

May 27, 2015

**Approval by mail: Peru and DRC DGM Projects  
Comments from the US**

Dear Mafalda,

Thank you once again for the opportunity to review the Peru and DRC DGM for Indigenous Peoples and Local Communities project documents. We appreciate the amount of thought that has gone into developing these programs, as well as the extensive information that has been provided.

Please find below our comments and questions on both the DGM and Peru proposals. Given the complexity of setting up the programs, we would like to discuss these questions before the projects move forward.

In general:

1. There are a number of important items that have not necessarily been included in the PADs, but need to be clarified and included in the PIMs. These include, among other things: (a) definition of eligible grant recipients and beneficiaries; (b) definition of eligible activities; (c) any exclusions lists; (d) specifics on constituting the NSCs (who is eligible to be a member, how they are nominated and selected, how long their terms are, who can replace them, etc.); (e) decision-making procedures of the NSC (how often they are to meet, how decisions are to be taken (majority vote, or some other way), quorum rules, etc.), (f) defined responsibilities of each of the parties in the programs (NSC, NEA, etc.) for clarity, and to ensure responsibility for adherence to the requirements of the PIM and DGM program documents; (g) provisions for management of funds, financial audits, etc., and who is responsible, (h) provisions for monitoring and evaluation of grant programs, and who is responsible; (i) safeguards, and (j) reporting and transparency (will information about the program be reported publicly?), (k) how events of non-performance will be handled. It might also be good to include sample “forms” such as a sample grant application, sample grant recipient agreement, etc., for clarification and ease of use.

Who approves the final PIM? What is the process for that?

2. In order for IPLCs to make full use of the DGM program, support for capacity development (at different levels of the program, but with an emphasis on potential grant recipients) may be needed. To what extent have capacity constraints been evaluated? How will these be addressed, how, and by whom? How much funding is budgeted for capacity evaluation and, if needed, development?

3. While each DGM program specifies certain amounts for certain activities, it isn't clear how proposals generated at the local level will necessarily fit into these expectations, or how funding will be distributed among different IPLCs. Is funding to be allocated on competitive or first-serve basis, or some other way?

4. Both DGM programs appear to have NSCs composed of members with potential relationships to beneficiaries. The Peru DGM program mentions this as an issue that will be addressed. Is this issue also being addressed in the DRC program? What conflict of interest provisions will be included in the PIMs of both programs?

5. These programs set up complex administrative and management structures. What provisions are there for periodic review of the functioning of these structures, in order to facilitate course corrections, if needed?

Specific questions about Peru DGM:

1. Regarding timber projects: on page 45 of the document, reference is made to eligibility criteria that were “discussed” for timber harvesting projects. It is not clear, therefore, whether these criteria have been decided upon and will be mandatory. Can you please clarify? In any event, we believe criteria should also include a requirement to demonstrate that the extraction is in fact sustainable and meets World Bank safeguard requirements, and would not include industrial scale logging in primary tropical forests. Also, we note that the social assessment in Annex 9 highlighted a number of issues with timber harvesting. Do the eligibility requirements for forest projects address all of the issues raised in the social assessment?
2. It was not clear to us how the PIs relate to the indigenous communities and through what process they will work with the communities to come up with and implement grant proposals. How will funding allocations be determined by the NSC among the various PIs and indigenous groups they represent – a competitive process or something else?
3. We note that it says in paragraph 40 that PIs will ensure that sub-projects meet the eligibility criteria outlined in the PAD and the OM. Just to clarify -- we presume that the responsibility on ensuring that the ultimate responsibility for meeting the PAD and OM criteria will rest with the NSC, and that it will receive advice from the NEA on whether various funding proposals meet all the necessary criteria?

Specific questions about DRC DGM:

1. We would appreciate some more information about expectations around sub-component 2a. How will project proposals be designed and submitted? How will they be implemented and by whom? Has an assessment been done of local NGO capacity to assist communities in these activities?
2. We were a bit unclear on the division of labor between REPALEF vs. the NEA in terms of monitoring and reporting on program activities. We were also unclear on the “continuous feedback” channels mentioned in paragraph 121 – REPALEF is one, but what is the mechanism provided for in paragraph (a)?
3. We note the reliance on satisfaction scores in the result framework. This is an interesting idea, but we note that the surveys will need to be designed very carefully. It may also be advisable to disaggregate the data. We think additional indicators, in addition to the satisfaction indicators, may be useful.

Thank you for your assistance.

Best,

Katie Berg  
U.S. Treasury Department