

## Green and Inclusive Recovery in Mexico (GreenMex): Making high-value ecosystems and rural livelihoods more resilient and sustainable in a post COVID-19 scenario.

### Part I: Project Information

#### GEF ID

10717

#### Project Type

FSP

#### Type of Trust Fund

GET

#### CBIT/NGI

☐ CBIT

☐ NGI

#### Project Title

Green and Inclusive Recovery in Mexico (GreenMex): Making high-value ecosystems and rural livelihoods more resilient and sustainable in a post COVID-19 scenario.

#### Countries

Mexico

#### Agency(ies)

FAO

#### Other Executing Partner(s)

Ministry of Welfare (Bienestar)

#### Executing Partner Type

Government

**GEF Focal Area**

Biodiversity

**Taxonomy**

Restoration and Rehabilitation of Degraded Lands, Sustainable Land Management, Land Degradation, Focal Areas, Sustainable Forest, Sustainable Pasture Management, Ecosystem Approach, Income Generating Activities, Improved Soil and Water Management Techniques, Community-Based Natural Resource Management, Integrated and Cross-sectoral approach, Sustainable Livelihoods, Sustainable Agriculture, Land Cover and Land cover change, Land Degradation Neutrality, Land Productivity, Carbon stocks above or below ground, Food Security, Forest and Landscape Restoration, Forest, Payment for Ecosystem Services, Financial and Accounting, Biodiversity, Certification -National Standards, Mainstreaming, Forestry - Including HCVF and REDD+, Agriculture and agrobiodiversity, Grasslands, Biomes, Rivers, Tropical Dry Forests, Temperate Forests, Tropical Rain Forests, Productive Landscapes, Protected Areas and Landscapes, Community Based Natural Resource Mngt, Ecosystem-based Adaptation, Climate Change Adaptation, Climate Change, Climate resilience, Agriculture, Forestry, and Other Land Use, Climate Change Mitigation, Transform policy and regulatory environments, Influencing models, Demonstrate innovative approach, Convene multi-stakeholder alliances, Deploy innovative financial instruments, Strengthen institutional capacity and decision-making, Community Based Organization, Civil Society, Stakeholders, Non-Governmental Organization, Academia, Indigenous Peoples, Beneficiaries, Awareness Raising, Communications, Public Campaigns, Behavior change, Capital providers, Private Sector, Financial intermediaries and market facilitators, SMEs, Individuals/Entrepreneurs, Local Communities, Partnership, Type of Engagement, Consultation, Information Dissemination, Participation, Participation and leadership, Gender results areas, Gender Equality, Capacity Development, Access and control over natural resources, Knowledge Generation and Exchange, Sex-disaggregated indicators, Gender Mainstreaming, Women groups, Gender-sensitive indicators, Knowledge Generation, Capacity, Knowledge and Research, Knowledge Exchange, Learning

**Rio Markers****Climate Change Mitigation**

Climate Change Mitigation 1

**Climate Change Adaptation**

Climate Change Adaptation 1

**Duration**

60 In Months

**Agency Fee(\$)**

909,330.00

**Submission Date**

9/28/2020

A. Indicative Focal/Non-Focal Area Elements

Programming Directions	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
BD-1-1	GET	8,432,670.00	56,225,000.00
BD-2-7	GET	1,671,000.00	10,025,000.00
Total Project Cost (\$)		10,103,670.00	66,250,000.00

## B. Indicative Project description summary

### Project Objective

To mainstream biodiversity conservation, integrated landscape management and ecosystem connectivity into social policies and programmes in Mexico.

Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
Component 1 Green Recovery: Setting up the Enabling Environment	Technical Assistance	<p><b>Outcome 1.1</b> Regulatory framework of <i>Sembrando Vida</i> (SV) Program and institutional strategies, strengthened and harmonized for the generation of multiple environmental and socio-economic benefits</p> <p><i>Project Indicator 1:</i></p> <p>20% of SV Program sites implementing environmentally-friendly territorial plans.(TBC during PPG)[1].</p> <p><b>Outcome 1.2</b> Increased stakeholder engagement and technical capacities</p> <p><i>GEF Core Indicator 11:</i> 370,878[2] (Women: 186,161/Men: 184,717) direct beneficiaries as co-benefit of GEF investment.</p>	<p><b>1.1.1</b> Key biodiversity (BD) and integrated landscape management criteria are incorporated into the SV program.</p> <p><b>1.1.2</b> (Three) Territorial institutional strategies strengthened and harmonized to promote inclusive economic recovery with a BD-friendly approach.</p> <p><b>1.1.3</b> Impact assessment[1] of the innovative practices applied by the Project - to be upscaled by the entire SV Program.</p> <p><b>1.2.1</b> Strategy for the permanence of Farmer Learning Communities[2] (FLC) developed and implemented.</p> <p><b>1.2.2</b> Green Recovery Training Program, which targets government officials, beneficiaries of SV and relevant stakeholders.</p>	GET	1,783,954.00	34,486,846.00



*Project Indicator 2: Increase in Social Organization Index (SOI)[3].*

*Baseline: 46%, Target: At least will be increased 15%.*

---

[1] 20% is a conservative figure and will be re-visited and confirmed during PPG in consultation with key institutions. By the time this GEF project is expected to start its implementation phase, the whole sites of SV will have been reached by the SV Program. Project Indicator 1 aims to improve the territorial management of 20% of SV sites. If this 20% proves to be economically, socially and environmentally sustainable and durable, the SV Program will scale up the proposed GEF project actions. Output 1.1.3 is aimed to generate evidence base for SV decision-makers.

[2] This indicator includes beneficiaries of the SV Program (63, 236), potential forestry programs, (5, 406 people youth: Youth Bulding the FutureProgram-JFC) as well as community and ejidos under integrated

---

[1] The assessment will apply a Nature-Based Solution (NBS) approach to measure the societal and ecosystem impacts of the project field interventions. The aim is to inform policy design and support the upscaling of NBS at the Program level (SV Program). Therefore, the project will integrate the missing pieces of the NBS approach and will support biodiversity mainstreaming in the Government's signature Program (SV).

[2] The Farmer Learning Communities (FLC) is a strategy of the SV Programme, acting as the lynchpin between the Programme's beneficiaries and technicians. It encompasses technical assistance, participatory-based and social monitoring for the establishment of agroforestry systems.

management in each of the landscapes. Sembrando Vida has links with the Youth Building the Future (JCF) program of the Ministry of Labor and Social Welfare (STPS), aimed at young people who neither study nor work, so that they develop productive technical skills and / or entrepreneurship. Through this project, it is intended that these young people form part of the social economy organizations that are integrated into the value chains

[3] The Social Organization Index (SOI) has been used by the National Autonomous University of Mexico (UNAM) and applied by the National Forestry Commission (CONAFOR). This will measure communities that participate in programs in three prioritized landscapes. The SOI integrates different topics related to the functioning of the agrarian structure (assemblies and positions of authority / community representation) and the collective action of its members in favour of the communities; it also integrates the frequency of investment in the protection of forested areas, and in this

project, in the protection of biodiversity and integrated management.

Component 2. Green Recovery: Integrated landscape management, inclusive conservation and ecosystem connectivity	Technical Assistance	<p><b>Outcome 2.1</b> Nature-based Solutions (NBS)<sup>[1]</sup> applied in prioritized forest and agroforestry landscapes, contributing to ecosystem connectivity, generating multiple environmental and socioeconomic benefits.</p> <p><i>GEF Core indicator 4: Area of landscapes under improved practices (excluding protected areas)</i></p> <p><i>Target: 3,183,160 hectares</i></p> <p><i>GEF Core indicator 1.1: Baseline: 3, 500 Has. Target: Terrestrial protected areas newly created: 100,000 hectares<sup>[2]</sup></i></p> <p><i>GEF Core indicator 3: 133,325 hectares of land restored</i></p> <p><i>(Indicator 3.1 agriculture land: 58,115/ Indicator 3.2 forest land: 75,210)</i></p>	<p><b>2.1.1</b> NBS and ecosystem connectivity strategy, developed and implemented in 3 priority landscapes.</p> <p><b>2.1.2</b> Investments in NBS and productive diversification are promoted and implemented in selected landscapes, incorporating native species of sociocultural importance and with economic potential<sup>[1]</sup></p> <p><b>2.1.3</b> New voluntarily conservation areas (ADVC) have been certified by CONANP in the prioritized landscapes.</p> <p><i>Target: 100,000 hectares in 20 clusters of ADVCS/ corridors<sup>[2]</sup></i></p> <p><b>2.1.4</b> Community-based monitoring system of areas under productive restoration, developed and implemented within the SV Program.</p> <p><sup>[1]</sup> FAO will ensure the close coordination with GEF project: <i>Securing the Future of Global Agriculture in the Face of Climate</i></p>	GET	4,558,716.00	10,619,340.00
---	----------------------	--	--	-----	--------------	---------------

[1] Nature-based solutions to societal challenges are “solutions that are inspired and supported by nature, which are cost-effective, simultaneously provide environmental, social and economic benefits and help build resilience. Such solutions bring more, and more diverse, nature and natural features and processes into cities, landscapes and seascapes, through locally adapted, resource-efficient and systemic interventions” (European Commission).

[2] To be confirmed during PPG

*Change by Conserving the Genetic Diversity of the Traditional Agro-ecosystems of Mexico* (GEF ID 9330), to avoid duplication of efforts.

[2] Figure to be refined during PPG

Component 3. Green Recovery: Market instruments and sustainable ventures	Investment	<p><b>Outcome 3.1</b> Inclusive and sustainable markets for high-value BD products, identified and strengthened</p> <p><i>Project Indicator 3: At least two inclusive business models implemented/landscape</i></p> <p><i>Project Indicator 4: At least 10 social economy organizations that participate in inclusive value chains of importance for BD and food security/landscape</i></p>	<p><b>3.1.1</b> Social-economy[1] business models for BD products, implemented.</p> <p><b>3.1.2</b> (number of ) Social Economy Organizations[2] with improved access to green and inclusive value chains.</p> <p><b>3.1.3</b> Institutional innovations to support sustainable market linkages implemented -including certification of BD products and alternative verification and participatory guarantee systems.</p>	GET	2,630,000.00	14,715,836.00
--	------------	---	---	-----	--------------	---------------

*Project Indicator 5: 50% of women and 30% of youth who participate in green and inclusive value chains.*

**Outcome 3.2** Improved and sustained socio-economic and environmental benefits through investments of the Social Bank.

*Project Indicator 7: Added value generated by newly created social economy ventures (MXN).*

*Project Indicator 8: 50% of green businesses approved for financing through social banking alternatives*

**3.1.4** Strengthened local food systems for post COVID-19 recovery<sup>[3]</sup>

**3.2.1** Feasibility analysis of financial incentives for NBS and carbon capture in the SV Program.

**3.2.2** Financing strategy that promotes landscape restoration and the creation of green businesses, implemented in the framework of SV Program<sup>[4]</sup>.

**3.2.3** Certification mechanisms that promote landscape restoration and the creation of green businesses, implemented within the framework of SV.

**3.2.4** Public-private-community alliances<sup>[5]</sup> that promote landscape restoration and the creation of green businesses, implemented within the framework of SV.

**3.2.5** Strengthening of social banking alternatives for financing green businesses.

---

<sup>[1]</sup> “Social economy” is a system that involves collective initiatives that promote the generation of collective well-being through

economic profitability. It is made up of social organizations endowed with legal personality with an internal organization. The social economy approach seeks to support the economic autonomy of social organizations, while giving them control on decision-making and the capacity to organize their activities through democratic governing bodies. According to the Law of Social and Solidarity Economy of Mexico, six types of social organization are recognized while the catalog of organizations of the social sector recognizes 16 associative figures ([https://www.gob.mx/cms/uploads/attachment/file/473301/Cat\\_log\\_o\\_de\\_OSSE\\_2019.pdf](https://www.gob.mx/cms/uploads/attachment/file/473301/Cat_log_o_de_OSSE_2019.pdf)).

[2] This output will seek to increase the participation of women-, youth- and indigenous people-led social economy organizations. Even though 50% of the inhabitants are women, they only represent 26% of land owners and 30% of the SV Program beneficiaries.

[3] See Policy Brief: *COVID-19 and the role of local food production in building more resilient local food systems*. FAO, September 2020.

[4] This will include sustainable ventures or green businesses in the social economy, to be developed and implemented in three landscapes. Savings generated by the beneficiaries of the SV Program and the social

economy organizations will serve as seed capital present in selected sites.

[5]The producers who have complied with their monthly work plan, receive financial support of \$ MX 5,000 (Mexican pesos) of which, \$ MX 500 (Mexican pesos) are allocated as savings; of this amount, \$ MX 250 must be destined to a savings investment in a financial institution, and \$ MX 250 must be destined to the Welfare Fund.

---

---

Component 4. Communication, knowledge management and M&E	Technical Assistance	<b>Outcome 4.1</b> Monitoring and evaluation under a results-based approach, good practices and lessons learned, systematized and disseminated.	<b>4.1.1</b> Project M&E System	GET	649,873.00	3,273,216.00
			<b>4.2.2.</b> Midterm review and terminal evaluation.			
			<b>4.1.3</b> Geospatial platform and digital learning community report multiple benefits and support decision-making.			
			<b>4.1.4</b> Knowledge management, cooperation and horizontal management networks created (FLC, <i>ejidos</i> , local research and academic institutions) for NBS and landscape restoration.			
			<b>4.1.5</b> Communication strategy for the positioning and dissemination of the environmental benefits derived from the project and the SV program.			
			<b>4.1.6</b> Best practices and lessons learned systematized and disseminated.			
Sub Total (\$)					9,622,543.00	63,095,238.00
Project Management Cost (PMC)						
				GET	481,127.00	3,154,762.00



	Sub Total(\$)	481,127.00	3,154,762.00
	Total Project Cost(\$)	10,103,670.00	66,250,000.00

**C. Indicative sources of Co-financing for the Project by name and by type**

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount(\$)
Recipient Country Government	Ministry of Welfare	Public Investment	Investment mobilized	43,385,000.00
Recipient Country Government	National Institute of Social Economy (INAES)	In-kind	Recurrent expenditures	2,215,000.00
Recipient Country Government	National Forestry Commission (CONAFOR)	Public Investment	Investment mobilized	4,900,000.00
Recipient Country Government	National Commission of Natural Protected Areas (CONANP)	In-kind	Recurrent expenditures	1,500,000.00
Recipient Country Government	Ministry of Environment and Natural Resources (SEMARNAT)	In-kind	Recurrent expenditures	250,000.00
Private Sector	Social bank (cooperatives): Social Economy Green Businesses.	Loans	Investment mobilized	12,000,000.00
GEF Agency	FAO/SDG Fund: Innovative financing schemes for climate resilience, gender equality and the creation of green jobs	Grant	Investment mobilized	2,000,000.00
<b>Total Project Cost(\$)</b>				<b>66,250,000.00</b>

**Describe how any "Investment Mobilized" was identified**

Investment mobilized investment has been identified by: a) considering the budget of governmental institutions like the Ministry of Welfare and the National Forest Commission (CONAFOR); b) considering the social banking available funding and other financial institutions investment interests related to conservation and biodiversity sustainable management. This exercise will be further refined during PPG and funding will be confirmed by CEO Endorsement.

D. Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
FAO	GET	Mexico	Biodiversity	BD STAR Allocation	10,103,670	909,330	11,013,000.00
Total GEF Resources(\$)					10,103,670.00	909,330.00	11,013,000.00

E. Project Preparation Grant (PPG)  
PPG Required



PPG Amount (\$)				PPG Agency Fee (\$)			
300,000				27,000			
Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
FAO	GET	Mexico	Biodiversity	BD STAR Allocation	300,000	27,000	327,000.00
Total Project Costs(\$)					300,000.00	27,000.00	327,000.00


Core Indicators

Indicator 1 Terrestrial protected areas created or under improved management for conservation and sustainable use

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
100,000.00	0.00	0.00	0.00

Indicator 1.1 Terrestrial Protected Areas Newly created

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
100,000.00	0.00	0.00	0.00

Name of the Protected Area	WDPA ID	IUCN Category	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
Areas Voluntarily Destined for Conservation (ADVC) TBD		Protected area with sustainable use of natural resources	100,000.00			

Indicator 1.2 Terrestrial Protected Areas Under improved Management effectiveness

Ha (Expected at PIF)		Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)		Total Ha (Achieved at TE)
0.00		0.00	0.00		0.00

Name of the Protected Area	WDPA ID	IUCN Category	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
----------------------------	---------	---------------	----------------------	----------------------------------	----------------------------	---------------------------	--	------------------------------	-----------------------------

Indicator 3 Area of land restored

Ha (Expected at PIF)		Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)		Ha (Achieved at TE)
133325.00		0.00	0.00		0.00

Indicator 3.1 Area of degraded agricultural land restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
58,115.00			

Indicator 3.2 Area of Forest and Forest Land restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
75,210.00			

Indicator 3.3 Area of natural grass and shrublands restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 3.4 Area of wetlands (incl. estuaries, mangroves) restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

--

Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
3813160.00	0.00	0.00	0.00

Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
3,813,160.00			

Indicator 4.2 Area of landscapes that meets national or international third party certification that incorporates biodiversity considerations (hectares)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)



Type/Name of Third Party Certification

Indicator 4.3 Area of landscapes under sustainable land management in production systems

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4.4 Area of High Conservation Value Forest (HCVF) loss avoided

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Documents (Please upload document(s) that justifies the HCVF)

Title	Submitted
-------	-----------

**Indicator 6 Greenhouse Gas Emissions Mitigated**

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO <sub>2</sub> e (direct)	508546	0	0	0
Expected metric tons of CO <sub>2</sub> e (indirect)	1429077	0	0	0

**Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector**

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO <sub>2</sub> e (direct)	508,546			
Expected metric tons of CO <sub>2</sub> e (indirect)	1,429,077			
Anticipated start year of accounting				
Duration of accounting	20			

**Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector**

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO <sub>2</sub> e (direct)				
Expected metric tons of CO <sub>2</sub> e (indirect)				
Anticipated start year of accounting				
Duration of accounting				

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
Target Energy Saved (MJ)				

Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)
------------	---------------------------------	---	---------------------------------	--------------------------------

Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	186,161			
Male	184,717			
Total	370878	0	0	0

Provide additional explanation on targets, other methodologies used, and other focal area specifics (i.e., Aichi targets in BD) including justification where core indicator targets are not provided

The protected areas under improved management for conservation and sustainable use that will be created are equivalent to the total area to be registered as Areas Voluntarily Destined for Conservation (ADVC), and will be in close proximity to Natural Protected Areas (PAs) of the region. The certification of ADVCS supports landowners in managing and sustainably managing their lands, while promoting the conservation of natural ecosystems and maintaining local biodiversity. The surface of the restored lands was calculated by multiplying the number of beneficiaries of the Sembrando Vida program by the 2.5 ha allocated by them for its restoration through agroforestry, plus the area of forest plantations and reforestation for the restoration of hydrological basins included in the programs managed by CONAFOR. Greenhouse Gas Emissions estimation for the three selected landscapes (Durango, Huasteca and Montes Azules) was prepared in accordance with the Guidelines of the Intergovernmental Panel of Experts on Climate Change (IPCC) 2006, Volume 4, Agriculture, Forestry and Other Land Uses (AFOLU), using the EX – ACT (Ex-Ante Carbon Balance) tool developed by FAO and the World Bank for estimating Mitigated Greenhouse Gases in their projects, expressed in carbon dioxide (CO<sub>2</sub>) equivalents, that were emitted or sequestered due to project implementation as compared to a business as-usual scenario. It is based on the method of stock changes, assuming default Emission Factors (TIER 1). The evaluation was made by Landscape according to its climatic and edaphic conditions, the land use of the IPCC categories for the base situation (2020) and the changes in land use scenarios with and without the project, considering an implementation period of 5 years (2020-2025) and a capitalization period of 15 years (2025-2040). The project will contribute to the following Aichi Biodiversity Targets: 1,7,15 and 19. It is also fully aligned with the Sustainable Development Goals, in particular with SDG 2, SDG 8, SDG 13 and SDG 15.

## Part II. Project Justification

### 1a. Project Description

#### 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed

##### *The global environmental problem*

1. Mexico is a 'mega-biodiverse' country, the fourth most biodiverse in the world, and is home to an estimated 12% of the world's species, a variety of climates, topography, and vegetation types. The country faces environmental degradation of its forests, soils and water resources, causing fragmentation of globally important ecosystems and habitat, as well as decreased productivity.

2. Highly biodiverse and soil rich areas often adjacent to poor areas where population depend on natural resources for their livelihoods and who often compete over resources with industries and large-scale agricultural production. The areas that are richest in biodiversity converge with the greatest regions of poverty and marginalization, many of which are areas with significant indigenous presence. Biodiversity loss not only impacts the physical environment, but social welfare and economic development, particularly in the most vulnerable communities. The role of biodiversity as a cornerstone for livelihoods is very important, particularly in poor populations<sup>[1]</sup>.

3. **Drivers of environmental degradation:** The extensive agriculture is one of the main drivers of deforestation and ecosystem fragmentation and degradation. Indeed, it is a sector that demands important resources such as: water (76% of the water concession), nutrients (5 million tons of fertilizers per year), soil (54.9% of the territory - exchange rate of 0.15% per year) and energy (180.26 PJ, as of 2016), as well as contributing 12% of GHG emissions at the national level, which is added to another 4.9% from land use, land-use change, and forestry (LULUCF) activities.

4. **COVID-19 Impact in Mexico:** The COVID-19 pandemic has had a devastating impact on the Mexican economy, with the GDP contracting 17.3% since the start of the crisis and heading for its worst recession in a century. The IMF predicts a 10.5% GDP contraction this year<sup>[2]</sup>. Worsening poverty conditions, including that of already vulnerable populations, is likely as an outcome of the COVID-19's economic impact. The pandemic has had a disproportionate impact on poor and marginalized groups who tend to have lower access to health services and whose economic income depends on daily labor or commerce.

##### *Threats and root causes*

5. Biodiversity loss in Mexico is attributed to two major threats and root causes: i) habitat loss and fragmentation, particularly in marginalized rural areas adjacent to globally significant natural areas; and ii) unsustainable natural resources use /overexploitation due to substitution of monocultures and commercial agricultural plantations and unsustainable practices in productive landscapes. In addition, adequate incentives are missing.

##### **i) Habitat loss and fragmentation**

6. It is estimated that Mexico has lost around 50% of its natural ecosystems due to habitat loss and fragmentation, mainly through land use change: the most accessible, productive ecosystems with better soils and lower slopes (e.g. forests, grasslands, cloud forests and to a lesser extent, bushes and temperate forests) are transformed into areas for agricultural production, principally. Although ecosystem transformation is not complete, from the functional point of view, fragmentation leads to a deterioration of the ecosystems' composition, structure or function (fragmented landscape) that affects the species diversity and the eco-system services they provide.<sup>[3]</sup>

7. In terms of forest ecosystems, around 70.9% of Mexico is covered by some type of forest vegetation and is inhabited by 10,870,927 people in 23,000 *ejidos*<sup>[4]</sup>, 15,584 farming communities and indigenous communities (comprising a population of 3,427,373), most of them in highly marginalized conditions<sup>[5]</sup>. At the same time, Mexican forest ecosystems present different dynamics of deforestation and degradation processes. The main causes of deforestation in Mexico are attributed to the conversion of natural areas into agricultural land, the expansion of urban and industrial development, illegal logging and wildland fires.

8. Pollinators, seed dispersers and different organisms that inhabit ecosystems and agro-ecosystems are also affected by habitat fragmentation, especially by land use changes for intensive farming (loss of pollinators' habitat) and logging. Tropical forests are the main users of pollination, insects pollinate up to 95% of canopy trees, bats can pollinate 20 to 25% of sub-canopy plants and forest understory, and insects another 50%. Meanwhile, in farming ecosystems, pollinators such as bees, birds and bats affect Mexico's farm production. Approximately 171 species cultivated in Mexico bear fruits or seeds that are consumed by humans and more than 80% of these crops depend in some degree on pollinators for efficient production<sup>[6]</sup>.

## ii) Unsustainable natural resources use /overexploitation

9. Natural and agro-ecosystems are affected by overly intensive farming that uses technological packages, as well as extensive cattle raising leading to deforestation and wildfires. Land degradation in Mexico affects 85 million hectares (47% of national territory), while 155,000 hectares/year are being deforested. Unsustainable land management practices are identified in many production systems applied in the country (forestry, agriculture and livestock), responsible for critical degradation. Forest degradation is caused by overgrazing in forest areas, forest fires, excessive logging or inefficient forest management, and increased intensity of slash and burn agriculture.

10. Traditionally, Mexican agriculture has centered around the *milpa*, an intercropping system of vegetable crops such as corn, beans, squash and chiles. The *milpa* is a system where different species coexist, sharing resources like water, light, soil and even ecological interactions, such as the nitrogen fixation provided by the beans. In recent years, however, the crops that have grown most in terms of production area in Mexico are export-oriented commodities (blackberries, strawberries, vegetables, avocados and agaves) and grassland farming (pastures and oats), often in monocultures and with unregulated use of chemical fertilizers and pesticides<sup>[7]</sup>.

## iii) Missing environmental criteria in policies and programs.

11. Social programs address poverty-alleviation without considering the environmental axis as a solution for poverty. Currently, the Government of Mexico (GoM) policy has proposed a two-way strategy for poverty reduction: unconditional cash transfers and incentives for agroforestry systems, specifically through the Ministry of Welfare's *Sembrando Vida*<sup>[8]</sup> (SV) Program. While the SV interventions have resulted in an increase in production, the program does not include specific BD standards to ensure environmental sustainability and ecosystem connectivity, beyond legal prohibitions forbidding government agricultural subsidies in certain forest areas. In addition, the implementation of these standards can generate enhance linkages to niche, and more profitable, markets.

## Project target landscapes and threats

### Selection criteria

12. The project will be implemented in three forest/agroforest landscapes where there is a confluence of government actions such as the SV Programme and the programmes to support the SEMARNAT, CONAFOR and CONANP. The project intervention landscapes were determined through a geospatial analysis in two phases: 1) Definition of potential regions of interest also called *GreenMex region*, and 2) Definition of intervention landscapes. Based on this, an exercise was carried out to identify possible biological corridors within the selected landscapes. Their relevance and importance in terms of natural resources and economic activities is detailed below:

13. To determine the definition of regions of interest for the project, a set of information developed by federal government institutions (National Water Commission, CONAGUA; National Forestry Commission, CONAFOR; National Commission of Natural Protected Areas, CONANP) and nationally recognized research centers (National Commission for Knowledge) was used as inputs and biodiversity use (CONABIO and National Institute of Forestry, Agricultural and Livestock Research INIFAP) was integrated.

14. Five variables have been considered: i) Potential water reserves basins (WWF-CONAGUA-CONANP, 2011); ii) Biodiversity conservation priority sites (CONABIO, 2007); iii) Environmental services payment areas (CONAFOR, 2018); iv) Reforestation priority sites (CONABIO, 2016) and v) Fragmentation of the forest in Mexico (INIFAP, 2008). 14 high-biodiversity value areas that integrate the five variables and three selection criteria were identified. Their importance is also related to ecosystem connectivity and habitat protection.

15. Three regions have been then selected for the GreenMex project: region 4, Durango; region 12, Montes Azules and region 6 Huasteca. To define the landscapes, the following criteria were considered: i) Climate corridors for the conservation of biodiversity (CONANP-CONABIO-GEF Resilience, 2019); ii) Voluntarily Destined for Conservation Areas (ADVC; CONANP, 2019) and / or Eligible Areas for Conservation in Mexico, 2014 (CONANP-CONABIO); iii) Hydrologic watersheds of Mexico from Watershed Flow Simulator (SIATL) (CONAGUA-INEGI 2019); iv) Landscapes that were preferably outside of other GEF projects<sup>[9]</sup>. Figure 1 illustrates the high-biodiversity areas selected for GreenMex intervention.

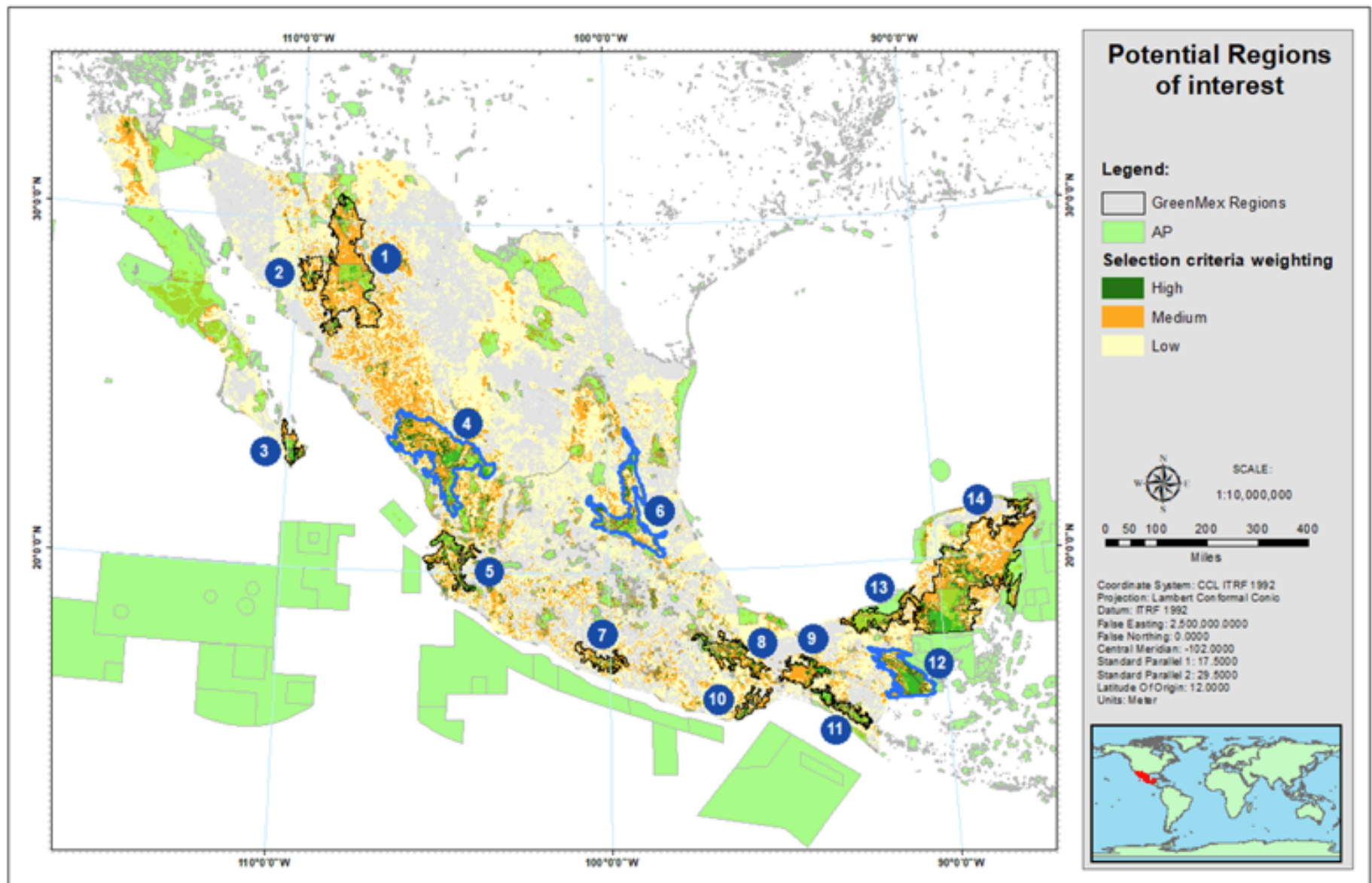
16. One selection criterion is the existence of protected area (PA). In the three targeted landscapes, there are 22 PAs (total: 2,062,031 hectares) and they coincide with Key Biodiversity Areas (KBAs) as described below:

a. In **Durango**: 1,032,874 hectares correspond to 4 PAs, including the Michilia Biosphere Reserve, and 3 KBAs: one in the Durango landscape (*Río Presidio-Pueblo Nuevo*) and two in the near area (*Sierra de Valparaíso* and *Quebradas de Sinaloa, Nayarit y Durango*). The environmental services of watershed protection and maintenance of germplasm, mainly forest, are relevant here. This landscape supports biota interactions along the Sierra Madre Occidental and between the temperate and tropical zones of the Pacific area. It functions as a biological corridor

b. In **Huasteca**: there are 7 PAs (560,221 hectares), including Biosphere Reserves such as Barranca de Meztitlán and Sierra Gorda; national parks like Los Mármoles; Natural Monuments such as Sótano de la Golondrina; RAMSAR sites of international importance such as Ciénega de Tamasopo; and some ADVCs. This landscape coincides with at least 8 KBAs: 4 within the landscape (Sierra de Abra-Tanchipa, Sierra Tamalve, San Nicolás de los Montes, Rosetophilous) and 4 nearby (Sierra Gorda Biosphere Reserve, Tlanchinol and Bosque from the Northeast Mountain of Hidalgo, Los Mármoles and Barranca de Meztitlán). A part of this landscape coincides with the Ecological Corridor of the Sierra Madre Oriental, promoted by GIZ and CONANP. The KBA Sierra de Abra-Tanchipa has high potential to form a biological corridor with the El Cielo Biosphere Reserve and its functional ecological integrity is high.

c. **Montes Azules** is part of the Mesoamerican Biological Corridor initiative; it concentrates 11 PAs (2 biosphere reserves: Montes Azules and Lacan-Tum; 2 natural monuments: Bonampak and Yaxcilán and 4 flora and fauna protection areas) in an area of 468,935 hectares. Montes Azules KBA represents one of the last rainforest areas in Mexico, being home to 12 types of vegetation and at least 45 species of fauna of interest for conservation, including: Jaguar (*Panthera onca*), Black Saragato (*Alouatta palliata*), Saragato de mantle, (*Alouatta pigra*), Spider monkey (*Ateles geoffroyi*), Ocelot (*Leopardus pardalis*).

Figure 1: High-biodiversity areas selected for GreenMex intervention



In the "high" category, there are very relevant areas of conservation in all categories considered. In the "medium" category, there are areas with medium to low weighting values in all variables. And in the "low" category, there are areas with null values in at least one of the topics and very low values in the other variables involved. (Source: FAO)

Intervention landscapes (in GreenMex regions)



17. Within the three GreenMex selected regions, the intervention landscapes were finely delimited, considering the incorporation of hydrological basins. The information resulting from the GreenMex intervention landscapes is detailed in Chart 1 and Chart 2.

**Chart 1. GreenMex Landscape Areas**

Landscape	Hectares	National Protected Areas (NPAs)	PAs (Ha)
<b>Durango</b>	3,764,207	4	1,032,874
<b>Huasteca</b>	2,258,486	7	560,221
<b>Montes Azules</b>	1,539,017	11	468,935
<b>Total</b>	<b>7,561,710</b>	<b>22</b>	<b>2,062,031</b>

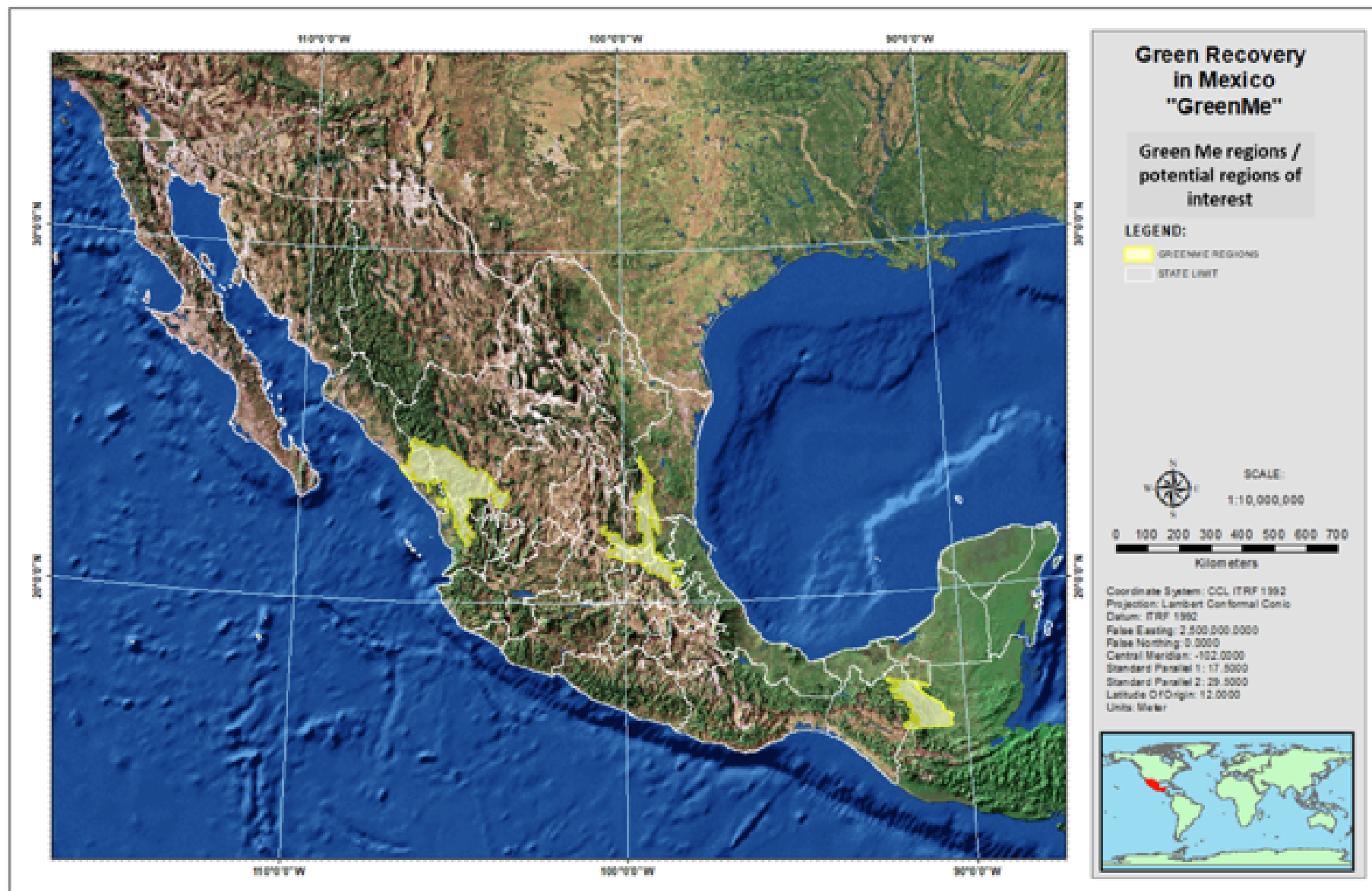
Source: FAO and SEMARNAT

**Chart 2. Land use and vegetation of the three GreenMex intervention landscapes**

Land use and vegetation	Durango	Montes Azules	Huasteca
	Ha (%)	Ha (%)	Ha (%)
<b>Agriculture</b>	70,391 (1,88%)	95,111 (6,18%)	658,349 (29,15%)
<b>Water Bodies</b>	376 (0,01%)	9,234 (0,60%)	6,324 (0,28%)
<b>Bare soil</b>	2,259 (0,06%)	154 (0,01%)	678 (0,03%)
<b>Urban</b>	1,129 (0,03%)	6,926 (0,45%)	20,101 (0,89%)
<b>Grassland</b>	170,142 (4,525%)	212,822 (29,72%)	540,004 (23,92%)
<b>Primary Vegetation</b>	1,865,917 (49,57%)	256,126 (35,77%)	535,713 (23,72%)
<b>Secondary Vegetation</b>	1,653,993 (43,94%)	195,369 (27,28%)	497,319 (22,02%)
<b>Total</b>	<b>3,764,207</b>	<b>1,539,017</b>	<b>2,258,486</b>

Source: FAO and SEMARNAT

**Figure 2. The three selected regions (GreenMex regions)**



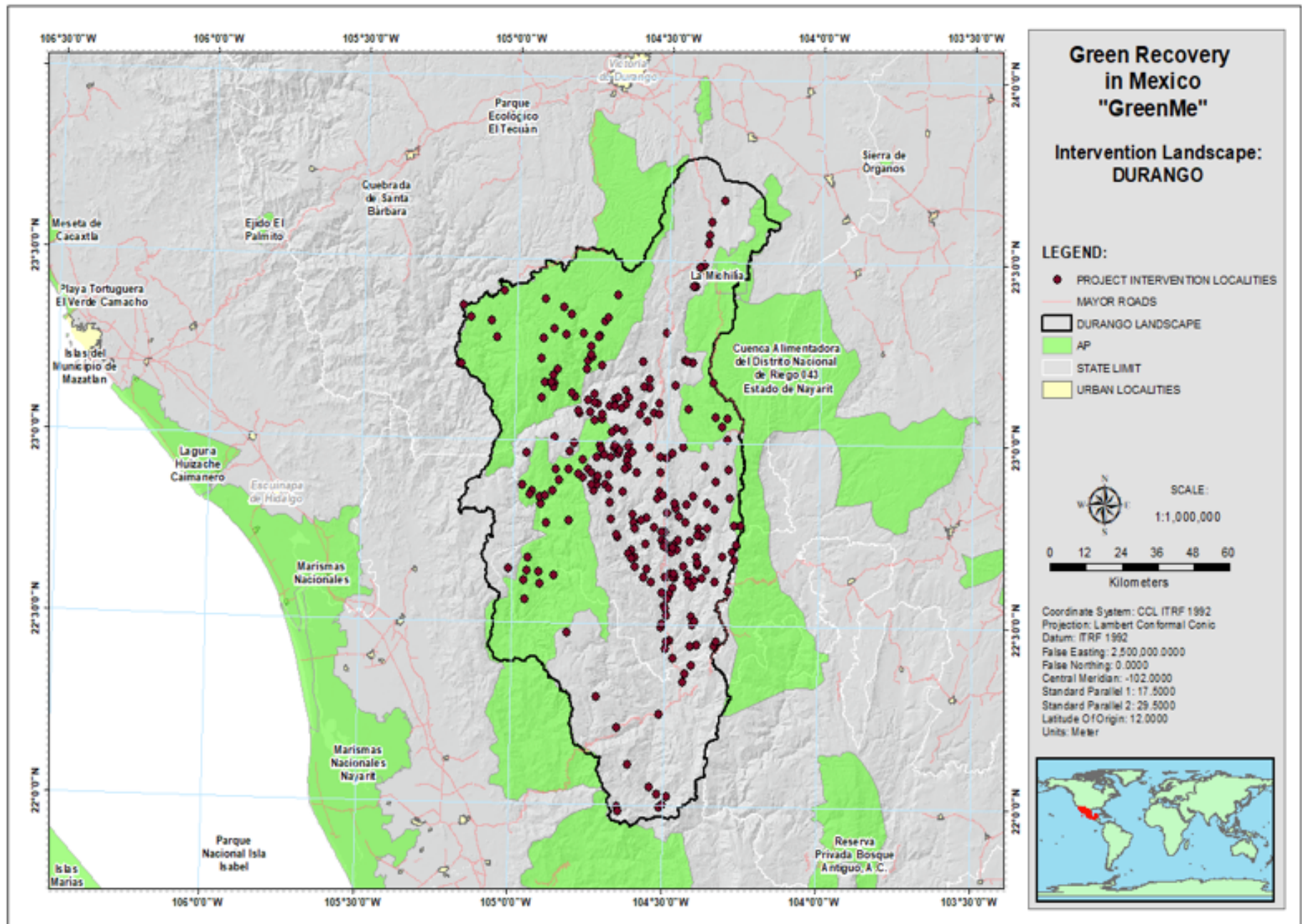
Source: FAO

### Durango Landscape

18. The Durango region is located between the coordinates 23° 47' 30" and 21° 56' 32" north latitude, 104° 08' 23" and 105° 12' 09" west longitude, in the southern portion of the Sierra Madre Occidental, with an area of 1,296,612 hectares, in six municipality of Durango state (Durango, Mezquital, Nombre de Dios, Pueblo Nuevo and Suchil) and three municipalities of Nayarit state (Acaponeta, Huajicori and Del Nayar).

19. With a population of 58,863 inhabitants, in urban areas is 4,380 inhabitants, and rural is 54,483 inhabitants, distributed in two urban areas and 1,160 rural localities. The male population is 29,416 (49.97%) and the female population 29,447 (50.03%). The indigenous population is 48,466 inhabitants, 89% of the total population, divided amongst Nahuatl, Huicholes and Coras. 72% of the population has an age less than or equal to 24 years. 39,623 inhabitants (67%) is very highly marginalized and 16,316 inhabitants (28%) is highly marginalized
20. This region includes two federal natural protected areas that are key to biodiversity conservation in the upper and middle part of the Western Sierra Madre with 490,735 hectares (38%) (Natural Resources Protection Area CADNR 043 Nayarit State and La Michilia Biosphere Reserve).
21. The Durango landscape consists of terrestrial ecoregions of temperate mountain ranges that contain native ecosystems in good condition, representative of cool climate, wet semi-cold, sub-humid temperate, dry to semi-dry temperate, warm sub-humid and semi-dry semi-warm, with pine-oak forest, mesophilic forest of mountain, sub-deciduous forest and deciduous forest, gallery vegetation, xerophilous scrub, natural palm grove and grassland. Its land use is forest predominantly (93.51%), with primary forest in 49.57% and secondary forest in 43.94%. 869,437 hectares (67%) are under social property regime, in *ejidos* and communities.
22. The Durango landscape area is delimited by the Mezquital, San Pedro, and Jesus Maria watersheds, that are part of the hydrological region Presidio-San Pedro. The landscape is characterized by its broad forest vocation, however, illegal logging, inadequate forest management and the incipient increase in the agricultural frontier have caused the degradation of forest cover.
23. Of the three project landscapes, Durango is the southernmost region of the American continent where the presence of black bear (*Ursus americanus*) is recorded, and under the threat of the effects of climate change its conservation is important. Fauna also includes puma, (*Puma concolor*), coyote (*Canis latrans*), American gray wolf (*Canis lupus baileyi*), white-tailed deer (*Odocoileus virginianus*), Jaguarundi (*Puma yagouaroundi*), jaguar (*Panthera onca*), ocelot (*Leopardus pardalis*), wild turkey (*Meleagris gallopavo*), collar pecari (*Pecari tajacu*), river otter (*Lontra longicaudis*), blackish bat (*Myotis nigricans*), mountain rabbit (*Sylvilagus florindanus*).
24. The **main threats to biodiversity and ecosystems** of the **Durango Region** are deforestation (507.41 ha/year in 2007-2014), further expansion of the agricultural frontier, illegal and legal timber extraction for furniture, posts, construction beams and structures for tomato cultivation, unsustainable forest management, land use change, overgrazing and the development of hunting ranches. The felling for timber of pine forests in the highlands leads to a subsequent erosion process and the conversion of natural vegetation, mainly oak trees. A full threat analysis at local level will be conducted during PPG, in close consultation with the SV Program, national institutions and local stakeholders.
25. In Durango, ecosystem services include the recharge of aquifers to supply population centers in the lower part of the basins, biodiversity conservation, wildlife refuge, conservation of ecological processes, protection of valuable ecosystems such as mountain mesophyll forest, and recreation, among others. This landscape is characterized by its broad forest vocation. The ejidos and forest communities represent an important component in the forest production chain and constitute a key socio-cultural system directly responsible for the sustainable development and management of forests. In terms of agriculture, the region belongs to the RDD 43, and is characterized by lands (approximately 700 hectares) devoted to the production of beans, grain corn, green alfalfa, fodder oats, green chilies, and tomatoes. As regards agricultural production, the main product is cattle, followed by pigs, sheep, goats, poultry and beehives. In average, 1,733.7 thousand litres of milk are annually obtained from cattle, 1.1 thousand from goats, 3.1 tons of wool, 284.5 tons of eggs and 6.9 tons of honey.
26. The economically active population is 34,593 inhabitants. (58.77%). The primary sector holds 31,686 job (92%), the secondary 1,087 jobs (3%) and the tertiary 1,820 jobs (5%). Tourist activities occupy only 205 jobs (0.59%).
27. 27% of SV intervention areas are agricultural lands; 41% secondary vegetation, and 32% primary vegetation. In other words, 73% of the landscape has natural vegetation. 61% of localities are located in lands with a high degree of fragmentation or with low forest cover. The basin of the Irrigation District 045 of the state of Nayarit conserves and provides water services. Figure 3 illustrates the Durango intervention areas.

**Figure 3. Durango Landscape and project intervention areas**



Source: FAO

Monte Azules Landscape

28. The Montes Azules Region is located in the coordinates 17° 30' 31" and 16° 14' 28" north latitude, 90° 39' 16" and 92° 01' 28" west longitude, mountains of Chiapas, southeast of Mexico (border with Guatemala). It is an ecoregion of warm rainforests, with an area of 789,129 hectares. The region includes 12 municipalities of Chiapas (Altamirano, Benemérito de las Américas, Chilón, La Independencia, Las Margaritas, La Trinitaria, Maravilla Tenejapa, Marqués de Comillas, Ocosingo, Palenque, Salto de Agua, Tumbala) and one municipality of Tabasco (Tenosique).
29. The Montes Azules region has a population of 191,315 inhabitants distributed in three urban areas (48,351 people) and 907 rural localities (142,964 people). The male population is 95,455 (49.89%) and the female population 95,859 (50.11%), The indigenous population is 131,275 inhabitants, 92% of the total population, divided in Tzeltal, Chol, Tzotzil, Lacandón, Tojolabal. The inhabitants of Tzeltal origin predominate. 66% of the population has an age less than or equal to 24 years. 44,355 inhabitants (23%) is very highly marginalized and 144,931 inhabitants (76%) is highly marginalized. In addition, 76.4% of the population is in poverty, of which 29.7% in extreme poverty.
30. The Montes Azules region includes eight federal protected areas within four categories: i) 2 biosphere reserves (Montes Azules and Lacan-Tum), ii) 2 natural monuments (Bonampak and Yaxcilan), iii) 4 flora and fauna protection areas (Chan-Kin, Nahá, Metzabok, and Usumacinta Canyon).
31. The types of vegetation found in the region vary from coniferous forest, mesophyll mountain forest, high evergreen forest, high subperennifolia, medium subperennifolia, low spiny, grassland and hydrophilic vegetation. Land use is distributed as follows: 38.75% with primary forest, 27.28% with secondary forest, a 29.72% with grasslands and 6.18% with agriculture. 327,534 hectares (42%) are under social property regime, in *ejidos* and communities.
32. The Montes Azules landscape area is delimited by Jatat, Perlas, Lacanja, Chacaah and Usuma watersheds, that are part of the hydrological region Grijalva-Usumacinta. There is a highly biodiverse fauna <sup>[10]</sup>.
33. Current **threats to biodiversity in the Montes Azules** Region include: high deforestation (4,740 ha/year in 2007-2014) and forest degradation, both mostly caused by new settlements, unsustainable agriculture, forest fires, land tenure conflicts, overexploitation of soils, hunting or capture for illegal trade of native fauna, and the extraction of timber species of cedar, mahogany, palm and *granadillo*. A full threat analysis at local level will be conducted during PPG, in close consultation with the SV Program, national institutions and local stakeholders.
34. The economically active population is 148,720 inhabitants (77.74%). The primary sector holds 143,055 jobs (92%), the secondary, 3,053 jobs (2%) and the tertiary, 2,612 jobs (2%). Tourist activities occupy only 308 jobs (0.21%). SV beneficiaries are mainly located in pasturelands, used for livestock production (83%). 12% of Montes Azules has degraded and /or fragmented vegetation, 1% has native vegetation, and 4% are agricultural lands.

**Figure 4. Montes Azules Intervention Landscape**





35. The Huasteca region is located between the coordinates 22° 44' 32" and 20° 39' 34" north latitude, 98° 13' 12" and 99° 36' 07" west longitude, in the southern portion of the Sierra Madre Oriental, with an area of 1,800,460 hectares, in 29 municipalities of Hidalgo, 24 municipalities of San Luis Potosí, three municipalities of Tamaulipas and seven from Veracruz.

36. The Huasteca region has a population of 1,246,308 inhabitants (urban areas: 438,947; rural areas: 807,361 people), distributed in 61 urban areas and 5,044 rural localities. The male population is 614,820 (49.33%) and the female population 631,488 (50.67%). The indigenous peoples are 613,923 inhabitants, (76% of the total population) including *Huastecos*, *Pames*, *Totonacos*, *Chichimecas*, *Tepehuas* and *Nahuatl*. The population is very young: 53% is less than or equal to 24 years old.

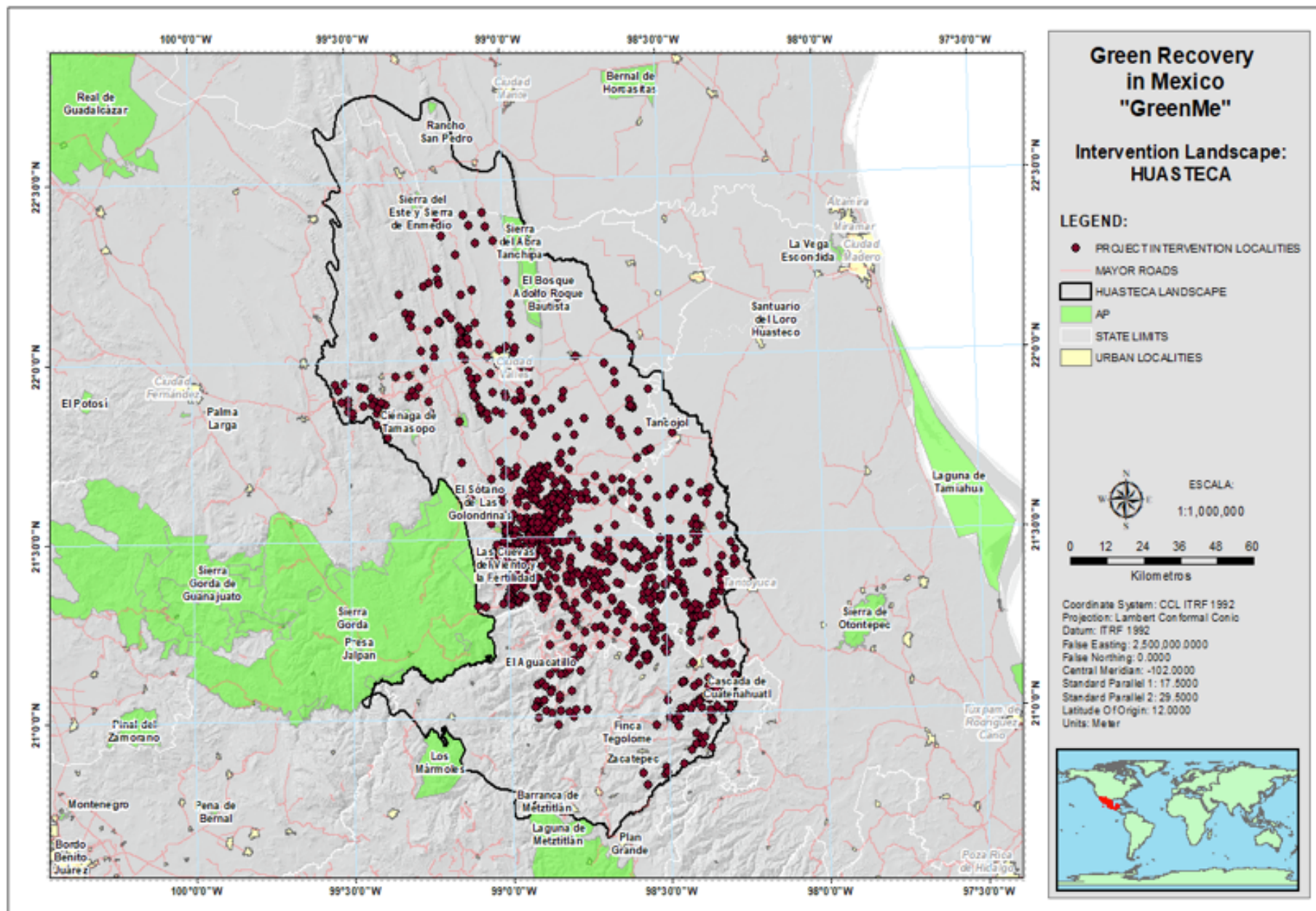
37. This region includes three federal natural protected areas that are key to biodiversity in the upper part of the Eastern Sierra Madre with 19,984 hectares (1%) (Los Marmoles, Sierra de Alba Tanchipa y Sierra Gorda). The region consists of terrestrial ecoregions of temperate mountain ranges that contain native ecosystems in relative good condition, representative of cool climate, wet semi-cold, sub-humid temperate, dry to semi-dry temperate, warm sub-humid and semi-dry semi-warm, with pine-oak forest, mesophilic forest of mountain, sub-deciduous forest and deciduous forest, gallery vegetation, xerophilous scrub, natural palm grove and grassland.

38. Land use is organized as follows: agricultural activities in 53.07% of the territory (croplands: 29.15%; pasturelands: 23.92%), primary forest in 23.72%, and secondary forest at 22.02%. 308,277 hectares (17%) is under social property regime, in *ejidos* and communities. The Huasteca region has been exploited for more than 60 years through the establishment of sugar mills and extended sugar cane plantations, the national clearing program (PRONADE, 1972) and the "Puja-Coy" project, among others. The Huasteca region has experienced disorderly economic growth in some areas and social backwardness in others <sup>[11]</sup>. The cultivation of sugarcane, orange, coffee, vanilla and maize, and livestock production, all for self-consumption, stand out. These crops face price up and downs, as the products are sold unprocessed and the profits are usually taken by brokers and industrial processors.

39. Tourism is a relevant economic sector in Huasteca, which offers wide attractions such as archaeological zones, canyons, rivers, waterfalls, caverns, natural protected areas, volcanoes, monoliths and colonial vestiges, museums, festivities, and temples.

40. The **main threats to biodiversity and ecosystems in Huasteca** are land use change and habitat loss (converting natural vegetation into extensive agriculture areas with a marked advancement of the agricultural frontier), discharges of toxic fluids into aquifers by sugar mills, waterbodies contamination, the introduction of alien species - such as eucalyptus, forest fires, oil fields, unsustainable tourism development, clandestine dumps of waste from mining companies and irregular mining operations. A full threat analysis at local level will be conducted during PPG, in close consultation with the SV Program, national institutions and local stakeholders.

**Figure 5. Huasteca Intervention Landscape**



Source: FAO

## Barriers:

### 1) Institutional Barriers



41. **a. Limited coordination between social, agricultural and forestry programs to safeguard biodiversity:** The planning and implementation of social, agricultural and forestry policies and programs is poorly coordinated, with little to no consideration of the diverse ecosystems that coexist in each territory. Institutions or dependencies (national, state, municipal) define their policies based on their specific objectives and mandates, focusing on the scope of the short- and medium-term objectives of their own sector. As such, policies and objectives for the sustainable use and conservation of natural resources are generally limited to the Ministry of Environment (SEMARNAT). BD and ecosystem services are not adequately recognized when implementing specific productive and social programs that influence landscape management, such as SV.

42. **b. Weakness in monitoring the results of government programs and their contributions to national and international goals regarding biodiversity:** Institutional programs have monitoring systems disjointed between sectors and include management indicators while omitting impact/outcome indicators. The SV Program has a basic monitoring system and does not gather systematized information on environmental variables. Monitoring of contributions to BD in accordance with national goals committed within the National Biodiversity Strategy and SDGs are not in place.

## 2) Governance Barriers

43. **c. Limited participation of women, youth and indigenous people:** Only 19% of the *ejido* property in Mexico is in women's hands, and these are subject to a number of barriers regarding: a) access to programs because they do not have the legal means to prove land ownership; b) access to credit and supplies; and c) participation in decision-making and representation spaces. Consequently, activities related to productive sectors - such as forestry - tend to exclude women. Although 30% of the participants that directly access *Sembrando Vida* are women, their participation in decision-making and representation is unknown.

44. **d. Weak community-based governance over natural resources and BD:** Stakeholders (government institutions, technicians and producers) have limited vision of the territory. The lack of a landscape approach hinders effective participation in planning and zoning. Likewise, ejidos and communities have limited capacities with regards to local governance, technical, organizational, planning and commercial activities, resulting in a lack of accountability mechanisms and inadequate representation in local assemblies. There is a marked weakness in applying a gender approach and social integration (women, youth, indigenous peoples and the elderly); participation and access to resources is characterized by gender and ethnic inequality gaps.

## 3) Technical Barriers

45. **e. Local stakeholders (extensionists, communities, institutions) are not adequately trained or sufficient in number to mainstream biodiversity, restoration and ecosystem connectivity.** The unsustainable use of natural resources is due, in part, to the lack of knowledge of the potential and limits/carrying capacity of the territory. Technical and advocacy capacities are insufficient. Inputs for sustainable production are difficult to find and have high costs. Many new agroecological, agroforestry, and silvopastoral approaches promoted by formal programs and projects have never gotten beyond the pilot stage and have not been widely disseminated. For example, while SV has many technicians who are knowledgeable about conventional agricultural and agroforestry practices, they are not trained in integrated landscape management approaches.

46. **f. Insufficient production of native plants:** SV promotes the establishment of agroforestry systems by producing native species seeds in community-based nurseries (60%), military nurseries (20%) and commercial nurseries (20%). In Year 1, seed production was partial and the plants grown in community-based nurseries (managed by the beneficiaries) have not obtained the quality and safety certification issued by CONAFOR and the National Seed Inspection and Certification Service (SNICS, of SADER). This might represent a phytosanitary risk. In the wider agricultural sector, the use of native seeds is weakly promoted because improved seed is the most widely used due to its high production and resistance.

## 4) Market and Financing Barriers

47. **g. Lack of profitable market opportunities for high-value BD products, mainly non-timber forest products (NTFP):** Rural populations use NTFPs but lack plans and diversified strategies to promote their sustainable use. The information on NTFPs is scattered, contradictory and unclear. Likewise, there is an incomplete overview of the effects on ecosystems due to the scarcity of systematized and reliable information on the diversity of uses, extraction rates, collection, production and commercialization processes. The production model promoted by SV focuses on agroforestry products such as coffee, cocoa, and vanilla. In Year 1, SV focused on the commendable effort of reducing rural poverty and improving the primary production. SV is intended to promote the selling of production surpluses, but has not yet developed comprehensive business plans, nor identified target markets and this gap may affect the long-term supply

and sustainability of the Program. Many agricultural producers in rural areas have difficulty accessing local, regional, and international markets due to their lack of knowledge about prices, poor negotiation skills, exclusion along the value chain and weak organizational capacities. On the other hand, the market is limited, primarily because there is little consumer information about sustainable products. Furthermore, producers and technical agents have limited capacities in relation to adding value to production, and value chain development more generally. While the NTFPs related to edible and medicinal products have increased in demand, they have very variable seasonal markets with marketing chains that generally only obtain the greatest profitability in the last stages of the chain (i.e. processing centres). Many communities or ejidos sell to wholesalers and do not have the organizational arrangements needed to add value and gain access to more specialized markets. There is a lack of programs to encourage the implementation of green seals in artisanal production, strengthen capacities and encourage short value chains.

48. **h. Agricultural and forestry producers have little access to financing and few incentives to finance sustainable production:** Crops and products that support the flow of ecosystem services are rarely incentivized. In the forestry sector, there are few financing schemes and costs are high (e.g. 30% of production costs cover road maintenance). Although there are initiatives that support green companies, gender equality businesses, or other ventures aimed at sustainable development, Mexican financial institutions do not foster access to affordable finance by SMEs, small and medium producers and cooperatives, particularly in areas afflicted by poverty. This is due to a high level of perceived risks, lack of guarantees or registered collaterals, high costs of financial services, and limited financial education.

## 2) The baseline scenario and any associated baseline projects

### ***Sembrando Vida Program (Ministry of Welfare):***

49. SV is the key baseline initiative for this GEF project. SV is implemented over a period of 5 years in 20 Mexican states, and is the signature program of the social policy promoted by the Government of Mexico (GoM). The Program recognizes the importance of supporting farmers living in high-value biodiversity territories. SV is designed to serve rural populations that live in marginalized localities and whose municipalities have medium and very high levels of Social Lag. Priority is given to indigenous and afro-Mexican populations in landscapes with high environmental, forestry and food production potential. SV promotes sustainable agricultural system, and also seeks to support soil recovery, environmental integrity and food security.

50. SV beneficiaries are legal age farmers, landholders of 2.5 hectares usable for agroforestry projects. Out of these 2.5 hectares, one hectare should be cultivated with *milpa*<sup>[12]</sup> or preferably as *Milpa* Intercropped with Fruit Trees (*MIAF*). The other 1.5 hectares should be dedicated to Agroforestry Systems (SAF). SV provides support for agroforestry production and technical support for the implementation of agroforestry systems. Participants who have complied with their monthly work plan receive \$ MX 5,000 allocated as savings; of this amount, \$ MX 250 must be used as saving investment in a financial institution, and \$ MX 250 pesos must be kept at the Welfare Fund. Ultimately, SV aims to strengthen the economic and social development of the communities of 410,000 farmers in 1,025,000 hectares.

### ***Banca Social (Ministry of Welfare, through the National Institute of Social Economy (INAES):***

51. Social Bank (*Banca Social*) has a support program focused on the Savings and Credit Organizations of the Social Economy Sector. Currently, 803 Cooperative Societies of Savings and Loans (SOCAP) are recognized with more than 8 million members and manage an economic asset of USD 8,196,661,390<sup>[13]</sup>. Under the social economy approach, it has been possible to consolidate cooperative enterprises based on the sustainable use of biodiversity.

### ***Integrated Landscape Management mechanism (Mexican National Forestry Commission - CONAFOR):***

52. CONAFOR is launching a new mechanism to compensate conservation and good management practices. It focuses on expanding the protection and sustainable use of forests and strengthening the capacities of forest-dependent people, for the benefit of the entire society. It will promote the consumption of products from certified forests and establish collaboration platforms with producers, indigenous communities, women and youth. The new mechanism can be implemented in the SV sites, leveraging the federal support.

### ***National Programme for Hydrological Environmental Services (PSAH):***

53. PSAH began in 2003 and pays landowners to maintain forest cover under five-year contracts. Between 2003 and 2019, CONAFOR allocated approximately USD 14.5 million to enroll 1.77 million hectares<sup>[14]</sup>. In 2006, the PSAH objectives were modified to include poverty alleviation<sup>[15]</sup>. PSAH has financed the creation of 217 Wildlife Management Units (UMAS), the conception or strengthening of 886 diversification projects, and the conservation and

sustainable management of 76 properties with forest use timber<sup>[16]</sup>. PSAH currently supports: biodiversity conservation (4%), landscape conservation and restoration (26%), production diversification (20%), sustainable forest management (8%), organization and planning (2%) and forest protection (40%).

#### **Ministry of Agriculture and Rural Development (SADER):**

54. SADER has several programs aimed to reverse ecosystem degradation by preserving water, soil, and biodiversity. SADER programs include: (a) Production for well-being; (b) Rural development; (c) Social and sustainable agro-markets; and (d) Agro-diverse Landscapes (with support from another GEF-7 initiative).

#### **National Seed Inspection and Certification Service (SNICS):**

55. SADER, is developing the “*Sembrando Vida* Quality” badge for the seeds of community nurseries involved in the Program. SNICS launched the **National System of Phytogenetic Resources (SINAREFI)** in 2002, which has coordinated and organized more than 40 crop networks and/or agricultural processes. Meanwhile, the **National Institute of Forestry, Agricultural and Livestock Research (INIFAP)** is providing training of SV personnel on agroforestry issues.

#### **National Commission on Natural Protected Areas (CONANP):**

56. CONANP has created and currently manages 182 Natural Protected Areas (PAs) in Mexico, to safeguard the remnants of moderately conserved terrestrial and marine ecosystems and biodiversity. However, CONANP’s management policies only focus on the interior of the polygon areas, resulting in relatively secure islands of conservation that are completely separated from each other and result in a series of delicate crystal bubbles for species survival.

### ***3) The proposed alternative scenario with a brief description of expected outcomes and components of the project.***

57. **Project Objective:** The GreenMex project will mainstream biodiversity conservation, integrated landscape management and ecosystem connectivity into social policies and programs in Mexico.

#### **Project Strategy**

58. To achieve this objective, the project will build on the **SV Program**, the flagship social program aiming to reduce poverty of agricultural households living in (or adjacent to) areas with forest restoration potential. SV functions as an economic incentive for poor families to adopt more sustainable practices in agroforestry and create community-based businesses by providing regular monthly payments, access to financial services and extension services and training to farmers.

59. The proposed GEF project will be implemented in forest/agroforest landscapes within three target areas. The selection criterion is a confluence of government actions such as the SV and the CONAFOR, CONANP and SEMARNAT programs.

60. The GEF project will implement actions focused on: i) strengthening stakeholders’ capacities for the recognition, valuation and sustainable management of biodiversity and ecosystem services; ii) mainstreaming environmental criteria in the SV Program; iii) strengthening territorial governance to improve social representation in decision-making processes; iv) implementing agroforestry systems that rescue ancestral practices while adopting new knowledge and practices; v) promoting ecosystem connectivity through landscape restoration, reforestation and community-based forestry management; and vi) developing market-based tools to promote the inclusive participation of SV beneficiaries in the value-chain of non-timber forest products (NTFPs) and underutilized native species (with emphasis on women, youth and indigenous people).

#### **Project Technical Approach**

The project rationale is based on 3 technical approaches:

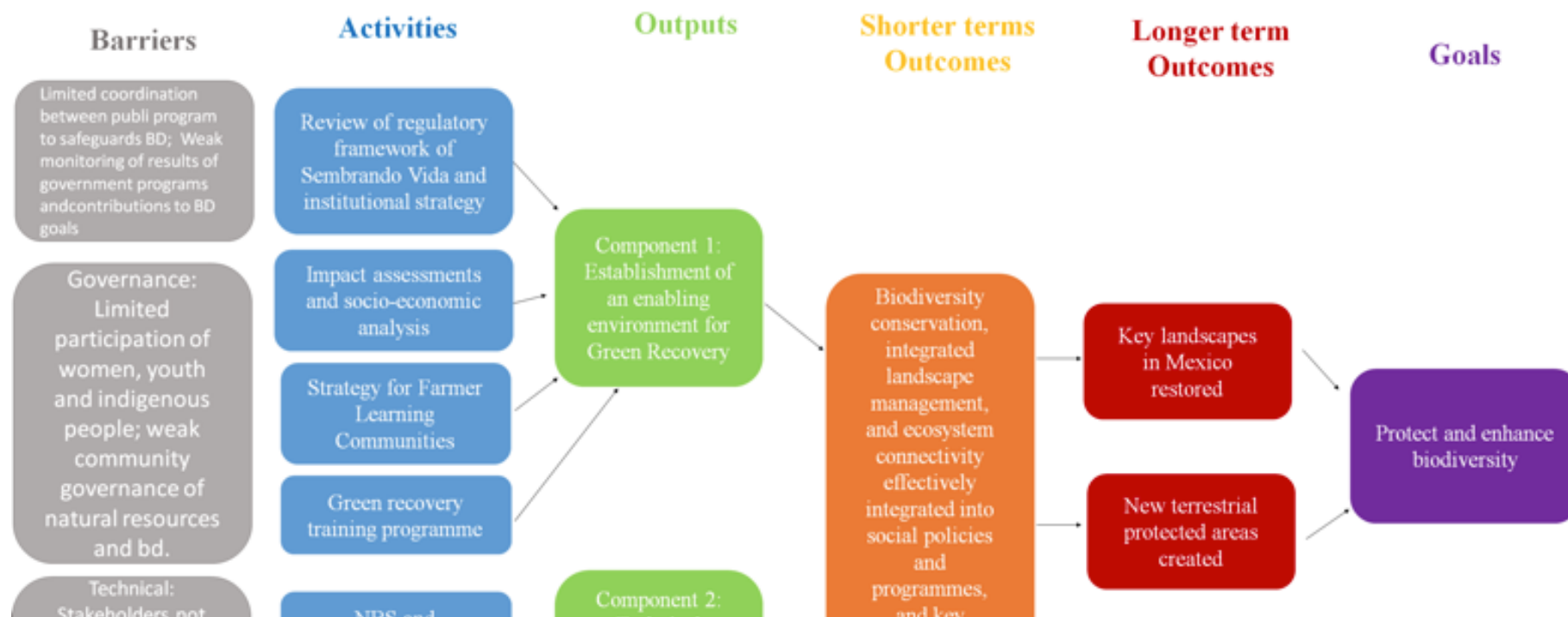
61. 1) The **UN Building Back Better** approach after COVID-19, which in Latin America and the Caribbean “implies building back with equality, redefining the development model towards one anchored in human rights and factoring in the environmental dimension, aligned with the 2030 Agenda and the Sustainable Development Goals (SDGs)”<sup>[17]</sup>.

62. 2) The **Nature-Based Solutions (NBS)** to societal challenges approach intended as “solutions that are inspired and supported by nature, which are cost-effective, simultaneously provide environmental, social and economic benefits and help build resilience. Such solutions bring more, and more diverse, nature and natural features and processes into cities, landscapes and seascapes, through locally adapted, resource-efficient and systemic interventions”<sup>[18]</sup>.

63. 3) The **Social Economy** approach applied by the GoM through its signature SV Program. The social economy focusses on cooperative initiatives and strive for the generation of social welfare through economic profitability. The activities promoted by the social sector are expected to offer goods and service while generating positive environmental impacts and mainstreaming sustainable practices under a lifecycle approach. The working unit is the territory, defined as a socio-ecological system.

64. The Social Economy (SE) fosters a direct connection between social entrepreneurs and buyers of environmentally friendly products, to generate at least two benefits: i) minimize risks through formal agreements, and ii) create products that meet quality requirements of specific markets. This SE strategy is aimed to support value chains and market insertion. The SE has drawn lessons from Mexico’s significant experience in commercial community-based forestry, fair trade, organic coffee, sustainable basic grain production, and organic natural gum, among others.

### Theory of Change of the GreenMex Project





## 65. TOC Description

### Key assumptions:

66. (1) Regulatory frameworks and strategies are adopted and scaled up by the *Sembrando Vida* Program/Ministry of Welfare (for Component 1);
67. (2) Strategies for NBS and nature connectivity adopted and scaled up by CONANP, CONFOR, Ministry of Welfare, the Ministry of Environment (SEMARNAT), and other federal and regional institutions (to be further discussed during PPG) (for Component 2). These four institutions are partners in the SV Programme;

68. (3) Potential for socio-economic businesses and organizations exist at local level. (4) Global and/or national markets exist or can be created for BD products (for Component 3);

69. The GreenMex Project will seek to achieve biodiversity conservation and the green economic recovery of vulnerable populations in Mexico through a Building Back better approach.

70. The GreenMex project will achieve three overarching long-term goals. The first two - the restoration of key landscapes in Mexico and the creation of new terrestrial protected areas- will build on (and add value to) Mexico's SV Program (SVP), a flagship social program aiming to reduce poverty of agricultural households living in (or adjacent to) areas with forest restoration potential. The SVP functions as an economic incentive for poor families to adopt more sustainable practices in agroforestry and form community-based businesses by providing regular monthly payments and access to financial services.

71. In addition to upscaling the SV Program, GreenMex will also foster the institutional and local capacities for the adoption of biodiversity conservation, landscape management, and ecosystem connectivity within key normative and implementing institutions: CONAFOR, CONANP and SEMARNAT and support the implementation of large-scale restoration and biodiversity strategies beyond SV areas of influence.

72. The third long-term goal - rural poverty reduction through green economic recovery – will seek to strengthen the Social Economy of high biodiversity products through the identification and creation of new markets for BD products and through the development of inclusive models in the BD sector. The main hypothesis here is that BD conservation, integrated landscape management and ecosystem connectivity will be reinforced through the creation of socio-economic incentives at local and national levels.

73. This causal pathway will apply to both the SV Program level (Component 1) and the three targeted landscapes (Component 2 and 3). The TOC will be discussed, validated, and refined with project stakeholders during PPG.

### **Project Components and Outcomes**

The project will be delivered through four components, as follows:

#### **Component 1: Green Recovery: Setting up the Enabling Environment**

74. Component 1 will address the need to strengthen the SV Program from an environmental perspective by mainstreaming biodiversity criteria and integrated landscape management strategies. Component 1 will support and inform policy and program planning, engaging government institutions and partners involved in the SV Program. Component 1 is aimed to achieve 2 outcomes and generate 5 outputs, as detailed below:

**Outcome 1.1: Regulatory framework of *Sembrando Vida* (SV) Program and institutional strategies, strengthened and harmonized for the generation of multiple environmental and socio-economic benefits.**

*Project Indicator 1:*

*20% of SV Program sites implementing environmentally friendly territorial plans.*

75. Outcome 1.1 will support the mainstreaming of environmental criteria in the SV Program, as well as in the Program's monitoring system. Environmental indicators will be inter-linked with the social and economic indicators that the Program already measures.

**Output 1.1.1: Key biodiversity (BD) and integrated landscape management criteria are incorporated into the *Sembrando Vida* (SV) program.**

76. Output 1.1.1 will start from the analysis of operating rules, mechanisms and tools applied by the SV Program and related policies. This output will support the mainstreaming of environmental criteria in the SV's operating rules and monitoring system.

**Output 1.1.2: (Three) Territorial institutional strategies strengthened and harmonized to promote inclusive economic recovery with a BD-friendly approach.**

77. This output aims to guarantee the effective articulation of the interventions of the social, agricultural, and environmental sectors under a landscape approach. Output 1.1.2 addresses the Building Back Better vision of reducing poverty while reversing biodiversity loss and environmental degradation.



78. The **Montes Azules** region is part of the Mesoamerican Biological Corridor (MBC) initiative, aimed to maintain ecosystem connectivity through a network of natural protected areas. **Component 1** will build upon the bases established by the MBC initiative by working with the social economy sector through SV and its target beneficiaries in the region, engaging them in agroforestry production models that enhance the connectivity goals of the MBC.
79. The distribution of sowers in **Montes Azules, Huasteca and Durango** is in deteriorated socio-ecological conditions, derived from the high pressure exerted by productive activities over the last 50 years. Component 1 will deliver 3 territorial strategies that include the restoration of degraded forest areas and highly fragmented ecosystems and reforestation actions.

**Output 1.1.3: Impact assessment of the innovative practices applied by the Project - to be upscaled by the entire SV Program.**

80. The assessment will apply a Nature-Based Solution (NBS) approach to measure the societal and ecosystem impacts of the project field interventions. The aim is to inform policy design and support the upscaling of NBS at the Program level (SV Program). Therefore, the project will integrate the missing pieces of the NBS approach and will support biodiversity mainstreaming in the Government's signature Program (SV).
81. Output 1.1.3 will analyze the cost effectiveness of social, economic and ecosystem services. The object of study will be the combined investment (SV + GEF project) in 3 target landscapes. The results of the assessment will inform decision-making and are expected to promote greater and sustained investments for the generation of multiple benefits. A valuation of the benefits derived from the mainstreaming of BD within the SV Program is expected to show clearly what is the value added to the SV program of the interventions implemented within the framework of the project; what are the best models to implement; whether they provide greater social-economic or governance benefits; and how this GEF catalyzing effort could give a plus to the SV signature program. The exact range of ecosystem services (e.g. water-soil-food) will be defined during PPG in close consultation with the national and local partners.

**Outcome 1.2: Increased stakeholder engagement and technical capacities**

*GEF Core Indicator 11: 370,878<sup>[19]</sup> (Women: 186, 161/Men: 184,717) direct beneficiaries as co-benefit of GEF investment.*  
*Project Indicator 2: Increase in Social Organization Index. Baseline: 46%, Target: At least will be increased 15%.*

82. The Social Organization Index has been used by the National Autonomous University of Mexico (UNAM) and applied by the National Forestry Commission (CONAFOR). This will measure communities that participate in programs in three prioritized landscapes.

**Output 1.2.1: Strategy for the permanence of Farmer Learning Communities (FLC), developed and implemented.**

83. The Farmer Learning Communities (FLC) are the collective subject of SV. They are made up of beneficiaries, support knowledge-sharing, give training in productive issues, community organization, social finances, the culture of savings to contribute to food security, wealth generation, income diversification and landscape restoration. FLCs strengthen ties with other collective structures, such as *ejidos* and other actors who live in the territory. FLCs play a role in setting up landscape governance. Output 1.2.1 will strengthen the participation of women, people indigenous and youth in the decision-making spaces of FLCs, *ejidos* and communities of 3 target landscapes.

**Output 1.2.2: Green Recovery Training Program, which targets government officials, beneficiaries of SV and relevant stakeholders.**

84. The FLCs will serve as multidisciplinary training centers, where the training and technical assistance plans will be implemented for targeted beneficiaries on 5 main topics: a) green recovery, b) governance and territorial management skills; c) sustainable production and conservation capacities; d) finance, social economy and markets; and e) exchange and establishment of a local and territorial knowledge management network. The capacities of producers will also be strengthened through the digital platform, in view of the COVID-19 situation. Special emphasis will be put on young people. Training will be culturally- and gender-sensitive. The training diploma currently promoted by the SV program will be strengthened with a vision of integrated landscape management.

**Component 2: Green Recovery: Integrated landscape management, inclusive conservation and ecosystem connectivity.**

85. **In Durango:** This landscape is characterized by its broad forest vocation, however, illegal logging, inadequate forest management and the incipient increase in the agricultural frontier have caused the degradation of forest cover. In addition, the conservation of water services is of utmost importance in this landscape. The **alternative scenario of Component 2** will promote activities on: i) integrated landscape management, with emphasis in community-based management; ii)

the creation of forest nurseries: iii) payment for environmental services, mainly water services; iv) the recovery and conservation of forest cover and forest ecosystem services (i.e. regulation of runoff, and reduction of land erosion); and v) topological arrangements in both agricultural and livestock areas, such as: establishment of windbreaks, living fences, living wall terraces, and living barriers for soil conservation and water retention.

86. Habitat loss is the main environmental problem in **Huasteca**, due to land use change and the expansion of the agricultural frontier for monocropping of sugarcane and others. The **alternative scenario of Component 2** will: i) implement integrated landscape management actions, complemented by the creation of new areas destined to voluntary conservation (ADVC, for its Spanish name); ii) establish community-based and sustainable forest management areas; iii) promote the transition from input-intensive agriculture (i.e. highly dependent on agrochemicals) to a more environmentally friendly model; iv) set up agroforestry systems (SAF, for its Spanish name), fostering the use of native under-utilized varieties; v) promote agriculture production diversification; vi) strengthen ecological corridors through landscape restoration, agroforestry and reforestation practices, supporting connectivity and the expansion of key corridors.

87. In **Montes Azules**, forest degradation is the main environmental problem, and land use change and the expansion of agricultural frontier are the main threats to biodiversity. The **alternative scenario proposed by Component 2** will include: i) integrated landscape management in converted lands, with landscape restoration actions and agroforestry systems (target areas: current agricultural lands); ii) alliances with the livestock sector to stimulate the adoption of climate-smart and BD-friendly production systems (e.g. silvopastoral systems); iii) promotion of community-based tree seed nurseries, with participatory certifications working under principles defined by relevant government agencies; iv) creation of ADVCS, in support of biodiversity conservation and sustainable use, to reduce pressures over federal protected areas and generate sustainable incomes for local communities.

88. A detailed description of field actions at local level will be developed during PPG. Component 2 is aimed to achieve 1 outcome and generate 4 outputs, as detailed below:

**Outcome 2.1: Nature-based Solutions (NBS) applied in prioritized forest and agroforestry landscapes, contributing to ecosystem connectivity, generating multiple environmental and socioeconomic benefits.**

*GEF Core indicator 4: Area of landscapes under improved practices (excluding protected areas). Target: 3,813,160*

*GEF Core indicator 1.1: Hectares of terrestrial protected areas newly created (Baseline: 3, 500 Hectares, Target: 100, 000 hectares)*

*GEF Core indicator 3: 133,325 hectares of land restored (58, 115 hectares of degraded agricultural land restored/ 75, 210 of forest and forest land restored)*

89. Nature-Based Solutions (NBS) will include Type 1 and Type 2. Component 2 will support a territorial mosaic that includes: a) conservation areas, with a focus on the declaration of new areas voluntarily destined for conservation (ADVC); b) agricultural areas covered by the SV Program: mostly former forest areas (currently degraded), converted into agricultural and livestock lands. They require a productive approach to restoration with techniques such as agroforestry, and allow for the combination of traditional agricultural (i.e. *milpa*) and livestock production systems with forestry systems; c) sustainable forest management areas, including payment for environmental services, which favor the inclusion of communities in forest management, surveillance and use; and d) sustainable economic activities such as nature-based tourism (to be confirmed with SECTUR during PPG).

90. In **Durango**, NBS will be focused on integrated water management at landscape level, supporting the conservation and regulation of long-term water ecosystem services, and water provision. NBS actions will include: i) the conservation and protection of water sources and regulating ecosystems in protected areas, through the ADVC declaration; ii) carry out native bush and forest plantations in the areas around water sources and on the slopes; iii) the sustainable ecological intensification of agricultural production, including conservation agriculture, crop diversification, minimal soil movement,

and permanent soil cover. Target crops in Durango are beans, grain corn, green alfalfa, forage oats, green chilies and tomatoes<sup>[20]</sup>; iv) strengthening the MIAF System (milpa system interspersed with fruit trees) with fruit species such as peach (*Prunus persica*) and apple (*Malus domestica*); v) applying soil and water conservation practices: windbreaks, living barriers with species such as the maguey and the nopal, living barriers with perennial species, terraced crops.



91. In **Huasteca**, NBS will be focused on integrated landscape management. Actions will include: i) community-based forestry, establishment of forest management areas and productive sub-projects; ii) reforestation with native species, combined with agroforestry programs based on vanilla, citrus (lemon and orange), fruit trees, diamond peach (*Prunus persica*), tejocote (*Crataegus mexicana*), quince (*Cydonia oblonga*); iii) transition from input intensive to environmentally friendly production, under the principles of FAO's ecosystem-based agriculture *Save and Grow*<sup>[21]</sup> reducing habitat loss and land erosion; iv) establishment of agroforestry systems (SAF), using underutilized native products of commercial importance and productive diversification. Among these SAFs, the MIAF system will be established, with fruit trees (*Quince-Cydonia oblonga*, Apple *Malus domestica*, Valencia Orange *Citrus sinensis*, Diamond Peach *Prunus persica*, Lemon-Citrus *Latifolia*); v) declaration of new ADVCS; vi) promotion of beekeeping with women participation; vii) promotion of silvopastoral management practices; and viii) eco-tourism promotion.
92. In **Montes Azules**, NBS will be focused on sustainable management actions, including: i) reforestation with native species, combined with agroforestry programs with species such as coffee, cocoa, vanilla and other fruit species; ii) transition from intensive use of agrochemicals to environmentally friendly production, under the principles of *Save and Grow* (see above); iii) establishment of agroforestry systems (SAF) promoting underused native products of commercial importance; iv) declaration of new ADVCS, which in this territory would be vital to reduce the pressure on the Montes Azul Biosphere Reserve and in turn, as a mechanism to generate sustainable income in the communities; v) promotion of beekeeping; vi) promotion of home gardens and sustainable family agriculture; vii) strategy and implementation of livestock reconversion actions, through silvopastoral management<sup>[22]</sup>; viii) ecotourism.
93. All NBS actions will be further discussed, validated and refined with stakeholders during PPG, with a gender-sensitive approach.

**Output 2.1.1: NBS and ecosystem connectivity strategy, developed and implemented in 3 priority landscape.**

94. Output 2.1.1 will focus on creating corridors that connect two PAs (connectivity nodes), supporting restoration actions in highly degraded and fragmented soils (for agricultural use). Ecosystem connectivity will be driven by the articulation of government strategies in the selected landscapes. Restoration actions with a focus on agroforestry, will be implemented through the SV program and in localities not yet covered by the SV program.
95. The connectivity strategy and the definition of the biological corridors will be carried out during the project preparation phase. During PPG an analysis on the initial conditions of the landscape, the interested actors and planning tools will be conducted, including: a) the areas that need to be connected; b) the specific problems of the territory; c) the data to be monitored; d) the selection of species of interest out of all the species present in these areas.

**Output 2.1.2: Investments in NBS and productive diversification are promoted and implemented in selected landscapes, incorporating native species of sociocultural importance and with economic potential.**

96. This output will support the promotion of productive diversification in three selected landscapes, incorporating underutilized native species of commercial and/or food potential. The GEF project will make use of the nursery facilities established by the SV Program, to strengthen the production process with participatory breeding improvement schemes. Farmers who preserve native seeds would have specific incentives for conservation, such as recognition as custodians, incorporation into participatory plant breeding programs, in addition to innovation and training actions for the improvement, multiplication, search for new uses and incorporation of protection schemes (collective brands and designation of origin). The list of target native species for each territory will be confirmed during the PPG.

**Output 2.1.3: New voluntarily conservation areas (ADVC) have been certified by CONANP in the prioritized landscapes.**

*Target: 100, 000 hectares in 20 clusters of ADVCS/ corridors*

97. The ADVC are natural protected areas that indigenous peoples, social organizations or individuals decide to voluntarily allocate to environmental conservation. Their characteristics are like those of a Biosphere Reserve, National Park or Flora and Fauna Protection Area and they have become an strategic tool to expand the protected area state of Mexico. The GEF project will support the establishment of new ADVCS with a Management Strategy, including actions for the protection, conservation and restoration of natural resources, as well as guidelines for natural resources use in the property. The GEF project will build upon the criteria defined by CONANP to define ADVCS. ADVCS can form large clusters, thereby promoting further connectivity.

**Output 2.1.4: Community-based monitoring system of areas under productive restoration, developed and implemented within the SV Program.**

**Component 3. Green Recovery: Market instruments and sustainable ventures.**

98. While Component 1 will address the governance architecture, and Component 2 will foster a green recovery in the primary sector (agriculture, forestry, livestock) by co-financing the SV intervention, Component 3 will address the socio-economic recovery by promoting green markets.

99. In **Durango**, the **alternative scenario** proposed by **Component 3** will support: i) the generation of trade alternatives for timber forest products (TFPs) of honey mesquite (*Prosopis Glandulosa*) among other species, and ii) non timber forest products (NTFPs) derived from the cenizo maguey (*Agave durangensis*, *Agave - Agave sp.*), white maguey (*Agave applanata*) and the nopal (*Opuntia spp*). During PPG, targeted value chains and derived products will be further analyzed and confirmed. Component 3 will also strengthen the organization, financial and marketing capacities of *ejidos* and forest-dependent communities, with a social economy approach.

100. In **Huasteca**, **Component 3** will promote the marketing of NTFPs and value chains identified by the SV Programme: i) citrus (lemon and orange) and fruit trees such as diamond peach (*Prunus persica*), tejocote (*Crataegus mexicana*), quince (*Cydonia oblonga*); ii) other chains derived from NTFPs such as maguey and nopal, and iii) timber forest products, e.g. varieties of mesquite (*Prosopis Glandulosa* and *Prosopis Laevigata*).

101. The **Huasteca** landscape offers various attractions such as archaeological zones, canyons, rivers, waterfalls, caverns, protected natural areas, volcanoes, monoliths and colonial vestiges, museums, festivities, and temples. In view of the tourism boom in Huasteca, **Component 3** activities will support the “Sustainable Mexico Reborn Program”<sup>[23]</sup> led by the Ministry of Tourism (SECTUR). This Program is aimed at promoting BD conservation in the tourism sector/ private sector and support sustainable tourism.

102. In **Montes Azules**, **Component 3** will promote the marketing of coffee of different varieties, cocoa, vanilla, under-utilized NTFPs with commercial potential, and TFPs as cedar. Given the importance of ecotourism in Montes Azules, Component 3 will support actions on sustainable tourism.

103. In the three targeted landscapes, Component 3 will foster public-private partnerships with producers, governmental agencies, academia and local communities, with the objective of supporting green businesses. Equally relevant will be the strengthening of the social bank, the capacity development of financial intermediaries, the access of social organizations to financial services, and the creation of financial products designed for NBS. Business models for social economy and green recovery will be defined during PPG, taking into consideration the features of each targeted landscape and the specific high-biodiversity value products they generate.

104. Component 3 is mainly considered as an investment with future returns. It is expected to achieve 2 outcomes and 8 outputs, as follows:

### **Outcome 3.1 Inclusive and sustainable markets for high-value BD products, identified and strengthened.**

*Project Indicator 3: At least two of inclusive business models implemented/landscape.*

*Project Indicator 4: At least 10 social economy organizations that participate in inclusive value chains of importance for BD and food security/landscape*

*Project Indicator 5: 50% of women and 30% of youth who participate in green and inclusive value chains.*

#### **Output 3.1.1: Social-economy business models for BD products, implemented.**

105. The strategy of inclusive markets will focus on: 1) the inclusion of producers in the value chains promoted by SV, such as cocoa, vanilla, and coffee, and 2) timber and non-timber forest products (NTFP).

106. A market analysis of timber and NTFP (i.e. mushrooms, medicinal plants and other underutilized native species with commercial potential) and above-mentioned BD-friendly products will be conducted in the 3 target landscapes to inform decision-making. The market analysis will be gender sensitive and will also assess current public and private incentives (and disincentives) for sustainable markets. NBS and Building Back Better approaches will be followed. Strategies to strengthen social business models and marketing schemes with an environmental dimension will be designed and discussed with institutions and civil society in the target landscapes. High-value BD products with existing business plans will be confirmed during PPG. Social economy business will be reinforced through market differentiation mechanisms, i.e. certification systems, territorial brands or seals, designations of origin or geographical indications. Concrete strategies will be defined and agreed during PPG with value chain actors, including Universities (rural incubator companies) and the private sector (tractor companies).

**Output 3.1.2: (number of ) Social Economy Organizations with improved access to green and inclusive value chains.**

107. This output will promote the participation of women-, indigenous peoples - and youth-led social economy organizations in inclusive value chains of high importance for biodiversity, while improving their incomes.
108. Women are 30% of the total participants in SV. Output 3.1.2 will strengthen the organizational, economic, and financial capacities of women and youth organizations. The business models developed under Output 2.1.1 will be implemented by these social organizations. The economic empowerment of women is one of the objectives of Component 3. It will be carried out by strengthening access to: a) assets and inputs, b) agricultural services (such as technical assistance), and c) financial services.

**Output 3.1.3: Institutional innovations to support sustainable market linkages implemented -including certification of BD products and alternative verification and participatory guarantee systems**

**Output 3.1.4: Strengthened Local Food systems for post COVID-19 recovery.**

109. The goal is to set a strategy that supports local food systems by promoting healthy and sustainable ways for food production, marketing, and consumption while targeting people in vulnerability situations amidst the context of the economic recovery in the “the new normality” post COVID-19.

**Outcome 3.2: Improved and sustained socio-economic and environmental benefits through investments of the Social Bank.**

*Project Indicator 7: Project Indicator 7: Added value generated by newly created social economy ventures (MXN).*

*Project Indicator 8: 50% of green businesses approved for financing through social banking alternatives*

110. Outcome 3.2 focuses on designing and implementing a strategy that promotes Social Economy Green Businesses in three targeted landscapes:
111. In **Durango**, NBS will be implemented by engaging forest-dependent communities. Outcome 3.2 will support the organization of communities and *ejidos* in community-based forest companies or will strengthen existing ones, to access markets and obtain benefits without intermediaries. Through this type of management, activities of felling, extraction, reforestation (including community-based forest nurseries certified by CONAFOR) and sale of roundwood will be carried out. Forest management processes will be certified to differentiate forest products on the market. The creation of green businesses will be promoted, under the principles of the social economy, derived from timber and non-timber forest products (e.g. medicinal plants). Outcome 3.2. will also be achieved by establishing short marketing circuits with products derived from native vegetables and maize. The integration of small-scale producers into the main value chains for their commercialization will be promoted. With the establishment of the MIAF, in addition to contributing to counteract the deterioration of hillside soils due to water erosion and increase carbon sequestration, the net income and family employment of small-scale producers will increase.
112. In **Huasteca**, NBS will be implemented through social economy actors, with the aim to promote green recovery and business, based on the value chains mentioned in Outcome 2.1 (see above). Participatory certification will be promoted within the framework of the SV program. Likewise, a public-private financing strategy will be established. Due to the presence of cement and mining companies in this landscape, working with them will be important to establish that strategy.
113. **Montes Azules** is both a high-value biodiversity area under threat and a large carbon reservoir. NBS feasibility analysis will be conducted in Montes Azules, in order to support green technologies, the establishment of silvopastoral systems, and carbon sequestration actions in the framework of SV Program. NBS will be implemented through social economy actors, as in Huasteca.
114. All NBS actions will be further discussed, validated and refined with stakeholders during PPG, with a gender-sensitive approach.

**Output 3.2.1: Feasibility analysis of financial incentives for NBS and carbon capture in the SV Program.**

115. A feasibility analysis will be carried out to define whether the savings of SV beneficiaries are sufficient to finance green businesses (see output 3.2.2 for details). The feasibility study will also include an SV brand (i.e. development of a social brand for the products generated within the SV framework and in the three target landscapes) (see output 3.2.3). A stakeholder and SWOT analysis for inclusive certification will be carried out during the PPG.

**Output 3.2.2: Financing strategy that promotes landscape restoration and the creation of green businesses, implemented in the framework of SV Program.**

116. This output will include sustainable ventures or green businesses in the social economy, to be developed and implemented in three target landscapes. Savings generated by the beneficiaries of the SV Program and the social economy organizations will serve as seed capital in the selected sites.
117. This output will include a mechanism of financial access for sustainable business sub-projects. SV beneficiaries receive USD 250/month. They must allocate USD 12.5 as savings in a financial institution, and USD 12.5 in the Welfare Fund. The GEF project will support the design of a financing strategy to use savings as seed capital for green social economy business <sup>[24]</sup>. The feasibility of this proposal will be assessed in output 3.2.1 in Project Year 1. In addition, social economy businesses already existing in the three landscapes can finance NBS initiatives. A third option would be the inclusion of current financial schemes of Mexican development banks, such as National Financier for Development (FND) and the Instituted Trust in relation to Agriculture (FIRA) <sup>[25]</sup>, as an opportunity to expand the access of social enterprises to financial instruments. This opportunity will be explored during PPG.

**Output 3.2.3: Certification mechanisms that promote landscape restoration and the creation of green businesses, implemented within the framework of SV.**

118. This output will promote the development of distinct seals for conservation and sustainable use of BD, as well as participatory certification of organic products derived from family farming and/or organized small-scale producers. In this regard, the National Service of Agrifood Health, Safety and Quality (SENASICA-SADER) has three recognized certification institutions: i) Natural and Organic Products Markets Macuilli Teotzin; ii) Mercado el 100; and iii) Cooperative Society of Goods and Services of Producers of Organic, Natural, Artisanal and Ecological Foods of Tianguis Orgánico Chapingo.

**Output 3.2.4: Public-private-community alliances that promote the restoration of the landscape and the creation of green businesses, implemented within the framework of SV.**

**Output 3.2.5: Strengthening of social banking alternatives for financing green businesses**

119. This output will target the three priority landscapes and will generate a promotion strategy for Social Economy Green Businesses. Targeted SV cooperatives will have tools and methodologies to identify, support and assess green and inclusive business development sub-projects; will have improved capacities to identify investment opportunities and access to banking in value chains and create green jobs, and will increase the inclusion of women in sub-projects.

**Component 4. Communication, knowledge management and M&E**

120. Component 4 will support the setting up of an M&E system. This M&E system will be inter-sectoral and will provide an overview of the three landscapes. It will engage with all project institutions (Ministry of Welfare, CONAFOR, CONANP, SEMARNAT, INAES, and others).

**Outcome 4.1: Monitoring and evaluation under a results-based approach, good practices and lessons learned systematized and disseminated.**

**Output 4.1.1: Project M&E System**

**Output 4.1.2: Midterm review and terminal evaluation.**

**Output 4.1.3: Geospatial platform and digital learning community report multiple benefits and support decision-making**

121. This output will support the generation of a digital platform, and whose main users will be national, sub-national and local decision-makers. It will be aligned and support the monitoring of the SV Program and, on the other hand, will gather data on the results of target landscapes. It will include a GIS element as well as information for SV to report national NDC goals, particularly three types of indicators: i) Monitoring of changes in tree cover generated by the establishment of agroforestry plots (gains and losses); ii) Carbon calculations linked to the establishment of agroforestry plots, and assessment of net carbon sequestration potential of productive systems; and iii) Assessment of the SV contribution to the conservation and restoration of forest landscapes in beneficiary Mexican states.

**Output 4.1.4: Knowledge management, cooperation and horizontal management networks created (FLC, *ejidos*, local research and academic institutions) for NBS and landscape restoration.**

122. The knowledge management network for peer exchange will incorporate technical and academic agents from research institutions. It will promote knowledge-sharing among project participants on biodiversity, NBS, integrated landscape management, access to markets and financing, among others. This KM network will work at the local/regional level, around the FLCs and community spaces. In addition, a digital platform will connect people from other territories. Alliances with the private sector will be explored to digitize landscapes. The KM platform will be linked to the geospatial platform and will serve as repository, including user-friendly data for decision-makers, technicians, organizations, institutions, and producers.

**Output 4.1.5: Communication strategy for the positioning and dissemination of the environmental benefits derived from the project and the SV program.**

123. This output will use a *communication for development* <sup>[26]</sup> approach. At the local level, communication will be an important tool for the people's empowerment. The strategy will be based on three goals: i) *Inform*: communicate major strategic issues to raise awareness about biodiversity conservation, integrated landscape management, NBS, and the Building Back Better approach; ii) *Inspire*: cultivate and captivate key audiences or segments, both in policy decision-making, consumption or use of services; iii) *Involve and act*: based on the results obtained, metrics, data and findings, propose a call for action.
124. The strategy will target different audiences: i) *Guardians of the environment*: farmers, "sowers of life", women, young people linked to the digital platform, cooperatives. Key actions will include: the use of community radio stations, promotion of information capsules, produce culturally sensitive communication materials in local languages, promote blended training, exchange experiences between peers, national and international exchanges; b) *Technicians* with a comprehensive landscape management approach. Actions: blended training, exchange forums, use of the virtual knowledge management platform; c) *Government officials*: municipal, state, and federal secretaries. Actions: virtual and face-to-face forums with authorities, sending information on social networks, short videos before/after, creation of a registry of the Guardians of the Environment, information about the targeted landscapes and field advances; press releases; d) *Private sector*.

**Output 4.1.6: Best practices and lessons learned systematized and disseminated.**

125. Project lessons and good practices will be systematized and linked to the KM network, thereby making them available for use in other areas and sectors and supporting upscaling and replication. The project will support a project website, publications, radio clips, among others (to be confirmed during PPG).

**4) Alignment with GEF focal area and/or Impact Program strategies;**

126. The proposed project is aligned with the Biodiversity Focal Area Strategy of GEF-7, with objective BD 1-1 through the mainstreaming of biodiversity in three productive landscapes, the inclusion of environmental criteria in the Mexico signature social program SV, and the promotion of landscape restoration in forest degraded areas with high-value biodiversity.

127. The GEF project is also aligned with objective BD 1-5 by promoting the mainstreaming of biodiversity in target landscapes inhabited by indigenous peoples and supporting inclusive conservation. The project will support the characterization of the traditional indigenous food system (*milpa*) and its links with biodiversity in the selected landscapes. The *milpa* is the backbone of all target sites.

128. Finally, fulfills objective BD 2-7 by supporting the creation of new Areas Voluntarily Destined for Conservation (ADVC) and increasing the ecosystem coverage of the global protected area estate. The project will enhance the *milpa* and community-based food systems through the establishment of ADVCS that are complementary to the milpa

*5) incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing;*

129. Component 1 will address barriers 1a, 1c and 1d described in the barriers sub-section. Through Component 1, GEF incremental financing will catalyze NBS investments and support the harmonization of concurrent programs. Component 1 will support the mainstreaming of environmental criteria into social programs and policies, strengthen land use planning by moving beyond the plot or property level and include the valuation of ecosystem services; and will support the change of productive practices to reduce or reverse degradation and management of high conservation value, which are not covered by SV.

130. Component 2 will address barriers 1e and 1f described in the barriers sub-section. Through Component 2, GEF co-financing will promote green value chains for cocoa and coffee, followed by vegetables, grains, honey. Technical assistance and guidance to increase profitability and valuation of ecosystems with high biodiversity will be financed

131. Component 3 will help overcome barriers 1g and 1f described in the barriers sub-section. GEF co-financing in Component 3 will enhance competitiveness of sustainable rural entrepreneurship and productive linkage with the private sector in differentiated green markets. Small- and medium-sized enterprises and second level organizations will be trained. Component 3 will promote commercial agreements with the private sector, as well as strengthen capacities to comply with quality and supply standards without intermediaries.

132. Component 4 will address barriers 1b described in the barriers sub-section. GEF incremental financing in Component 4 will enhance and improve informed decision-making, as well as management systems and inter-sectoral monitoring with the active participation of communities.

133. Co-financing of investment projects is expected in rural areas for ecosystem restoration, reforestation with native species, and reforestation to increase connectivity between natural protected areas. SV co-financing includes unconditional transfers to producers and technical assistance from technicians. CONAFOR's co-financing is related to Commercial Forest Plantations, Community Forest Management, Reforestation and Restoration of Watersheds, and PES. CONANP's co-financing is related to the *Conservation Program for Sustainable Development* (PROCOCODES) and ADCV certification, as well as technical assistance in the project intervention sites. The Social Bank's co-financing will support Social Economy Green Businesses. Other co-financing is related to training programs that will benefit the project's target populations. This list will be further refined during PPG.

134. The causal pathways for the proposed project changes are defined in the TOC diagram and description. The actions at program level of SV (Component 1) and at the site level in the three target landscapes (Component 2 and 3) are also described in section 3) the *Alternative Scenario*.

**6) global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF)**

135. The global environmental benefits that will be produced by the proposed project include: (i) 3,813,160 ha will benefit from the expected regulatory and policy changes to be achieved through the project in key sectors; (ii) 100,000 ha of terrestrial protected areas created or under improved management for conservation and sustainable use; (iii) 133, 325 ha of area of land restored (degraded agricultural land restored: 58 115 ha/ area of forest and forest land restored: 75, 210 ha).

136. The project will lead to the generation of GEBs in the three targeted landscapes as detailed in Table 1 below:

**Table 1 : Project expected GEBs, disaggregated by landscape**

Landscape s	Terrestrial protected areas created or under improved management for conservation and sustainable use (Has)  Core 1	Area of land restored (Has)  Core 3		Area of landscapes under improved practices (Hectares)  Core 4	Greenhouse Gas Emissions Mitigated (metric tons of CO <sub>2</sub> e)  Core 6		Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment  Core 11	
		Degraded agricultural land restored	Forest and forest land restored		Direct	Indirect	Male	Female
Durango	20,000	7168	65,000	1,296,612	26,006	236,551	12,845	12,738
Huasteca	35,000	20,397	6900	1,800,460	116,972	887,209	125,387	126,332
Montes Azules	45,000	30,550	3310	716,096	365,568	305,317	46,485	47,091
Total	100,000	58,115	75,210	3,813,168	508,546	1,429,077	184,717	186,161
		133,325			1,937,623		370,878	

137. **Post-COVID-19 recovery:** The GEF project will support the implementation of a green recovery strategy in post-COVID-19 scenario in Mexico, in close coordination with GoM signature program (SV). GEF intervention will support the transformation of perverse policy incentives into positive ones. These include shifting from deforestation to sustainable forest management and from a short-term production/extraction model to one that better manages biodiversity resources for sustainable use and ensure long-term society-wide benefits.

*7) Innovation, sustainability and potential for scaling up.*

138. **Innovation & scaling-up:** The proposed GEF project is innovative as it based on the acknowledgment of the impacts caused by the COVID-19 pandemic in Mexico and the LAC region in 2020, and proposes a green recovery strategy to build back better. It envisages nature-based solutions of type 1 and type 2 to address the pre-existing social, economic and environmental challenges worsened by the health crisis and economic downturn. It addresses the renewed threats on fragile habitats and environmental services created by poverty rises and policy responses that put the accent on the social and economic dimensions while overlooking the environmental pillar of sustainability. This is an opportunity to reiterate the GEF catalytic role in co-financing the incremental cost of mainstreaming environmental criteria in social and productive policies and programs.

139. The project innovative actions are: i) integrating biodiversity conservation in social programs (cash transfers) which will enable a behavioral change - necessary to generate the desired results. The assumption is that biodiversity conservation can be an enabler for more sustainable livelihoods, economic development and healthier diets; ii) fostering the sustainability of the investment / economic model: the importance of achieving linkages with sustainable value chains; iii) improving the information sources to enable evidence-based decision-making. This will improve the monitoring of the project (and SV). It will also generate the evidence necessary to upscale similar practices in other landscapes (in Mexico and other countries).



140. The GEF project will complement the SV Program and other public interventions in targeted Mexico landscapes. Component 1 will support the SV framework, giving this project a high scaling up potential. At the same time, the success of a GEF post- COVID-19 project may open the door for further South-South cooperation in LAC and other developing areas.

141. **Sustainability:** The project sustainability is likely to be high as it is designed to complement ongoing public policies and programs while creating new markets and setting bridges with the private sector. An important feature is the lesson learned from previous GEF projects about the need of establishing an M&E system than is embedded in the national monitoring system.

142. Environmental sustainability will be ensured by supporting the incorporation of principles of sustainability into norms and plans that govern practices of productive landscapes, particularly in the agriculture and forestry sectors. Social sustainability will be ensured by promoting the active participation of local stakeholders in the definition of productive models and in decision-making. Financial sustainability will be assured through the establishment of sectorial financial and compensatory mechanisms for sustainable agriculture and forestry practices. This will be further analyzed during PPG.

---

[1] <https://portals.iucn.org/library/sites/library/files/documents/2001-036-3-Es.pdf>

[2] <https://www.ft.com/content/1e25c567-66c3-44e0-86ed-54805a5d6503>

[3] Santos y Tellería, 2006.

[4] An *ejido* is a form of land tenure that combines communal ownership with individual use. The ejido consists of cultivated land, pastureland, other uncultivated lands, and the town. (Being part of an ejido no longer necessarily involves communal ownership. After the reform of article 27 of the Constitution and the PROCEDE program many ejidos have privatized some or all of their land, but, unless they are formally dissolved as such, they continue to exist legally as ejidos.)

[5] CONAFOR, 2013.

[6] Ashworth, Lorena & Quesada, Mauricio & Casas, Alejandro & Aguilar, Ramiro & Oyama, Ken. (2009). Pollinator-dependent food production in Mexico. *Biological Conservation*. 142. 1050-1057. 10.1016/j.biocon.2009.01.016.

[7] Robles, B. Héctor-Fundar. 2017. Subsidios al campo

[9] : *Mainstreaming the Conservation of Ecosystem Services and Biodiversity at the Micro-watershed Scale in Chiapas* (GEFID 3816), *Conservation and sustainable use of biological diversity in priority landscapes of Oaxaca and Chiapas* (GEF ID 9445), and *Mainstream Biodiversity in rural landscapes of México* (GEF ID: 10574).

[10] Howler monkeys (*Alouatta palliata*), black howler monkey (*Alouatta pigra*), spider monkey (*Ateles geoffroyi*), tayra (*Eira barbara*), puma, jaguar (*Panthera onca*), ocelot (*Leopardus pardalis*), tigrillo (*Leopardus wiedii*), jaguarundi (*Puma yagouaroundi*), white-lipped pecari (*Tayassu pecari*), collar pecari (*Pecari tajacu*), deer kid (*Mazama americana*), white-tailed deer (*Odocoileus virginianus*), golden anteater (*Cyclopes didactylus*), anteater (*Mexican tamandua*), tapir (*Tapirus bairdii*), tepezcuintle (*Cuniculus paca*), river otter (*Lontra longicaudis*), collar trogon (*Trogon collaris*), harpy eagle (*Harpia harpyja*), Central American agouti (*Dasyprocta punctata*), ornate hawk-eagle (*Spizaetus ornatus*), yellow-headed parrot (*Amazona autumnalis*), toucan (*Ramphastos sulfuratus*), royal duck (*Cairina moschata*), blue-crowned parrot (*Amazona farinosa*), great curassow (*Crax rubra*), red macaw (*Ara macao*), as well as specific areas with important species such as the funnel-eared bat (*Natalus stramineus*), tropical gar (*Atractosteus tropicus*), manatee (*Trichechus manatus*), grison (*Galictis vittata*), porcupine (*Sphiggurus mexicanus*), Bothrops asper (*Bothrops asper*), American crocodile (*Crocodylus acus*) swamp crocodile (*Crocodylus moreletii*), wookpeckers (*Dryocopus lineatus* and *Campephilus guatemalensis*) and several species of frogs.



- [11] Social and Environmental Problems in the Huasteca Potosina in the framework of regional economic development. San Luis Potosi Autonomus University. 2016.  
[https://www.researchgate.net/publication/312121080\\_Problematica\\_social\\_y\\_ambiental\\_en\\_la\\_Huasteca\\_Potosina\\_en\\_el\\_marco\\_del\\_desarrollo\\_economico\\_regional](https://www.researchgate.net/publication/312121080_Problematica_social_y_ambiental_en_la_Huasteca_Potosina_en_el_marco_del_desarrollo_economico_regional)
- [12] The *milpa* is a complex agricultural and cultural system with many centuries of existence, in which the seed of native varieties is preponderant, which provides food to families at different times during its development; in this system, crop rotation and their association maintain soil fertility and reduce erosion. The main axis of the polyculture is the maize native races, accompanied by various plants, some planted and others induced or tolerated.
- [13] \$ MX 179,670,817,656 converted at 21.92 pesos to USD\$1, per official UN exchange rate, 1 September 2020.
- [14] El Sector Forestal Mexicano en Cifras 2019, Bosques para el Bienestar Social y Climático. CONAFOR. 2020.
- [15] Shapiro, 2010
- [16] CONAFOR 2019. Coordinación General de Conservación y Restauración, Gerencia de servicios Ambientales.
- [17] UN Policy Brief: *The Impact of COVID-19 in Latin America and the Caribbean*, July 2020  
([https://www.un.org/sites/un2.un.org/files/sg\\_policy\\_brief\\_covid\\_lac.pdf](https://www.un.org/sites/un2.un.org/files/sg_policy_brief_covid_lac.pdf))
- [18] European Commission (<https://ec.europa.eu/research/environment/index.cfm?pg=nbs>)
- [19] This indicator includes beneficiaries of the SV Program (63, 236), potential forestry programs, (5, 406) as well as community and ejidos under integrated management in each of the landscapes.
- [20] The targeted agricultural systems will be confirmed during PPG.
- [21] <http://www.fao.org/ag/save-and-grow/>. Conservation agriculture, crop diversification, minimal soil movement and permanent soil cover.
- [22] This landscape has a strong presence of small-scale livestock producers without sustainable management
- [23] *Renace México Sostenible*, in Spanish
- [24] Green social economy businesses are economic activities carried out collectively that offer goods and services generating positive environmental impacts and that incorporate sustainable practices, guaranteeing the conservation of the environment and collective well-being through economic profitability.
- [25] FIRA has financial options for sustainable projects focused on SDGs and the incorporation of indigenous populations (highly present in Montes Azules – see Annex A for more details on the project intervention areas).
- [26] <http://www.fao.org/communication-for-development/en/>

#### 1b. Project Map and Coordinates

Please provide geo-referenced information and map where the project interventions will take place.

Please see section 1) Global environmental problem - Project target landscapes and threats

## 2. Stakeholders

Select the stakeholders that have participated in consultations during the project identification phase:

Indigenous Peoples and Local Communities Yes

Civil Society Organizations Yes

Private Sector Entities Yes

If none of the above, please explain why:

In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.

143. During PIF design, between January and February 2020, working meetings were held in Mexico City for the discussion and information gathering along with key project stakeholders: the Ministry of Welfare, the Ministry of Agriculture, the National Forestry Commission (CONAFOR) and the National Institute of Social Economy (INES). In June 2020, two relevant partners joined the project: the National Commission for Protected Natural Areas (CONANP) and the Ministry of Environment and Natural Resources, with whom different virtual work sessions were held between June and August, to share the project design and receive feedback. On August 12, 2020, a virtual PIF validation workshop was held, in which all project partners provided feedback on the components, and the intervention landscapes were defined. Bilateral meetings were also held with each partner to define co-financing. Due to the COVID-19 pandemic, no specific consultations were held with the peasant and indigenous communities. However, working meetings with the Peasant Learning Communities (SV beneficiaries) were used to consult on the beneficiaries' problems and interests in project intervention territories. During the PPG, a full Free, Prior and Informed Consent (FPIC) process will take place. A socio-economic and gender expert will be hired during PPG. Stakeholders will participate in full project design, whether virtually or through face-to-face meetings. Likewise, government institutions will participate in the design of project preparation activities and local stakeholders will be consulted at the intervention sites.

144. A preliminary list of relevant stakeholders is depicted in the table below. This list will be further developed during PPG.

Stakeholders	Role in Project Preparation/Design
Ministry of Welfare	Main Project proponent and responsible for <i>Sembrando Vida</i> Program. This ministry will be responsible for designing, planning, executing and coordinating public policies in the field of social development and quality of life. Executing Agency
National Forestry Commission (CONAFOR)	CONAFOR is a decentralized public organization of SEMARNAT. Its objective is to support, promote and develop the conservation and restoration of the forests of Mexico, as well as participate in sustainable forestry. The most important role will be in Components 1, 2 and 3.
INAES	It is a decentralized body that belongs to the Ministry of Welfare. Their role in the project will be focused on providing technical assistance and training related to cooperatives and social banking. INAES will be the link to social banking for the creation of a line of credit for green businesses of the social economy. INAES will be the most important actor in the third component.
CONANP	CONANP is a decentralized body of SEMARNAT. Their role in this project will be central with respect to the creation of areas voluntarily destined for conservation (ADVC, component 3). Additionally, they will actively participate in the process of incorporating BD and LDN criteria into the SV program.
SEMARNAT	The Ministry of the Environment will play a central role in the first component, particularly in the incorporation of BD and LDN criteria to the SV program, and with their experience in territorial governance; in the second component, they will promote the link between the project and other GEF projects at the local level, and participate in the definition of the scope of the monitoring system (Component 4).
Ejidos and Local communities	The project will be implemented in three territories where 85% of the population has an indigenous background, and where the land is communally owned through <i>ejido</i> property rights. In Mexico, 51% of its territory is communally owned, 31,785 ejidos and communities own 100 million hectares. Furthermore, 15,584 agrarian nuclei own 62.6 million hectares with forest cover. The territories considered for this project include 1,762 ejidos, which will be managed under the principles of community forest management, with a biocultural and integrated landscape approach, in order to increase the area with a sustainable use of timber and non-timber forest resources. The indigenous peoples and ejidos are historically known for their ability to govern and manage their territories in a sustainable way. They will be the ones who -through Free, Prior and Informed Consent (FPIC)- will define the conditions under which the project will be designed and implemented. They are a central axis of the proposal, so that -through inclusive conservation- their livelihoods and biological and cultural diversity are guaranteed.

145. The project will engage indigenous peoples and local communities during the PPG to ensure their participation in the design and implementation of the interventions in the targeted areas.

### 3. Gender Equality and Women's Empowerment

**Briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis).**

146. Women play a fundamental role in the social dynamics of the beneficiary communities. This GEF project is expected to contribute to 370,878 beneficiaries that live in the 3 selected landscapes. Even though 50% of the inhabitants are women, they only represent 26% of land owners and 30% of the SV Program beneficiaries. It is expected that through the implementation of this project, women resources increase up to 40%. Additionally, it is expected that 70% of youth will participate and that 85% of indigenous population will participate as well (the numbers will be analyzed during the PPG).

147. The project will encourage women's participation in project activities and decision-making fora. While the issue of land tenure is beyond the scope of this project, the interventions aimed at women and youth, particularly with regards to their active involvement in the value chains, provide an opportunity window. The project aims to mainstream gender considerations into the financing, technical assistance, capacity building and policy dialogue activities. The project will include gender-disaggregated indicators as part of the logical framework. The progress of gender-sensitive indicators will be measured in the M&E system and will be reported sex-disaggregated to measure the closing of gender gaps: (i) Total number of male and female full-time project staff; (ii) Total number of male and female Project Board members; and (iii) the number of jobs created by the project that are held by women and men. The project design will ensure that financial and human resources are set aside for gender mainstreaming during project implementation and for monitoring the effectiveness of this mainstreaming. A full socio-economic analysis and Gender Action Plan will be developed during PPG.

**Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes**

**closing gender gaps in access to and control over natural resources; Yes**

**improving women's participation and decision-making; and/or Yes**

**generating socio-economic benefits or services for women. Yes**

**Will the project's results framework or logical framework include gender-sensitive indicators?**

**Yes**

#### 4. Private sector engagement

Will there be private sector engagement in the project?

Yes

**Please briefly explain the rationale behind your answer.**

148. The GEF project will partner with social banks and national development banks to generate specific credit lines for green products. The potential value added will be the project's focus to work with these actors and potentially with the Association of Banks of Mexico. The aim is to give access to the private banking for small-scale producers. An emphasis will be placed on facilitating women's access to financial resources, as there is a gap in access to credit and financing.

149. At the beneficiary level, the project will promote green or sustainable products with access to a local/regional certification seal, and will foster their access to differentiated markets (e.g. boutique hotels, organic markets and local restaurants). The gender approach will also be considered and a minimum participation quota for women will be established to encourage their participation and generate specific socio-economic benefits for them and their families.

## 5. Risks to Achieving Project Objectives

Indicate risks, including climate change, potential social and environmental risks that might prevent the Project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the Project design (table format acceptable)

150.

Project risks:

Risk	Classification	Risk Mitigation Strategy
Conflicts between productive interests and environmental and conservation interests	Medium	<ul style="list-style-type: none"> <li>-The Project will guarantee coordination mechanisms to reach a consensus between the productive sector and the Project coordinators on mutually agreed actions, as well as the spaces for settling and reducing controversies.</li> <li>-Interests will be balanced in the design of actions and activities.</li> <li>-Training and education actions will help to prevent this type of conflicts by stressing the advantages of combining both interests and ensuring synergies that will lead to the best results.</li> <li>-The participatory nature of the Project design will be guaranteed with the protagonist involvement of producers and communities as well as with consultations and consensus for decision-making on the basis of common interests.</li> </ul>
Inter-institutional disagreements due to different visions and approaches.	Low	<ul style="list-style-type: none"> <li>-Regular coordination mechanisms and inter-institutional cooperation will be foreseen.</li> <li>-Participating institutions will be consulted during the design phase and over the course of the Project's life cycle, to explain/define the type of approach (landscape) to be used, ensuring that their visions and approaches be taken into consideration, respecting the powers and functions established.</li> </ul>
Severe climate events such as droughts, strong winds, hurricanes (including climate change impacts.)	Medium	<ul style="list-style-type: none"> <li>- During the design and evaluation of agro-ecosystem and biodiversity management models, the project will consider resilience to the impact of severe weather events, including those caused by climate change.</li> <li>-Take into consideration local studies and evaluations of the abovementioned events.</li> </ul>
Poor involvement and lack of commitment by communities, producers and key local entities.	Low	<ul style="list-style-type: none"> <li>-The inclusion of all local actors and the involvement of women and youth will be promoted under the principle of collective benefit.</li> <li>-Local experiences will be taken into consideration and there will be ongoing consultations with the communities and key actors.</li> <li>-Incentives for the development of new productions and sources of income and employment that contribute to enhance the living standards of producers and communities will be foreseen.</li> </ul>
Participation in project activities could pose a potential risk of exposure to COVID-19.	Low	In recognition of current health restrictions associated with the COVID-19 pandemic, the project will employ videoconferencing equipment for virtual meetings and workshops, when necessary; and develop the workplan so that some activities in the field or related to consultations take place later, as necessary, to prevent exposure among project stakeholders and participants.
COVID-19 may create restrictions in travel and project operations	Medium	The project will start in 2022 when the COVID-19 pandemic is expected to be under control. Nevertheless, however, during the project's preparation phase (2021), a number of diagnoses will be carried out to assess the potential of the project participants to be integrated in green and inclusive value chains through the generation of sustainable market instruments and enterprises, to contribute to green recovery (during project implementation, 2022 onwards).



## Environmental and Social Safeguards – Risk screening at PIF stage:

151. In line with the FAO Environmental and Social Management Guidelines (ESMG), the implementing agency has conducted an Environmental and Social Safeguards (ESS) screening at PIF stage. A full environmental, social and climate risk analysis will be conducted during PPG.

152. As per the ESS checklist screening, the project has been classified as *Moderate* risk. The table below summarizes the Environmental and Social risks identified in relation to the proposed project:

Safeguard Triggered	Risk Identified	Answer	Risk Classification	Potential (negative) impacts	Mitigation measures (preliminary)
Biodiversity, ecosystems and natural habitats	2.1 Would this project be implemented within a legally designated protected area or its buffer zone?	Yes	High risk	The project will implement activities within and around selected protected areas that include the planting and harvesting of select biodiversity. There is a risk that this could impact ecosystem integrity and associated services if done in an unplanned, unregulated manner with non-native species. This risk is not foreseen, however, as the project will be designed to support selected PAs in reaching their conservation goals by promoting connectivity through the establishment of Voluntary Designated Conservation Areas (ADVC). Furthermore, the mainstreaming of sustainable practices within the Sembrando Vida Program will expand the environmental benefits generated by PAs, providing conservation stepping stones for flora and fauna between PAs and along their buffer zones.	ADVCs are natural protected areas that indigenous peoples, social organizations or individuals decide to voluntarily allocate to environmental conservation. Their characteristics are like those of a Biosphere Reserve, National Park or Flora and Fauna Protection Area and they have become a strategic tool to expand the protected areas system in Mexico.  The GEF project will support the establishment of new ADVCS with a Management Strategy, including actions for the protection, conservation and restoration of natural resources, as well as guidelines for natural resources use in the property. The GEF project will build upon the criteria defined by CONANP to define ADVCS. Furthermore, the project will promote the establishment of ADVCS in clusters, thereby promoting further connectivity.

Plant genetic resources for food and agriculture	3.4 Would this project establish or manage planted forests?	Yes	Moderate risk	SV currently promotes a number of species in its agroforestry interventions. There could be a risk associated with the availability of selected native species that comply with minimum criteria.	Agroforestry systems will be planted with native species with high economic value and adapted to different environmental conditions (to be confirmed during the PPG). These plants/trees will be certified by the National Forestry Commission (CONAFOR) or the National Seed Inspection and Certification Service (SNICS) -belonging to the Ministry of Agriculture (SADER)- in order to guarantee their quality and compliance with biodiversity criteria. The socio-environmental analysis conducted during the PPG will ensure that species selected comply with minimum criteria on this issue.
Decent work	7.2 Would this project operate in sectors or value chains that are dominated by subsistence producers and other vulnerable informal agricultural workers, and more generally characterized by high levels "working poverty"?	Yes	Moderate risk	The beneficiaries of the project are predominantly subsistence producers identified by Sembrando Vida (SV) program. By intervening in production methods, there is a risk that the project would damage their ability to produce enough to subsist.	<p>The beneficiaries of these projects are mainly beneficiaries of the SV program, a socially-oriented governmental program that focuses on subsistence farmers living in poverty -who are principally women, indigenous people and the afro-descendant population- through direct unconditional transfers. Likewise, potential beneficiaries of coffee and cocoa value chains, will likely consist of small producers or cooperatives.</p> <p>Affirmative actions will be carried out (training in entrepreneurship, business financing) to include vulnerable population groups -women, youth and indigenous population- to lead green entrepreneurship projects derived from chains and high value products of Biodiversity, or alternative activities such as sustainable tourism that allow for the development of green business of the social economy.</p>

					During the social and environmental analysis derived from the PPG, other affirmative and inclusive actions will be defined.
7.Decent work	7.3 Would this project operate in situations where youth work mostly as unpaid contributing family workers, lack access to decent jobs and are increasingly abandoning agriculture and rural areas?	Yes	Moderate risks	The beneficiaries of the project are predominantly subsistence producers identified by Sembrando Vida program, a portion of whom are youth who work with and for their families. By intervening in production methods, there is a risk that the project would damage their ability to produce enough to subsist, and thus force them to abandon agriculture and rural areas.	The beneficiaries of this project will mainly come from the SV program. SV is currently linked to the governmental program <i>Young people building the future</i> , which promotes the development of technical and productive capacities. In the context of the GEF project, the program will focus on promoting the development of young members of the cooperatives in market competencies, green businesses and leadership.
7.Decent work	Would this project operate in situations where major gender inequality in the labor market prevails? (e.g. where women tend to work predominantly as unpaid contributing family members or subsistence farmers, have lower skills and qualifications, lower productivity and wages, less representation and voice in...	Yes	Moderate risk	The beneficiaries of the project are predominantly subsistence producers identified by Sembrando Vida program, a portion of whom are women. By intervening in production activities that are traditionally "men's work", there is a risk that women would be excluded from the project.	During the design and implementation of the project, a diagnosis analysis will be carried out using tools such as the analysis of gender-sensitive value chains. This will allow us to determine the participation of women throughout the value chain and their access to productive resources. In addition, time use patterns of women will be analyzed, to avoid overload them with additional activities related to their cultural roles, thereby contributing to the increase the gender gaps.

	a voice in producers' and workers' organizations, more precarious contracts and higher informality rates, etc.)				
8. Gender equality	8.1 Could this project risk reinforcing existing gender-based discrimination, by not taking into account the specific needs and priorities of women and girls?	Yes	Moderate risk	<p>The beneficiaries of the project are predominantly subsistence producers identified by Sembrando Vida program, a portion of whom are women. By intervening in production activities that are traditionally "men's work", there is a risk that women would be excluded from the project.</p>	<p>During the design and implementation of the project, a diagnosis analysis will be carried out using tools such as the analysis of gender-sensitive value chains. This will allow us to determine the participation of women throughout the value chain and their access to productive resources. In addition, time use patterns of women will be analyzed, to avoid overload them with additional activities related to their cultural roles, thereby contributing to the increase the gender gaps.</p> <p>The project foresees the development of cooperatives and green businesses, led by women and young people. This includes, <i>de facto</i>, the development of capacities and the directing of financing towards this sector.</p>
8. Gender equality	8.2 Could this project not target the different needs and priorities of women and men in terms of access to services, assets, resources, markets, and decision-making?	Yes	Moderate risk	<p>The beneficiaries of the project are predominantly subsistence producers identified by Sembrando Vida program, a portion of whom are women. By intervening in production activities that are traditionally "men's work", there is a risk that women would be excluded from the project.</p>	<p>Only 30% of women have access to services and resources for primary production within the <i>Sembrando Vida</i> program.</p> <p>During the socio-environmental analysis of the PPG phase, potential affirmative actions to reduce the gap in access to primary productive resources and market access, will need to be identified and defined. For this, the value chains and businesses to be implemented will be analyzed using a gender perspective.</p>

	ets, and decent employment and decision-making?				rspective; Likewise, practices to improve access to financing for women will be identified, since financial services can be both a catalyst and a barometer of gender equality.
<b>9.Indigenous peoples and cultural heritage</b>	9.2 Are there indigenous peoples living in the project area where activities will take place?	<b>Yes</b>	<b>Moderate risk</b>	<p>Not foreseen. The project has a participatory approach and will support livelihoods of rural communities, including indigenous peoples, generating socio-economic co-benefits.</p> <p>Nevertheless, as per FAO ESS and international agreements, the project preparation team will conduct an FPIC process and elaborate an IPP (see next column).</p>	<p>A Free Prior and Informed Consent process will be conducted during PPG and before any project action takes place in the project areas with indigenous population.</p> <p>In those areas, an Indigenous Peoples Plan is required in addition to the Free Prior and Informed Consent process. Indigenous communities will be identified and targeted into the landscapes selected during PPG stage.</p> <p>In areas where the project is for both, indigenous and non-indigenous peoples, an Indigenous Peoples Plan will be required only if a substantial number of beneficiaries are Indigenous Peoples. Project activities will outline actions to address and mitigate any potential impact.</p>

## 6. Coordination

**Outline the institutional structure of the project including monitoring and evaluation coordination at the project level. Describe possible coordination with other relevant GEF-financed projects and other initiatives.**

153. FAO will be the GEF Implementing Agency, responsible for the implementation, monitoring and evaluation of the Project in compliance with FAO and GEF guidelines. The GEF Executing Agency (national implementing partner) will be CONAFOR. INAES, SADER and the Ministry of Wellbeing, as head of *Sembrando Vida*, will collaborate with CONAFOR in technical assistance, promotion of value chains, territorial planning and risk prevention. Likewise, support from other specialized agencies, such as CONABIO and CONANP, will be requested as needed. Implementation arrangements will be determined during the PPG phase.

154. The Project will coordinate actions, seek synergies and avoid duplication of objectives, efforts and expenditure of resources by linking up with the following initiatives in Mexico financed with GEF, FAO and/or other resources:

- CI/GEF/CONANP (GEF ID 9445): *"Conservation and Sustainable Use of Biological Diversity in Priority Landscapes of Oaxaca and Chiapas"*. The project seeks to strengthen the conservation of globally significant biodiversity in the national system of protected areas and corridors, through the integrated management of culturally diverse coastal and terrestrial landscapes of Oaxaca and Chiapas, Mexico. The project will coordinate with CONANP to ensure exchange of lessons learned regarding applicable sustainable use of BD in the pilot sites.

- UNDP/GEF/CONAFOR (GEF ID 3637): *"Transforming Management of Biodiversity-Rich Community Production Forests through Building National Capacities for Market-Based Instruments."* The objective is biodiversity management is integrated into forestry practices on community lands through market-based instruments. The project will coordinate with CONAFOR to ensure lessons learned regarding sustainable forestry and market access are considered in the development of models in the pilot sites.

- CI/UNEP/GEF/CONANP (GEF ID 3816): *"Mainstreaming the conservation of ecosystem services and biodiversity at the sub-watershed scale in Chiapas, Mexico"*. The project will coordinate with CONANP to ensure lessons learned regarding applicable sustainable use of BD in the pilot sites are considered in project design during the PPG.

- WWF/UNEP/GEF/CONANP (GEF ID 3813): *"Integrating tradeoffs between supply of ecosystem services (ES) and land use options into poverty alleviation efforts and development planning in the Mixteca, Mexico."* The project will coordinate with CONANP to ensure lessons learned regarding applicable sustainable use of BD in the pilot sites are considered in project design during the PPG.

- CONAFOR/World Bank: *"Strengthening Entrepreneurship in Productive Forest Landscapes"* (2018-2023). The objective is to strengthen sustainable forest management and increase economic opportunities for forest-dependent people and enterprises in selected forest landscapes in Mexico. The project will coordinate with CONAFOR to ensure lessons learned regarding market access and value chain development are considered in the design during PPG.

- FAO/GEF/CONABIO (GEF ID 9380): *"Securing the Future of Global Agriculture in the Face of Climate Change by Conserving the Genetic Diversity of the Traditional Agro-ecosystems of Mexico."* The objective of this project is to develop policies and mechanisms that support agro-biodiversity conservation, sustainable use and resilience, by promoting the knowledge of traditional agro-ecosystems and the cultural methods that maintain that agroBD in Mexico. The results of Component 4 "Valuation of agrobiodiversity and market linkages" will provide information to GreenMex project.

- UNDP/GEF/SEMARNAT: *"Fostering the legal, sustainable and traceable commercial use of Mexican wildlife."* The objective of this initiative is to promote the legal, sustainable and traceable trade of native wild species to reduce the rate of loss of globally significant priority species and their habitat in selected landscapes throughout Mexico. The project will coordinate with SEMARNAT to ensure complementarity of the initiatives and avoid overlap. In particular, during the PPG, the two initiatives will ensure their interventions in Huasteca provide distinct but complementary impacts.

155. The proposed project will strategically complement the on-going GEF funded projects and will maintain close coordination with them through a set of specific mechanisms: (i) annual coordination and planning meetings; (ii) technical meetings for sector-specific matters; (iii) meetings and activities to exchange lessons learned and good practices, with the authorities, technical and other sectors.

156. The current project will build upon relevant results from the above-mentioned projects, incorporating lessons learnt and scale up relevant site-specific management and planning tools developed by project partners. Ultimately, this GEF project will support the consolidation of models produced by these other projects, especially those related to community-based BD-friendly forestry/agroforestry production practices and territorial governance for sustainable development. As such, this project is a logical complement to previous/current GEF investments, providing an innovative approach to put in practice these governance models that promote connectivity.

## 7. Consistency with National Priorities

**Is the Project consistent with the National Strategies and plans or reports and assessments under relevant conventions**

Yes

**If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc**

157. The project is fully consistent with national priorities with regards to Biodiversity. Mexico ratified the Convention on Biological Diversity on 3rd November 1993. In COP13 of the Convention on Biological Diversity (CBD), held in 2016 in Mexico, a series of diagnoses were developed for the agricultural, forestry, fishing and tourism sectors, in order to review the instruments of public policy and identify opportunities for the mainstreaming of conservation issues and the sustainable use of BD in each one. Currently, there are: 1) The Mainstreaming Strategy for the Conservation and Sustainable Use of Biodiversity in the Forest Sector (2016-2022), and 2) The Mainstreaming Strategy for the Conservation and Sustainable Use of Biodiversity in the Agricultural Sector (2016-2022). In this context, the project will harmonize actions with the progress made through these strategies.

158. With regards to Mexico's National Biodiversity Strategy and Action Plan (NBSAP 2016-2030), Outcome 3.1 of the project is fully aligned with the NBSAP, particularly with the strategic axis "*Conservation and Restoration*" that proposes actions for the fulfillment of the Vision of Integrated Landscape Management and Connectivity (VNMIP-C) under Action 2.1: *In situ* conservation. Specifically, this refers to "*Promote integrated landscape management*" under "*Promoting ecosystem connectivity to ensure the continuity of ecological processes*" (2.1.7.). In addition, it is in line with Action 2.3, which refers to the application of "*a comprehensive, interdisciplinary, intersectoral, and long-term territorial approach is envisaged that favors the integrated management of ecosystems and watersheds for their sustainable use and conservation.*"



8. Knowledge Management

Outline the Knowledge management approach for the Project, including, if any, plans for the Project to learn from other relevant Projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.

159. Please refer to the description of Component 4, Outcome 4.1 and related outputs above for the project KM approach and strategy.

9. Environmental and Social Safeguard (ESS) Risks

Provide information on the identified environmental and social risks and potential impacts associated with the project/program based on your organization's ESS systems and procedures

Overall Project/Program Risk Classification\*

PIF	CEO Endorsement/Approval	MTR	TE
Medium/Moderate			

Measures to address identified risks and impacts

Provide preliminary information on the types and levels of risk classifications/ratings of any identified environmental and social risks and potential impacts associated with the project (considering the GEF ESS Minimum Standards) and describe measures to address these risks during the project design.

Environmental and Social Safeguards – Risk screening at PIF stage:

In line with the FAO Environmental and Social Management Guidelines (ESMG), the implementing agency has conducted an Environmental and Social Safeguards (ESS) screening at PIF stage. A full environmental, social and climate risk analysis will be conducted during PPG.

As per the ESS checklist screening, the project has been classified as *Moderate* risk. The table below summarizes the Environmental and Social risks identified in relation to the proposed project:

---

Safeguard Triggered	Risk Identified	Answer	Risk Classification	Potential (negative) impacts	Mitigation measures (preliminary)
Biodiversity, ecosystems and natural habitats	2.1 Would this project be implemented within a legally designated protected area or its buffer zone?	Yes	High risk	<p>The project will implement activities within and around selected protected areas that include the planting and harvesting of select biodiversity. There is a risk that this could impact ecosystem integrity and associated services if done in an unplanned, unregulated manner with non-native species. This risk is not foreseen, however, as the project will be designed to support selected PAs in reaching their conservation goals by promoting connectivity through the establishment of Voluntary Designated Conservation Areas (ADVC). Furthermore, the mainstreaming of sustainable practices within the Sembrando Vida Program will expand the environmental benefits generated by PAs, providing conservation stepping stones for flora and fauna between PAs and along their buffer zones.</p>	<p>ADVCs are natural protected areas that indigenous peoples, social organizations or individuals decide to voluntarily allocate to environmental conservation. Their characteristics are like those of a Biosphere Reserve, National Park or Flora and Fauna Protection Area and they have become a strategic tool to expand the protected areas system in Mexico.</p> <p>The GEF project will support the establishment of new ADVCs with a Management Strategy, including actions for the protection, conservation and restoration of natural resources, as well as guidelines for natural resources use in the property. The GEF project will build upon the criteria defined by CONANP to define ADVCs. Furthermore, the project will promote the establishment of ADVCs in clusters, thereby promoting further connectivity.</p>
Plant genetic resources	3.4 Would this project			SV currently promotes a number of species in its agroforestry interventions. There could be a risk associated with the availability of selected native species that comply with minimum criteria.	Agroforestry systems will be planted with native species with high economic value and adapted to different environmental conditions (to be confirmed during the PPG). These plants/trees will be certified by the National Forestry Commission (CONAFOR) or the National Seed Inspection and Certification S

for food and agriculture	establish or manage planted forests?	Yes	Moderate risk		inspection and Certification Service (SNICS)-belonging to the Ministry of Agriculture (SADER)- in order to guarantee their quality and compliance with biodiversity criteria. The socio-environmental analysis conducted during the PPG will ensure that species selected comply with minimum criteria on this issue.
Decent work	7.2 Would this project operate in sectors or value chains that are dominated by subsistence producers and other vulnerable informal agricultural workers, and more generally characterized by high levels "working poverty"?	Yes	Moderate risk	The beneficiaries of the project are predominantly subsistence producers identified by Sembrando Vida (SV) program. By intervening in production methods, there is a risk that the project would damage their ability to produce enough to subsist.	<p>The beneficiaries of these projects are mainly beneficiaries of the SV program, a socially-oriented governmental program that focuses on subsistence farmers living in poverty -who are principally women, indigenous people and the afro-descendant population- through direct unconditional transfers. Likewise, potential beneficiaries of coffee and cocoa value chains, will likely consist of small producers or cooperatives.</p> <p>Affirmative actions will be carried out (training in entrepreneurship, business financing) to include vulnerable population groups -women, youth and indigenous population- to lead green entrepreneurship projects derived from chains and high value products of Biodiversity, or alternative activities such as sustainable tourism that allow for the development of green business of the social economy</p> <p>During the social and environmental analysis derived from the PPG, other affirmative and inclusive actions will be defined.</p>
	7.3 Would this project operate in situations w			The beneficiaries of the project are predominantly subsistence producers identified by	The beneficiaries of this project will mainly come from the SV program. SV is currently linked to the governmental progra

7.Decent work	<p>...uations where youth work mostly as unpaid contributing family workers, lack access to decent jobs and are increasingly abandoning agriculture and rural areas?</p>	Yes	Moderate risks	<p>...ducers identified by Sembrando Vida program, a portion of whom are youth who work with and for their families. By intervening in production methods, there is a risk that the project would damage their ability to produce enough to subsist, and thus force them to abandon agriculture and rural areas.</p>	<p>...ed to the governmental program <i>Young people building the future</i>, which promotes the development of technical and productive capacities. In the context of the GEF project, the program will focus on promoting the development of young members of the cooperatives in market competencies, green businesses and leadership.</p>
7.Decent work	<p>Would this project operate in situations where major gender inequality in the labour market prevails? (e.g. where women tend to work predominantly as unpaid contributing family members or subsistence farmers, have lower skills and qualifications, lower productivity and wages, less representation and voice in producers' and workers' organizations, more precarious contracts and higher informality rates, etc.)</p>	Yes	Moderate risk	<p>The beneficiaries of the project are predominantly subsistence producers identified by Sembrando Vida program, a portion of whom are women. By intervening in production activities that are traditionally "men's work", there is a risk that women would be excluded from the project.</p>	<p>During the design and implementation of the project, a diagnosis analysis will be carried out using tools such as the analysis of gender-sensitive value chains. This will allow us to determine the participation of women throughout the value chain and their access to productive resources. In addition, time use patterns of women will be analyzed, to avoid overload them with additional activities related to their cultural roles, thereby contributing to the increase the gender gaps.</p>

8. Gender equality	8.1 Could this project risk reinforcing existing gender-based discrimination, by not taking into account the specific needs and priorities of women and girls?	Yes	Moderate risk	<p>The beneficiaries of the project are predominantly subsistence producers identified by Sembrando Vida program, a portion of whom are women. By intervening in production activities that are traditionally “men’s work”, there is a risk that women would be excluded from the project.</p>	<p>During the design and implementation of the project, a diagnosis analysis will be carried out using tools such as the analysis of gender-sensitive value chains. This will allow us to determine the participation of women throughout the value chain and their access to productive resources. In addition, time use patterns of women will be analyzed, to avoid overload them with additional activities related to their cultural roles, thereby contributing to the increase the gender gaps.</p> <p>The project foresees the development of cooperatives and green businesses, led by women and young people. This includes, <i>de facto</i>, the development of capacities and the directing of financing towards this sector.</p>
8. Gender equality	8.2 Could this project not target the different needs and priorities of women and men in terms of access to services, assets, resources, markets, and decent employment and decision-making?	Yes	Moderate risk	<p>The beneficiaries of the project are predominantly subsistence producers identified by Sembrando Vida program, a portion of whom are women. By intervening in production activities that are traditionally “men’s work”, there is a risk that women would be excluded from the project.</p>	<p>Only 30% of women have access to services and resources for primary production within the <i>Sembrando Vida</i> program.</p> <p>During the socio-environmental analysis of the PPG phase, potential affirmative actions to reduce the gap in access to primary productive resources and market access, will need to be identified and defined. For this, the value chains and businesses to be implemented will be analyzed using a gender perspective; Likewise, practices to improve access to financing for women will be identified, since financial services can be both a catalyst and a barometer of gender equality.</p>
				Not foreseen. The project has a participatory approach and will s	A Free Prior and Informed Consent process will be conducted during PPG and before any p

<b>9.Indigenous peoples and cultural heritage</b>	9.2 Are there indigenous peoples living in the project area where activities will take place?	<b>Yes</b>	<b>Moderate risk</b>	<p>support livelihoods of rural communities, including indigenous peoples, generating socio-economic co-benefits.</p> <p>Nevertheless, as per FAO ESS and international agreements, the project preparation team will conduct an FPIC process and elaborate an IPP (see next column).</p>	<p>project action takes place in the project areas with indigenous population.</p> <p>In those areas, an Indigenous Peoples Plan is required in addition to the Free Prior and Informed Consent process. Indigenous communities will be identified and targeted into the landscapes selected during PPG stage.</p> <p>In areas where the project is for both, indigenous and non-indigenous peoples, an Indigenous Peoples Plan will be required only if a substantial number of beneficiaries are Indigenous Peoples. Project activities will outline actions to address and mitigate any potential impact.</p>
---	---	------------	----------------------	---	--

#### Supporting Documents

Upload available ESS supporting documents.

**Title**

**Submitted**

FAO ESS Screening Checklist \_PIF GreenMex 25Sept2020

### Part III: Approval/Endorsement By GEF Operational Focal Point(S) And Gef Agency(ies)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the Operational Focal Point endorsement letter with this template).

Name	Position	Ministry	Date
Mrs. Fernanda Montero Lara	Director for sustainable finance - Operational Focal Point	Ministry of Finance and Public Credit	9/28/2020

#### **ANNEX A: Project Map and Geographic Coordinates**

Please provide geo-referenced information and map where the project intervention takes place

**Please see section 1) Global environmental problem - Project target landscapes and threats**