PROJECT IMPLEMENTATION REPORT

Project ID:	10086
Project Name:	Reducing global environmental risks through the monitoring and development of alternative livelihood for the primary mercury mining sector in Mexico
Countr(ies):	Mexico
Implementing Agency:	UNEP

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I. Overview

A. Description

Project name Reducing global environmental risks through the monitoring and development of alternative livelihood for the primary mercury mining sector in Mexico	
Country Mexico	
GEF ID 10086	Implementing Agency UNEP
Executing Entity INECC	
Trust Fund GET	Project Type FSP
PIR Submission 9/5/2025	Fiscal Year , PIR Number FY 2025 , 4th PIR
Objective Prevent the risks to environment and human health from mercury through the control of primary mercury mining and enabled environmentally and socially sound alternative economic activities and livelihoods in the state of Queretaro	

B. Ratings and Disbursements

Implementation Progress Moderately Satisfactory	Development Objective Moderately Satisfactory
Overall risk Low Risk	
Project Financing 7,703,325.00	Cumulative Disbursement 1,428,747.00

C. Key Dates

CEO Endorsement/Approval 12/5/2020	Agency Approval 2/19/2021

Implementation Start 6/7/2021	First Disbursement 7/2/2021
Expected MTR 9/30/2024	Actual MTR 5/31/2025
Expected Completion 12/31/2026	Actual Completion

II. PROGRESS STATUS AND ISSUES

A. Progress: Information on progress and outcomes of project implementation activities

During this fourth PIR reporting year (July 2024–June 2025), implementation advanced despite a nearly ten-month delay caused by the national procurement freeze during the electoral transition. Following the resumption of administrative processes in early 2025, the project regained momentum, prioritizing critical field activities and stakeholder engagement.

Under Component 1, progress included finalizing Terms of Reference for health risk assessments and identifying contaminated hotspots, alongside training medical personnel in clinical toxicology related to heavy metals. These efforts aim to strengthen local health systems and inform evidence-based risk mitigation.

Component 2 focused on socioeconomic transition, launching preparatory work for flagship alternative livelihood projects in mining communities. Integration and training workshops were conducted with miners, women, and youth in Camargo, San Joaquín, Cadereyta de Montes, and Pinal de Amoles. Additionally, the National Institute of Social Economy (INAES) delivered targeted sessions on social economy and business model development in Bucareli, Cadereyta de Montes, and Camargo, reinforcing capacity for entrepreneurial initiatives tailored to local contexts.Institutional engagement was another key achievement during the reporting cycle. Coordination with the National Water Commission (CONAGUA), Ministry of Agriculture and Rural Development (SADER), and the Federal Attorney for Environmental Protection (PROFEPA) was strengthened, ensuring technical alignment and regulatory support across both components. These partnerships are instrumental in advancing cross-sector collaboration for environmental monitoring and socioeconomic resilience.While feasibility studies and mineral reserve assessments remain ongoing, their completion in Q3 will inform the design and rollout of seed projects planned for Q4.

Furthermore, progress in gender inclusion was notable, with targeted training opportunities for women and youth embedded in all community-level activities.Institutional coordination has been strengthened with the Ministry of Environment and Natural Resources (SEMARNAT), local governments, and other stakeholders. In response to the Midterm Review (MTR) recommendations—issued after the project was rated Moderately Unsatisfactory—safety protocols were updated, socio-economic monitoring frameworks developed, and budget reallocations prioritized to accelerate field implementation.

Financially, the project disbursed USD 185,581, representing 96.8% of the annual forecast of USD 192,000. With administrative bottlenecks resolved in March 2025, pending consultancies and activities resumed in Q3. While the implementation of pilot activities remains delayed, progress has been made in gender inclusion, knowledge management, and preparatory work for Q4 deliverables.

B. Challenges: Information on challenges of project implementation activities

During the reporting period, the project faced a series of interconnected challenges that significantly affected implementation timelines and outcomes. The most critical issue was the suspension of public procurement and contracting processes by the Ministry of Finance and Public Credit (SHCP) during Mexico's national electoral transition. This administrative restriction, in effect from March through December 2024, resulted in a prolonged freeze on national bidding and recruitment procedures, halting most field activities and technical consultancies under both components. Consequently, the logical sequencing of deliverables was disrupted, and the implementation of key activities—such as health risk assessments, hotspot identification, and feasibility studies for alternative livelihoods—remained pending for nearly 10 months.Operational downtime also reduced coordination momentum with national counterparts, creating gaps in internal approvals and responsiveness. This situation was further compounded by delays in receiving timely inputs from some stakeholder institutions, largely due to administrative bottlenecks and institutional adjustments during the electoral transition.

In response, the project team is developing an updated stakeholder engagement schedule and reinforcing coordination through periodic planning meetings and targeted bilateral follow-ups to align with the new authorities and restore continuity of support.

Field-level challenges were equally significant. Security risks associated with organized crime in certain mining zones restricted access to some communities, limiting stakeholder outreach and full participation in priority areas. To mitigate these risks, the project has adopted a flexible, risk-sensitive approach that prioritizes engagement in lower-risk areas, leverages trusted local actors and community-based organizations for outreach, and coordinates with local authorities to assess safety conditions before field missions. When necessary, remote engagement tools will be deployed to maintain communication while ensuring the safety of project staff and beneficiaries.

In addition, social dynamics in mining communities introduced another layer of complexity. Some community members who are not directly engaged in mining expressed concerns about exclusion from project benefits and potential environmental risks—such as the use of contaminated water for irrigation. While the project's primary focus remains on miners and their families, identified through a participatory and transparent registration process, measures are being put in place to address these concerns. Individuals outside the mining sector who demonstrate interest in productive alternatives will be referred to state and federal institutions for possible support through existing government programs. This approach seeks to maintain inclusiveness while preserving alignment with the project's core objectives.

Finally, findings from the Mid-Term Review (MTR) underscored systemic issues in implementation capacity and adaptive management, rating the project as Moderately Unsatisfactory. While this provides a roadmap for corrective action—including improved financial tracking, enhanced field methodologies, and streamlined reporting—the recommendations also reflect the urgent need to strengthen project management structures to prevent further delays.

Despite these obstacles, the project is moving forward with renewed momentum following the lifting of the procurement freeze in early 2025. Corrective actions, re-engagement with stakeholders, and planned field activities in Q3 and Q4 are expected to accelerate progress and mitigate the impact of these challenges on overall outcome delivery.

Special Note: The figure of USD 9,448,269 previously reported as co-financing is incorrect; the amount was recorded in Mexican Pesos (MXP).

C. Stakeholder Engagement

During this reporting period, the project successfully engaged a diverse group of stakeholders across federal, state, and local levels. These included the Ministry of Environment and Natural Resources (federal and regional offices), the National Institute of Social Economy, the Ministry of Sustainable Development, and several other governmental and technical institutions. Engagement also extended to local communities and civil society actors in priority mining areas.

Key activities focused on capacity building and coordination. Training workshops were conducted with miners, women, and youth in Camargo, San Joaquín, Cadereyta de Montes, and Pinal de Amoles, while medical personnel received specialized training in clinical toxicology related to heavy metal exposure. Additionally, the National Institute of Social Economy delivered sessions on social economy and business model development in Bucareli, Cadereyta de Montes, and Camargo. Institutional engagement was reinforced through collaboration with agencies such as the National Water Commission, the Ministry of Agriculture and Rural Development, and the Federal Attorney for Environmental Protection, helping to align regulatory and technical support with project objectives.

The project has also ensured active participation from national counterparts in reporting and monitoring, with 15 technical reports delivered, including three Project Implementation Reports, and six meetings of the Project Steering Committee completed. Stakeholder mapping was conducted early in the project and is regularly updated to reflect institutional changes.

Despite these achievements, the project faced several challenges. Delays in stakeholder inputs—primarily due to administrative bottlenecks and the national electoral transition—affected timely implementation. To address this, an updated engagement schedule is being developed to ensure early coordination and alignment with new authorities. Security risks in some mining zones also limited outreach, requiring the project to adopt flexible, risk-sensitive approaches such as prioritizing safer areas, leveraging trusted local actors, and using remote engagement tools when necessary. Additionally, concerns were raised by some community members not directly involved in mining, who feared exclusion from project benefits and expressed worries about environmental risks such as water contamination. To mitigate these concerns, the project is adopting an inclusive approach by referring interested individuals to state and federal programs while maintaining a focus on miners and their families as primary beneficiaries.

A Grievance Redress Mechanism will also be established as part of the Environmental and Social Safeguards Policy, including the creation of a complaints log to address concerns transparently. To protect personal data, a public version of stakeholder mapping will report participation figures by sector rather than disclosing individual details.

Outcomes of these engagement efforts include strengthened coordination among consultancies and reinforced institutional partnerships. This has facilitated preparations for pilot projects expected to deliver tangible results by September 2025 and fostered technical and financial collaboration between key institutions, such as the National Institute of Ecology and Climate Change, the Ministry of Sustainable Development, and the National Institute of Social Economy

D. Gender Equality

The project does not have a standalone gender action plan, and this will be corrected in the reporting system. However, gender considerations have been integrated into the project design and implementation from the outset, and gender-sensitive indicators were included in the results framework.

The project applies a gender-responsive approach across its components, with a strong focus on empowering women in mercury-affected communities. Women have actively participated in stakeholder consultations, training sessions, and workshops in areas such as Bucareli, Camargo, Cadereyta de Montes, and Pinal de Amoles. Efforts include promoting inclusive decision-making and supporting alternative livelihoods tailored to women’s roles in the local economy.

The Midterm Review rated gender integration as Moderately Satisfactory and recommended formalizing these efforts in a dedicated document. In response, the project team is preparing a summary on women's participation and gender-related actions to date, as well as upcoming measures for the second half of the project. This document will consolidate gender-responsive activities, including the design of seed projects where women and men will have equal opportunities to develop business ventures and strengthen socio-economic resilience.
Further details on gender-sensitive strategies are reflected in the publication "Development of a long-term strategy for the implementation of economic alternatives with a social economy approach in primary mercury mining communities in the Sierra Gorda of Querétaro." (February 2025), which highlights actions that incorporate women's needs and contributions into alternative livelihood models.

E. Knowledge Management

During the reporting period, the project produced technical reports, stakeholder consultation summaries, and strategic planning documents. These include feasibility assessments for alternative livelihoods (included as supportive documents during this PIR cycle).

Main learnings during the period. The project has learned that community engagement is most effective when tailored to local contexts and when women are actively involved in decision-making. The delay in consultancies highlighted the need for flexible planning and stronger coordination mechanisms.

Regional workshops and PSC meetings have served as platforms for peer learning, allowing stakeholders to exchange experiences on mercury risk reduction and sustainable development. These interactions have strengthened local ownership and informed the design of pilot interventions.

III: Minor Amendments

CONTEXT	
Result Framework	
Components and Cost	
Institutional And Implementation Arrangements	
Financial Management	
Implementation Schedule	
Executing Entity	
Executing Entity Category	
Minor Project Objective Change	

Safeguards	
Risk Analysis	
Increase of GEF Financing up to 5%	
Co-Financing	
Location of Project Activity	
others	During the reporting period, the project adjusted the implementation schedule of geospatial activities to align with updated site prioritization needs. This included the integration of new mapping tools and coordination with the National Institute of Ecology and Climate Change (INECC, as the EA), Consultants and Autonomous Universit of Queretaro (UAQ) to refine remediation zones. The amendment does not affect the overall scope or objectives of the project. Additionally, due to the unexpected delays posed since last PIR cycle and the current reporting period, a 1-year no-cost extension to the legal agreement will be requested during next year (2026) to conclude project activities.

IV: Geographic Coordinates of Project Activities

Location Name	Latitude	Longitude	GeoName ID
Pinal de Amoles	21.134167	-99.458611	3,521,440

Location Description:

Occupies 6.08% of the state surface, has 219 localities with a mainly semi-warm sub-humid climate (INEGI, 2010). The total population registered in 2020 was 27,365 inhabitants (INEGI, 2021).

https://www.geonames.org/8583263/pinal-de-amoles.html

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
San Joaquín	20.916667	-99.566667	8,583,276

Location Description:

Occupies 2.37% of the surface of the state, with 74 localities with a predominantly semi-warm sub-humid climate (INEGI, 2010) and a registered population of 8,359 inhabitants (INEGI, 2021).

https://www.geonames.org/8583276/san-joaquin.html

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Cadereyta de Montes	20.690278	-99.820833	8,583,265

Location Description:

Occupies 11.52% of the state surface, has 285 localities in a mostly semi-dry temperate climate (INEGI, 2010). It has a registered population of 69,075 inhabitants (INEGI, 2021).

https://www.geonames.org/8583265/cadereyta-de-montes.html

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Peñamiller	21.051944	-99.815	8,583,274

Location Description:

Municipality of 694.9 km2 (5.9% of the extension of Querétaro), where 69.7% of its extension belongs to the Sierra Gorda Queretana. Its population is 19,141 inhabitants, equivalent to 0.8% of the state population (INEGI, 2021).

https://www.geonames.org/8583274/penamiller.html

Activity Description:

V. ANNEX

Uploaded Document

Document Category	Title
M and E Document	10086 Mexico Mercury Mining - PIR 2025