



Investing in rural people

Mexico

Basin Approach for Livelihood Sustainability through Adaptation Strategies (BALSAS)

Annex 7c. Local Governments and Private Sector Involvement

GCF Additional Financing

December 2022

I. Local government participation

In order to establish coordination with local governments in Mexico, it is important to consider the existence of three levels of government: Federal, State and Municipal, the latter being the smallest one. Within each municipality, there is a variable number of agrarian authorities who regulate land ownership and are directly related to the governance of the territory; in indigenous communities they are called agrarian communities and the corresponding authority is the commissariat of communal property. Similarly, in non-indigenous areas, the social ownership of the territory are the Ejidos, where the responsible person is the *comisario or comisariado de bienes ejidales*.

In both cases, the assemblies of *comuneros* and *ejidatarios* are the highest authority over the *comisariados*. Within them, the basic types of tenure are: the urban area, where houses are located, agricultural or livestock plots, and common use areas. For each of these types of tenure, an *ejidatario* or *comunero* must have a certificate that accredits him/her as such and gives him/her the right to participate with voice and vote in the assembly where decisions on use are made, especially in the areas of common use. In the Balsas Basin area and in the country in general, a common factor is the very low formal presence of women as subjects of agrarian rights, who form only 20 to 25% of the formal members, which reduces the possibility of their participation in the assemblies. However, in day-to-day work, they and the elderly often represent the majority of active citizens, particularly in the project's priority areas, as a result of the migration of men, adults and young people.

According to the Agrarian Law¹, the property rights of the communities are inalienable and imprescriptible, those of the ejidos can be sold or transferred with a procedure of certification of the *ejido* rights where the *ejidos* reach the so-called "full domain of their lands" and from this they can make operations with them. The third type of property is private property, which applies to urban areas, agricultural plots and livestock. Private properties can be very close and even coexist with ejido properties in particular; they are much less frequent in the vicinity of indigenous communities.

However, in view of the strategic need to formally involve the governments of the states and municipalities where the Project's very high and high priority sub-basins are located, several possibilities were identified, which are not limited nor mutually excluding, for engagement and concertation within the National Forestry Council (CONAF) and the State Forest Councils promoted by CONAFOR², in which local governments have a seat, where the initiative will be made known, efforts will be articulated and representatives will be integrated when the Project's Steering Committee is created. These spaces will serve to establish specific collaboration agreements and agree on co-investments, facilitating, if necessary, the possibility for the state and municipal governments to participate financially in the mechanisms of payment for environmental services and/or concurrent funds of the different programmes of CONAFOR and CONAGUA in the first instance, but also of the rest of the federal agencies that will gradually join the Project later on.

However, due to the characteristics of the project, its implementation phase and the periods for which the state administrations of the entities indicated are elected, it is considered appropriate

¹ See Ley Agraria at <https://mexico.justia.com/federales/leyes/ley-agraria/>

² See Forest Councils <https://www.gob.mx/conafor/documentos/consejo-nacional-forestal>

that the Coordination of Advisors of the Presidency (CAP) and the CONAFOR board facilitate dialogue and coordination of institutional and financial efforts at the highest level of the state governments in four blocks:

Guerrero and Michoacán: Entities with broad territorial participation in the project, whose governments are in the first year of six years of administration (2021-2026). According to the legal deadline, both governments have submitted their state development plans to the corresponding legislative branch. The objectives, strategies and priority goals of each should then be identified, and where compatible priority areas and opportunities for synergies are possible. Based on this, a concerted path of joint actions will be established, including the Governors' cabinet selection of interlocutors for the Project.

Oaxaca: This state has a broad territorial participation in the project, including the origin of the river that gives its name to the basin and the historical reference that gave rise to the project. When the new state administration takes office at the end of 2022, the CAP and CONAFOR will seek to incorporate the project's proposals into the Oaxaca State Development Plan 2022-2028. In this way, opportunities for possible synergies will be identified at an early stage and a concerted agenda of joint actions will be established, including the governor's selection of interlocutors for the project from his cabinet.

Puebla, Morelos and the State of Mexico ,whose territories are important in the Balsas Basin but with little presence in the project's priority areas. The governments of these states are in the third year of their administration. In the middle of the period, the instrument that can guide support for the project is the “Third Government Report”, with which the state executive annually reports to the local Chamber of Deputies on the progress of priority programmes and projects established in the State Development Plan and other instruments. As in the other Balsas Basin states, it will be necessary to identify opportunities for possible synergies and establish a concerted route for joint actions, including the governors' selection of interlocutors for the project from their cabinet.

These three States have a large number of outsourced manufacturing industries “*maquiladoras*”, automotive and other industries, so the experiences of public-private collaboration related to the sustainable use of natural resources already underway in the Basin should be identified in order to learn from them. It will seek to visualise the gaps and strengthen the possibilities for institutional and financial collaborations.

Tlaxcala, Mexico City and Jalisco: With reduced territorial participation, they are in the third year of six of their public administrations. Although the participation of these three entities is proportionally low with respect to the area of the project, the presence of Mexico City, the largest urban area in the country, to which a tributary of the Balsas basin, that of the Cutzamala, provides around 30% of the water it consumes, takes on strategic importance as a demander of water from the catchment and conduction in the limits of the State of Mexico and Michoacán. This situation makes the hydrological functionality of the project evident and represents a challenge of coordination, recently taken up by the government of the country's capital. In fact, the Mexico City administration has proposed direct investments in the agricultural areas of this sub-basin, in the efficient use of irrigation systems, with the aim of having a greater volume of water for human consumption in the city. In order to

incorporate the Project to this management, the most appropriate policy instruments should be identified by the CAP among those proposed by the Project, in order to achieve a systematic action in the short, medium and long term.

II. Involvement of the private sector

The possibility of Private Initiative (PI) participation in a project whose objective is to address climate vulnerability with climate change mitigation and adaptation actions in the poorest communities of the Balsas Basin may be attractive to non-governmental investors with similar interests and purposes.

So far, some private initiative organisations have been identified with possibilities of participation, such as the Telmex-Telcel foundations³, Fomento Cultural Banamex⁴, Gonzalo Rio Arronte⁵; Ejido Verde,⁶ the shipping company Mearks Sealand and the steel company Arcelor Mittal. The latter two are based at the golf of the Balsas River in the Port of Lázaro Cárdenas Michoacán. There are also Mezcal trading companies interested.

Assuming the existing relationship between the CAP and some of these PI actors, it is proposed that initial presentations of the project be made with the project holders, in order to identify common areas of interest and contact persons for the follow-up of actions and proposals. The management of the meetings would be through the CAP as well as with the State governments.

The project will support PI participation in the development of schemes of *concurrent funds*, or *local mechanisms of payment for environmental services*, based on the experience and instruments developed by CONAFOR, with the purpose of encouraging the participation of users of environmental services. Through these initiatives, CONAFOR and local actors are providing resources and developing local initiatives related to environmental conservation, the promotion of innovative production models focused on the sustainable management of natural resources and the improvement of livelihoods. Through this project, it will seek to raise awareness among new PI actors so that the Concurrent Funds will support adaptation to the impacts of climate change of the population located in the prioritised areas of the Basin⁷.

On a smaller territorial coverage scale, but of great relevance, the project will strengthen ongoing and new initiatives between industrial commodity producers and private investors in value chains related to adaptive forest management, such as resins for various uses, agaves for the production of sugars and traditional beverages, or coffee. The purpose will be to promote the integration of medium- and long-term investment plans that give greater certainty to the actors in these forest product chains.

Finally, considering the constant and growing flow of remittances from the Mexican migrant population in the United States, the project will offer conditions of certainty for investment in productive processes with profitability in the medium term. Productions such as agroforestry and

³ See <http://www.fundaciontelmextelcel.org/>,

⁴ See <https://fomentoculturalbanamex.org/>

⁵ See: <https://fundaciongonzalorioarronte.org/>

⁶ See <https://ejidoverde.com/>

⁷ See Institutional Payment for Environmental Services Schemes at <http://www.conafor.gob.mx:8080/documentos/docs/24/2727DOSSIER.pdf>

agroforestry systems, articulated with public investments, could be attractive for those who send remittances to their relatives, offering them the possibility of building retirement plans with them in their community of origin, where they usually want to return. To promote this co-investment opportunity, Mexican migrant clubs and associations abroad, particularly in the United States, and diplomatic representations in the country, will be approached.