Decentralization of the monitoring systems</b>	Develop a standardized monitoring process and an operating manual (monitoring guide for direct users); and strengthen local institutions to assist the benefit sharing mechanisms, and monitor the socioeconomic impact (programs and incentives).

Finally, we would like to include the following observations regarding the project and the final roadmap outcome:

- Some of the proposed enabling actions are required to strengthen mechanisms already in place, i.e. the forest-based community technical capacity building programs. In this regard, the enabling action may be understood as the need to expand the programs in terms of the amount of beneficiaries and the regions covered.
- We were not able to evaluate the entity responsible for transferring the payments from the national to the regional level, because this entity has not been defined yet. Therefore, the entity that will be making these transfers should be officially defined.

## Annex 1: Taller Regional de aplicación del Marco de Evaluación de Opciones en México

12 y 13 de enero de 2015. Mérida, Yucatán.

	Taller Mérida	Asistencia
1	Juan Manuel Herrera Gloria	X
2	Gisela Hernández	X
3	Hugo A. Galletti	X
4	Salvador Anta	x
5	Ana Rosa Parra	x
6	Deyner Rafael Borges Ku	x
7	Jose Luciano Serralta Uxul	x
8	María Antonieta Bocanegra	x
9	Iván Zúñiga	x
10	Roger Rivero	x
11	Norberto Barahona (+2p	x
12	Jaime Severino Romo	
13	Ana Rosa Parra	x
14	Roberto Vallejo	x
15	Martha Paola Perez Marrufo	x
16	Saúl Salcedo	X
17	Armando Lara	x
18	Dakar Villafana	x
19	Claudio Franco Chulín	X
20	Sebastien Proust	x
21	Andres Sierra Gomez	x
22	Ulyses Huesca Tercero	x



## Annex 2: Taller Nacional del Marco de Evaluación de Opciones en México

México DF. 26 marzo 2015

NOMBRE	INSTITUCIÓN	Asistencia
Aguilar Hernández, Mario	Secretaría de Medio Ambiente y Desarrollo Territorial del Estado de Jalisco	X
Anta Fonseca, Salvador	Consultor en asuntos forestales	X
Balderas, Arturo	CIGA-UNAM	X
Burgoa, Alejandro	CTC-REDD+ Oaxaca	X
Castillo, Selene	PROFOR	X
Franco Chulín, Claudio	CTC- REDD+ Yucatán	X
Frausto Leyva, Juan Manuel	Fondo Mexicano para la Conservación de la Naturaleza (FMCN)	X
Hernández Carrillo, Alberto	SAGARPA. Subdirección de desarrollo en zonas prioritarias	X
Hernández, Gisela	The Nature Conservancy	X
Hernández, Mónica	CONAFOR. Proyecto México-Noruega	X
Izaguirre, Carolina	The Nature Conservancy	X
Kishor, Nalin M.	PROFOR	X
Larios Guzmán, Eder	CONAFOR. Proyecto México-Noruega	X
Mauricio Leguizamo, Juan Manuel	CONABIO. CBM	X
Michel Fuentes, José María	CONAFOR. Proyecto México-Noruega	
Mondragón Galicia, Fernando	Geoconservación	X
Montero Solano, José Antonio	Pronatura Sur	X
Morfín Ríos, Jorge	CONAFOR. Proyecto México-Noruega	

<b>NOMBRE</b>	<b>INSTITUCIÓN</b>	<b>Asistencia</b>
Obregón Viloría, Rafael	CONABIO. CBM	X
Ortega Reyes, Luis	SAGARPA. Coordinación General de Ganadería	
Paiz, Yves	The Nature Conservancy	X
Perea Blázquez, Ana Karla	CONAFOR. Unidad de Asuntos Internacionales y Fomento Financiero	
Pérez González, Carlos Marcelo	UZACHI	X
Pinto León, Mario	CONAFOR. Enlace REDD+ de la Gerencia de Chiapas	X
Ranero Puig, Alejandro	CTC- REDD+ Chiapas	X
Reyes Carranza, Mariana	CONAFOR. Unidad de Asuntos Internacionales y Fomento Financiero	X
Reyes Olguín, Olga Esslin	SAGARPA. Subdirección de Control y Operación con las Entidades	
Salcedo Salazar, Saúl	CONAFOR. Enlace REDD+ de la Gerencia de Yucatán	X
Sánchez Valle, Gustavo	Red Mocaf	
Segura Lazcano, Jaime	SAGARPA. Subsecretaría de Desarrollo Rural	
Severino Romo, Jaime	CONAFOR. Área de proyectos y mercados forestales de carbono	X
Simonit, Silvio	UICN	X
Skutch, Margaret	CIGA-UNAM	X
Tejero Aranda, Ana	Coordinadora Estatal de Productores de Café de Oaxaca (CEPCO)	X
Thomson Poo, Daniel Camilo	Pronatura Sur	X
Vargas Guillen, Adalberto	CONAFOR. Gerencia Chiapas	
Vega López, Adrián	SAGARPA. Dirección general de ganadería	X
Velasco, Anaíd	CEMDA	
Felipe Ramero	CEMDA A.C.	X
Sergio Graff	Independiente	X
María del Valle	CONABIO	X