Early Warning System

WB-P131709

Coastal Watersheds Conservation in the Context of Climate Change Project

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Quick Facts

Countries	Mexico
Specific Location	Veracruz, Sinaloa, Tabasco, Chiapas, Hidalgo, Puebla, Campeche, Nayarit, Jalisco
Financial Institutions	World Bank (WB)
Status	Active
Bank Risk Rating	B
Voting Date	2013-11-21
Borrower	GOVERNMENT OF MEXICO
Sectors	Agriculture and Forestry, Climate and Environment, Water and Sanitation
Potential Rights Impacts	Cultural Rights, Healthy Environment, Housing & Property, Indigenous Peoples, Right to Food, Right to Water
Investment Type(s)	Loan
Investment Amount (USD)	$ 39.52 million
Project Cost (USD)	$ 267.80 million

Project Description

According to The Bank, the goal of the project is to do "watershed-level planning in regions expected to be highly affected by climate change activities will be concentrated in protected areas and surrounding areas where carbon stock depletion is highest, biological connectivity is essential and institutional capacities are highest."

The project is divided into five components:

Component 1→ The creation and consolidation of protected areas. Creation of new Protected Areas (PA) and strengthening management effectiveness of new and existing PA's. This includes fundraising activities to obtain additional non-GEF funding (Global Environment Funding).

Component 2 → Promoting sustainability within watersheds. This will include implementation of Payment for Ecosystem Services (PES), agro-ecological and sustainable forest management sub-projects.

Component 3 → Enabling adaptive management by strengthening monitoring capacities and strengthening community monitoring systems in selected watersheds.

Component 4 → Innovative mechanisms for inter-institutional collaboration and promoting social participation.

Component 5 → Project management. This will be for support for implementation of the project, including costs for coordination, technical assistance, support of the technical project committee and regional Project Coordination Units, supervision, etc.

The project will operate in 10 watersheds along the Gulf of California and 6 along the Gulf of Mexico, selected because of their high biodiversity values, presence of protected areas, importance for the implementing institutions, local capacity, matching fund potential, and inter-institutional collaboration in the watershed. The watersheds were selected jointly by the four implementing agencies (CONANP, FMCN, CONAFOR, INECC). INECC identified 17 coastal watersheds along the Gulf of California and 15 along the Gulf of Mexico that meet the basic criteria of high biodiversity values and existing or potential protected areas. The implementing agencies then scored the candidate watersheds according to additional criteria and selected six high priority watersheds along the Gulf of Mexico for the GEF. The selected watersheds show high variability, with degradation prevalent along the Gulf of Mexico; 59.9% is devoted to cattle ranching, 39.2% to agriculture and 1% is urban. Increasingly, natural ecosystems in these watersheds are being pressured by competing land uses: expansion of low intensity cattle ranching, slash-and-burn agriculture, sugar cane, and hydro-electric dams, as well as general coastal development. Negative impacts of these land use changes include carbon emissions, loss of biodiversity, erosion and other land degradation effects, and less sustainable livelihoods for communities within the watersheds.

In terms of social development, the project area in the Gulf of Mexico comprises 2.7 million inhabitants (51% women) distributed in 4,771 localities in 112 municipalities of the states of Veracruz, Tabasco, Chiapas, Hidalgo, Puebla and Campeche. The majority of this population (85.37%) is located in Veracruz. Approximately 10% are indigenous peoples including: Tzeltal, Chol, Chontal, Nahuatl, Popoluca, Totonaca, Otomo and Tepehua. These communities in particular face high levels of marginalization and low social indicators.

Early Warning System Project Analysis

RISK CATEGORIZATION: Category B

The project is considered Category B. The Bank identifies Category B projects as those that have potential adverse environmental or social impacts, but that the Bank views as minimal, site specific, and potentially reversible. This categorization was given mainly due to sub-projects under component 2, the implementation of Payment for Ecosystem Services, agro-ecological and sustainable forest management sub-projects. According to The Bank, "the Project has prepared a single, project-level Environmental and Social Management Framework (ESMF). One of the functions of the ESMF is to define the screening procedures and criteria that the Recipient will use to determine what, if any, further environmental analysis and instruments will be required for all subcomponents activities and defines the specific EA procedure during Project implementation." The Bank continues by adding that, "from an environmental assessment point of view, the project is expected to generate positive benefits."

APPLICABLE SOCIAL AND ENVIRONMENTAL STANDARDS:

- Environmental Assessment OP/BP 4.01
- Natural Habitats OP/BP 4.04
- Forests OP/BP 4.36
- Pest Management OP 4.09
- Physical Cultural Resources OP/BP 4.11
- Indigenous Peoples OP/BP 4.10
- Involuntary Resettlement OP/BP 4.12

People Affected By This Project

ENVIRONMENTAL AND HUMAN RIGHTS ASSESSMENT

RIGHTS TO A HEALTHY ENVIRONMENT:

According to The Bank, it "is expected that the project will have overall positive impact on the environment and for the populations living in the Gulf of Mexico and Gulf of California. The creation of new protected areas and strengthening the management of existing ones will conserve forest and watershed resources and support the economic and social development of these regions. Outcomes and conservation status of areas supp)orted by the project will be monitored through the Global Environment Facility (GEF tracking tools, national protocols and through the development and implementation of community-based monitoring methods, with baseline and subsequent data captured in CONAFOR and CONABIO's (National Commission for Knowledge and Use of Biodiversity) national database. These monitoring tools are captured in the Project's ESMF." It continues by stating, "given the focal areas of the project, there may also be some minor, adverse impacts to natural habitats as well, depending on the form of the ultimate activities to be developed under component 2 [Payment for Ecosystem Services]. The instrument that treats these issues at the project level is the ESMF. If the ESMF's screening process determines that subcomponent activities may result in adverse impacts to natural habitats, these impacts will be addressed in subsequent specific management measures." It is important to ensure that these specific management measures do take place and are done with the appropriate consultation as outlined in the ESMF and IPPF.

Additionally, The Bank mentions that pesticides could be used for sub-projects, specifically for forest management. The Bank states that a separate Pest Management Plan is not needed for this project, however proper usage and storage should be monitored per measures incorporated within the ESMF to ensure compliance with the policy.

Some questions community members and local NGOs should consider asking:

- What means do you have to seek compensation if the public health and/or environmental impact of the proposed operations become a problem for local communities? and/or the local ecosystem?
  What means do you have to seek redress if the public health and/or environmental impact of the proposed operations become a problem for the local ecosystem?
- Is your water quality likely to be affected by processing operations?
- Do those implementing the project have a plan in place for preventing increases in disease or for providing health care should diseases become a wide-spread problem?

RIGHT TO CULTURE:

The Bank states that, "The ESMF includes a safeguard provision for chance findings of 'historical sites and/or archeological sites.' These safeguard measures also cover other physical cultural resources such as sacred sites, burial sites and other resources that are of significance to local communities. No Physical Cultural Resources will be affected by the project and it is unlikely that its activities may cause any damage to cultural assets. However, the policy has been triggered as a preventive measure to ensure that all participants respect the rich cultural heritage of the region. In case of chance findings, to handle such findings, Mexico has a well-developed legislative and normative framework, which is under the oversight of the National Institute for Anthropology and History (INAH)." The INAH ought to be notified should chance findings occur during any state of project implementation. Additionally, the Bank indicates that information regarding procedures for chance findings would be incorporated into the environmental screening section of the ESMF. It is important that the implementing agency(ies) ensure that the INAH is notified should any chance-findings occur prior to moving forward with sub-projects.

Additionally, it should be stressed that special attention be given to sites such as sacred sites, burial sites and other resources that are of significance to local communities. In the case these sites are found within or in close proximity to the sub-projects,

Investment Description

- World Bank (WB)

The total cost of the project will be $267.80 million USD. Of this amount, The Bank has committed $39.52 million USD and the borrower will supply the remaining $228.28 million USD.

The committed loan is a specific investment loan (SIL). These loans support the creation, rehabilitation, and maintenance of economic, social, and institutional infrastructure. In addition, SILs may finance consultant services and management and training programs.

SILs are flexible lending instruments appropriate for a broad range of projects that help to ensure the technical, financial, economic, environmental, and institutional viability of a specific investment.

The loan will be managed by the Latin America and Caribbean Regional Environment unit (LCSEN). According to The World Bank, the "mission of the LCSEN is to help client countries promote economic development with environmental sustainability. LCSEN works with clients to internalize the economic impact of environmental degradation and supports their efforts to improve environmental and natural resource management, address climate change challenges (particularly adaptation), and promote investment in sustainable infrastructure."

Additionally, this project is a Global Environment Facility (GEF) grant project. The GEF was established in the International Bank for Reconstruction and Development (IBRD) to assist in the protection of the global environment and to promote thereby environmentally sound and sustainable economic development. In 1994 the GEF was restructured to become a permanent, separate institution.

The GEF provides new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits. The World Bank continues to have three main roles within GEF:

1. The World Bank is the GEF Trustee
2. The World bank is one of the Implementing Agencies
3. The World Bank hosts the GEF Secretariat and provides administrative support

Private Actors Description

The borrower for this project is the Government of Mexico, specifically the Secretaria de Hacienda y Credito Publico. However, project implementation will be carried out by CONANP, FMCN, CONAFOR, and INECC.

CONANP- (La Comision Nacional de Areas Naturales Protegidas) The National Commission of Protected National Areas. CONANP started in June, 2000 as a decentralized body of the Secretary of the Environment and Natural Resources (SEMARNAT). The general objective of CONANP is to preserve the natural heritage of Mexico and ecological processes through Nationally Protected Areas and regional sustainability programs.

CONANP is not working with The World Bank on any current projects, nor is there record of closed projects within the World Bank project database.

FMCN- Mexican Fund for the Conservation of Nature. According to their website, the FMCN mission is to financially support and strengthen efforts for the conservation and sustainable use of biodiversity in Mexico. Additionally, they have the goal "that by 2030, Mexico will have reversed the process of deterioration of its ecosystems and that Mexican society will value its biodiversity."

FMCN is not currently working with The Bank on any other projects. However, there is record of them working on four other projects with The Bank, the last one having closed on November 4th, 2008.

CONAFOR- (La Comision Nacional Forestal) The National Forest Commission. Their mission is to boost the protection, conservation, restoration, and enjoyment of Mexico's forest ecosystems.

CONAFOR is working with The Bank on The Mexico FCPF Readiness Preparation Grant, which is currently a pipeline project. According to The Bank project database, they have also worked on six other projects with The Bank, with the last one closing December 18th, 2008.

INECC- (El Instituto Nacional de Ecologia y Cambio Climatico) The National Institute of Ecology and Climate Change. Their stated goal is to use scientific and technical knowledge to form, manage, and evaluate public policies related to environmental protection, conservation, ecological restoration, green growth, and mitigation and adaptation to climate change.

INECC is not working with The World Bank on any current projects, nor is there record of closed projects within the World Bank project database.

PAST HUMAN RIGHTS ABUSES:

In 1993 CONANP along with SEMARNAT created the Biosphere Reserve for the High
Gulf of California and the Colorado River in the State of Baja California. According to a report by Peace Brigades International, this legislation was passed without previous consent with the Cucapa community, the indigenous peoples of the area. The reserve was construction on Cucapa ancestral land, therefore prohibiting the Cucapa from fishing in an area they had done so for centuries.

In 2008, the National Human Rights Commission presented the Cucapa case to the Inter-American Commission on Human Rights stating that the Cucapa were not "consulted about the project, nor did they give free and informed consent," in the hopes to change the protected area to allow fishing. To date, this case has still not been resolved.

FMCN, CONAFOR and INECC have not been cited for any past human rights abuses.

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CONSULTATION PROCESS:

According to The Bank, "During preparation, four workshops were conducted in the Gulf of Mexico watersheds. A total of 110 people participated from 27 organizations, 37 communities, 10 indigenous groups as well as representatives from all three government levels. Their inputs were used to develop the ESMF and the related safeguard instruments. The ESMF was disclosed on the FMCN webpage on April 1, 2013. Validation of the contents of the ESMF and the related safeguard instruments took place on April 10th, 2013 via the support of the Consulting Board for Sustainable Development (Consejo Consultivo de Desarrollo Sustentable) in Veracuz, which includes representatives of the federal, state, indigenous, women, private, academic, youth, and no-profit sectors. Their inputs were incorporated into the final version of the ESMF, IPPF and PF and they are available on the CONANP, CONAFOR, INECC and FMCN webpages (in FMCN since 1 April 2013)." The Bank did not mention workshops being held for project components located in the Gulf of California.

In terms of the Indigenous Peoples Planning Framework, The Banks states, "A social assessment and consultation process was undertaken during preparation in order to better understand their socio-economic and demographic circumstances and to gather inputs, concerns and suggestions for the preparation of an Indigenous Peoples Planning Framework (IPPF). None of the watersheds that are being considered by the project in the Gulf of California region include indigenous communities within the protected areas, but consultation will be conducted as needed and an IPP prepared if necessary during project implementation. An Indigenous Peoples Plan Framework (IPPF) has been prepared for Components 1 and 2 per the requirements of OP 4.10. According to The Bank, the IPPF was shared with a representative group of indigenous leaders from the Gulf of Mexico as well as other relevant stakeholders and their concerns and their inputs have been incorporated into the final version, which has been disclosed on the websites of the four executing agencies and on the Bank's Infoshop. The IPPF prepared for the Forests and Climate Change project will be used for the CONAFOR-executed part of Component 2 and IPPs prepared for those activities as agreed with CONAFOR. The IPPF prepared by CONAFOR was disclosed prior to the approval of

Bank Documents

- Integrated Safeguards Data Sheet (Appraisal Stage) - Coastal Watersheds Conservation in the Context [Original Source]
- Mexico - Coastal Watersheds Conservation in the Context of Climate Change Project (Spanish,English) [Original Source]
- Mexico - Coastal Watersheds Conservation in the Context Of Climate Change Project : audited financia [Original Source]
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- Mexico - Coastal Watersheds Conservation Project : Mexico - Coastal Watersheds Conservation Project [Original Source]
- Mexico - Coastal Watersheds Conservation Project : procurement plan : Mexico - Proyecto de Conservac [Original Source]
- Mexico - Proyecto "Conservación de Cuencas Costeras en el Contexto del Cambio Climático" (Spanish) [Original Source]
- Mexico - Proyecto "Conservación de Cuencas Costeras en el Contexto del Cambio Climático" (Spanish) [Original Source]
- Project Information Document (Appraisal Stage) - Coastal Watersheds Conservation in the Context of C [Original