

Connecting Watershed Health with Sustainable Livestock and Agroforestry Production

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10735

Countries

Mexico

Project Name

Connecting Watershed Health with Sustainable Livestock and Agroforestry Production

Agencies

World Bank

Date received by PM

10/30/2020

Review completed by PM

3/3/2021

Program Manager

Milena Vasquez

Focal Area

Multi Focal Area

Project Type

FSP

CEO Approval Request

Part I ? Project Information

1. Focal area elements. Is the project aligned with the relevant GEF focal area elements as indicated in Table A and as defined by the GEF 7 Programming Directions?

Secretariat comment at CEO Endorsement Request

11/23/2020: Please address the following minor comments:

1. Rio Markers: Please change the Rio Marker for Mitigation to 2 as this project explicitly targets GHG avoidance/reduction.
2. Please either change the project duration to 61 months or fix the expected completion date to 4/1/2026 so the timeframes match.
3. Table A: Please change the text under the Focal Area Outcome to the following: ?Transformation of food systems through sustainable production, reduced deforestation from commodity supply chains, and increased landscape restoration.? This will ensure it matches the rest of the FOLUR IP child projects.

1/19/2021:

1. Comment cleared.
2. Comment not cleared. Expected completion date in Portal shows as 4/30/2020. Please amend to 60 months after 5/3/2021 or 5/3/2026.
3. Comment cleared.

3/2/2020: completion date has been amended to the correct year.

Agency Response

2/24/2021

thank you, dates are changed as advised

12/23/2020

Thank you

1. The requested change has been incorporated.
2. The implementation period will be 5 years; 60 months. Effectiveness is expected by 5/3/2021, thus the closing date was revised in the PAD Datasheet to 4/30/2026. As there will be no effectiveness conditions, the final dates will depend on the actual WB Board date, which we'll try to advance of the current April 29, 2021, as much as possible.
3. The requested change has been incorporated.

1/20/2021

Thank you. Date is amended as advised

2. Project description summary. Is the project structure/design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?

Secretariat comment at CEO Endorsement Request

11/23/2020: Please address the following comments:

1. Please clarify why the project objective here is slightly differently worded from the PDO in the PAD. The same goes for the component outcomes and outputs.
2. The improvement of value chain and market linkages, as presented in the PAD, doesn't appear clearly in the component 2 expected outcomes and outputs in Table B. Please reformulate the component 2 in Table B so that it aligns better with the project description.
3. The outputs in component 3 in Table B are all about training while this component does include investments on the ground. Please modify the outputs in the table so that is clear that sustainable practices and restoration investments will take place under this component.
4. In the outcomes column of Table B and in the project component description, please add the relevant indicators and targets so that we can better understand the expected results of the proposed outputs/activities.

1/19/2021: All comments above have been addressed. Cleared.

3/17/2021: Proportionally of PMC: there is not proportionality in the co-financing contribution to PMC vis-a-vis the GEF contribution. The GEF contribution to PMC is 5%, while from co-financing is 0.87% (i.e. the overall co-financing ratio is 7.2, while for the PMC it is just 1.3). Please aim to increase this proportionality by decreasing the GEF contribution and/or increasing the co-financing contribution to PMC.

3/19/2021: PMC co-financing has been increased to 3.3%. While it is not exactly proportional to the GEF PMC, PM believes it meets proportionality considering the level of co-financing and investment mobilized. Comment cleared.

Agency Response

3/19/2021

The PMC co-financing ratio was reviewed with the counterparts (FMCN and INECC) and adjusted to 3.2% of the total co-financing, including the full INECC in-kind contribution under PMC to support the project's technical leadership, as well as minor parts of the co-financing allocated by other contributing GoM agencies. The actual PMC from co-financiers is expected to materialize in a greater amount, yet the current estimate agreed upon with the counterparts if kept at 3,2%.

12/23/2020

Thank you.

1. The PDO has been revised to be the same as in the PAD, and the component outcomes and outputs have been revised for consistency with the CONECTA Theory of Change.

2. Thank you for the observation of the omission; both the Theory of Change and Table B were revised to align them with Component 2 description.

3. As per the Theory of Change, the outputs were revised to read "*Beneficiaries trained and climate-smart production practices in livestock and agroforestry and conservation and restoration actions implemented*".

4. The PDO indicators and targets were added under the Project Objective and the Intermediate Result Indicators and targets applicable to specific components in the Outcomes column in Table B.

1/20/2021

thank you

3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?

Secretariat comment at CEO Endorsement Request N/A

Agency Response

4. Co-financing. Are the confirmed amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized, consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat comment at CEO Endorsement Request

11/23/2020: Thank you for providing all the letters and translations in a consolidated document, along with the exchange rates and associated dates. Please address the following comments:

1. CONANP is listed as public investment that is categorized as recurrent expenditure. As the letter uses the phrase "in-kind" please clarify how the amount listed can be categorized as public investment and not in-kind (i.e contributions in the form of goods or services other than money, including but not limited to salaries and wages, office space, and utilities).
2. Regarding the co-financing identified as investment mobilized:
 - Please revise the explanation below Table C so that it is organized following the structure at the beginning with the source and amount. FMCN, FONNOR and SEMADET are structured this way, but then it becomes difficult to find the other sources.
 - FMCN, FONNOR and FIRA are well explained as investment mobilized as they will directly support the execution of project activities. Please further clarify how it has been determined that the contributions from SADER and CONAFOR, are investment mobilized. In the letters, the amounts seem to represent ongoing expenditures that are aligned with the project.
 - Please further clarify how the amount from SEMADET has been categorized as grant, as this is not clear from the letter.

- The co-financing from CONAGUA does not seem to be clearly related to the project, but rather an amount budgeted for the targeted states from its recurrent operations. Please clarify.

3. There is a mention of the co-financing expected from BIENESTAR in the PAD. Please clarify the scope and status of that co-financing and by when it will be able to get confirmed.

1/19/2021: All comments above have been addressed.

1. CONANP's co-financing has been changes to in-kind. Comment cleared.

2. Investment mobilized has been further clarified. Comments cleared.

3. Potential co-financing from BIENESTAR may materialize as the project comes under implementation and if so will be reported at mid-term. Comment cleared.

3/17/2021: Please address comments below:

(i) Co-financing from FMNC includes a GCF project proposal (US\$ 9M) that is still at concept stage. As per GEF co-financing policy, at the CEO endorsement Agencies need to provide confirmed information regarding amounts and sources of co-financing. As it is not confirmed yet, please remove this amount.

(ii) Co-financing letters from INECC, FONNOR (Fondo Noreste), CONAFOR, SEMADET (state of Jalisco), and Ministry of Agriculture do not specify the type (in-kind/grant/public investment) of co-financing. Per GEF policy, the letters must specify the type of co-financing in addition to the amount. Please provide updated letters from these sources.

3/19/2021: The GCF co-financing has been approved and therefore this comment is no longer valid. Updated letter has been uploaded. Additional clarifications on co-financing from INECC has been provided and email message uploaded. Other co-financing types have been further clarified below and discussed with GEF Secretariat. Comments cleared.

Agency Response

3/19/2021

(i) On March 17th , 2021 at its 28th Board meeting, the Green Climate Fund approved the concept note for the project R?OS (US\$9,000,000), which will focus on adaptation to climate change through river restoration in two watersheds included in CONECTA. An updated letter from FMNC (uploaded in the GEF portal, project Roadmap) reflects this approval.

(ii) Project team and WBGEF Executive Coordinator received official communication from DRA. Maria Amparo Martinex Arroyo, INECC General Director, with clarification on the nature of the cofinancing provided to the GEF project (as in-kind). An official email is uploaded in the GEF portal, project Roadmap

With regard to the remaining letters, the nature of the co-financing was confirmed with the relevant counterparts based on the first round of GEFSEC technical comments and were confirmed as follows:

1. Letter from FONNOR - The Gonzalo R?o Arronte Foundation has approved the proposal from FONNOR (as per cofinancing letter) and is a grant contribution in support of the GEF WB CONECTA project
2. Letter from CONAFOR - National Forestry Commission provides cofinancing in the form of federal budget support to the project, via the national program of Payment for Environmental Services (PES) referred to in the cofinancing letter; public investment by nature.
3. Letter from SEMADET - Secretariat of Environment and Territorial Development (SEMADET), state of Jalisco provides cofinancing to the CONECTA project via state budget program to support producers targeting zero-deforestation (as clarified in cofinancing letter); this funding is a public investment by nature
4. Letter from the Ministry of Agriculture - cofinancing to the GEF WB CONECTA project will be conducted via the national program of Promotion of Agriculture, Livestock, Fishing, and Aquaculture and Government Sectoral Program of Agriculture and Rural Development (as clarified in the cofinancing letter); public investment by nature.

12/23/2020

thank you

1. Correct: the CONANP contribution was revised to be listed as "in-kind". This cofinancing is an endowment fund invested in FMCN, which KfW contributed to the protected areas of the watersheds. The interests pay for CONANP's operating expenses.

2.

- The presentation of the co-financing has been revised as requested.

- Agreed.

- SADER and CONAFOR co-financing refers to their public programs that support eligible beneficiaries with project related activities; such financing is not in-kind. FMCN

and INECC confirmed said expenditures represent public investment rather than the other option that might be grants.

- SEMADET has a public program that finances a range of activities. FMCN and INECC confirmed the most opportune categorization for the SEMADET co-financing is public investment.

- The CONAGUA letter clearly states the relation of its referred budget programs with the CONECTA Components 1 and 3 and expects to contribute to and consolidate the implementation of the IWAPs to focalize and align projects and investments aligned with the objectives of Component 3 related with implementation of sustainable, productive practices in livestock and agroforestry landscapes. The necessary coordination and collaboration will be carried out through the CONECTA Coordinating Committee.

3. Potential co-financing from BIENESTAR remains under work by INECC. We agreed to leave it out for now as we cannot have certainty on the date when the letter might materialize, while the priority is to get the project approved and under implementation as soon as possible. BIENESTAR participates in the CONECTA Coordinating Committee, so it is expected co-financing will materialize latest during implementation; we'll report on the conclusion latest at the mid-term review.

1/20/2021

thank you

5. GEF resource availability. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):

Secretariat comment at CEO Endorsement Request 11/23/2020: Yes.

Agency Response

12/23/2020

Thank you

STAR allocation?

Secretariat comment at CEO Endorsement Request 11/23/2020: Yes

Agency Response

12/23/2020

Thank you

Focal Area allocation?

Secretariat comment at CEO Endorsement Request 11/23/2020: Yes

Agency Response

12/23/2020

Thank you

LDCF under the principle of equitable access?

Secretariat comment at CEO Endorsement Request N/A

Agency Response

SCCF (Adaptation or Tech Transfer)?

Secretariat comment at CEO Endorsement Request N/A

Agency Response

Focal Area Set Aside?

Secretariat comment at CEO Endorsement Request N/A

Agency Response

Impact Program Incentive?

Secretariat comment at CEO Endorsement Request 11/23/2020: Yes.

Agency Response

12/23/2020

Thank you

6. Project Preparation Grant. If PPG is requested in Table E.1, has its advanced programming and utilized been accounted for in Annex C of the document?

Secretariat comment at CEO Endorsement Request N/A

Agency Response

7. Non-Grant Instrument. If this an NGI, are the expected reflows indicated in Annex D?

Secretariat comment at CEO Endorsement Request N/A

Agency Response

8. Core Indicators. Are the targeted core indicators in Table E calculated using the methodology in the prescribed guidelines? (GEF/C.54/Infxxx)

Secretariat comment at CEO Endorsement Request

11/23/2020: Please address the following comments:

1. Deforestation and climate benefits: Overall, it is difficult to understand the relatively low impact of the project on the deforestation avoided considering the key driver of livestock and the fact that the targeted project areas are where the highest deforestation rates are reported. In particular, we note the following:

- As regard to the GHG emissions avoided, we take note of the assumptions and the need to align with INECC methodology. Nevertheless, 10% reduction in loss of grass and shrublands and forest areas is low for such a project and the emission factors used for the deforestation avoided look also very low. For instance, in Chihuahua, the emission factor is around 10 times less in the forest area as compared to the default value. Please explain.

- Aren't there GHG benefits from the improved management of 450,000 ha? Please clarify.

2. Livestock and climate benefits: In addition, the number of cattle heads with improved practices is very limited: 85 in Jalisco, 100 in Chiapas, 20 in Chihuahua? out of thousands of animals. Please explain and revise as needed.

3. As regard to restoration, it is unclear how the targets were assessed. The Annex 5 of the PAD refers to 6,000 ha of forest restoration while we don't find any area of forest and forest land restored in the Core Indicators presentation. Please explain and revise accordingly, providing the cost per hectare and the references used.

4. Indirect benefits: it is unclear what is defined as indirect benefits. Please explain, bearing in mind that the subsequent benefits resulting from the project activities (i.e. post-project) are considered as direct benefits. If that is the case, please combine and report only as direct.

5. In general, it is hard to understand the low result in terms of GHG emissions avoided considering that the watersheds were selected, among others, based on the high potential for GHG sequestration (paragraph 25).

1/19/2021: Thank you very much for the detailed responses. We appreciate the time spent on the different aspects of our comments.

1. Cleared.

2. Cleared.

3. Cleared.

4. Cleared.

5. While the response states that CONECTA is not a mitigation project per se, we consider mitigation to be a key part of an integrated approach to generate multiple Global Environmental Benefits (GEBs). Therefore, as we agree with the estimated mitigation benefits as outlined and justified below, we note that the remaining significant GEB would then be the target under indicator 4.1, Area of landscapes under improved management to benefit biodiversity.

Considering this indicator is broad in its definition and this is the main environmental result of the project, please provide more details on what this GEB entails precisely in the targeted landscapes, in order to demonstrate this project goes beyond supporting agriculture production development.

3/2/2021: Comment cleared.

Agency Response

2/24/2021

5. The biodiversity GEB description in Annex 2 of the PAD has been amplified to provide further concretion on the expected BD benefits of CONECTA and related monitoring under the GEF core indicator 4.1, Area of landscapes under improved management to benefit biodiversity.

As stated in paragraph 70 of the PAD, CONECTA will pilot use the new [FAO Biodiversity Integrated Assessment and Computation Tool \(B-INTACT\)](#) to complement biodiversity monitoring to be conducted through BIOCUMUNI, a protocol for community monitoring of biodiversity developed in

collaboration by CONAFOR, FMCN and the United States Forest Service (USFS). B-INTACT seeks to extend the scope of environmental assessments to capture biodiversity concerns, which are not accounted for in conventional carbon pricing. The WB team has contacted the respective FAO team to search for their technical support in training key CONECTA team members from the WB, FMCN and INECC to use the tool.

12/23/2020

Thank you

1. Deforestation and climate benefits: The WB-INECC-FMCN CONECTA team understands the comment and offers the following response:

While the CONECTA intervention areas were selected partly due to the GHG mitigation potential they present, which is higher than the national average net deforestation rates, it is important to note that the worst periods of deforestation already took place in the targeted watersheds. The current main negative impact of livestock in the targeted watersheds is forest degradation and the associated continued loss of biodiversity rather than direct deforestation. This is the case particularly in the states of Jalisco and Veracruz.

In general, the net deforestation rates in Mexico have decreased over the past 10 years, and the national average net deforestation rate stands currently at around 0.19 %^[1].

For CONECTA, the team did an actual land use assessment using existing land use and vegetation data from INEGI's land cover layers to calculate the percentage of loss of vegetation in each of the targeted watersheds. Based on this information, a weighted average was defined to extrapolate the loss of vegetation in the targeted watersheds. This process was done for the states of Chiapas, Jalisco, and Veracruz, while in the case of Chihuahua, a recent literature reference was used.

The results of the CONECTA land use and vegetation cover assessment show that the targeted states have higher levels of net deforestation than the national average net deforestation rate, namely 0.71% in Chiapas, 0.55% in Jalisco, 1.70% in Veracruz, and 6.25% in Chihuahua.

Regarding lower than average GHG emission reductions compared with the previous similar-size GEF projects, it is critical to keep in mind that as per the FOLUR IP requirements, CONECTA focuses on restoring degraded agricultural land and promotion ILM-focused forest/vegetation cover conservation/restoration efforts focusing on biodiversity benefits instead of e.g. improving the management of protected

areas or direct mitigation objectives. As argued in detail in our previous responses on this topic, the CONECTA GHG analysis was conducted with focus and care with the best available information and criteria of the leading technical specialists of the Government. It is also important to notice that the office-based GHG analysis presents an estimation that may change later based on field work.

[1] Reported under SDG Indicator 15.2.1 during period 2019-2020 by FAO Forest Resources Assessment 2020.

- GHG emissions avoided: - We understand the referred "default value" for emission factors (EFs) comes from the EX-ACT tool. If this is the case, and as argued before, please note the AFOLU EFs used by INECC in the 2018 National GHG Inventory Report are developed based on the National Soil and Forestry Inventory and completed soil carbon data from INEGI. This information permits generating a Tier 2 EF specific for the country and is thus more accurate than the standard results one will obtain from using the Tier 1 EFs in EX-ACT. The default Tier 1 EF values are representative of global parameters and can be used to approximate the impacts, while they may not accurately respond to an applicable national/local situation. Therefore, in general terms, it should not be surprising that the use of Tier 2 EFs as part of the refinement of the GHG estimates can result in dramatic differences in results. The Tier 2 EFs used in this assessment reflect more appropriately the forest and ecosystem types and conditions, climatic regions and land use systems in the country/area under assessment.

As part of the CONECTA preparation, very fine details on the type and proportion of the type of forests/vegetation present in the targeted watersheds were determined and these adjustments included in the EX-ACT analysis to reflect the circumstances of the types of vegetation and ecosystems in the intervention areas for Components 1 and 3.

In Chihuahua in particular, much of the area to be intervened consists of desert shrub vegetation. This type of vegetation contains 70-80 percent less carbon compared to other types of forests/vegetations that are usually subject to an EX-ACT assessment. A key consideration beyond the low carbon content in the Chihuahua shrub ecosystems is that they have a high biological value that make them important to be included in the project area, given that CONECTA emphasizes the protection of biodiversity.

- GHG benefits: Indeed, the first PDO indicator of CONECTA reflects a variety of expected benefits from the project activities in the "area of landscape under improved climate-smart practices", including differing levels of GHG benefits per ha. As the targeted benefits are diverse, only a part of them reflects avoided deforestation, while the most part reflects benefits in biodiversity protection, which also entails increased/higher quality vegetation cover. Refer to Annex 5 for more specific details.

On the other hand, it is necessary to be clear that the requirements and objectives are different for a results framework and a GHG analysis. The indicator definitions are included in the results framework and the detailed information underlying the GHG analysis is presented in Annex 5: it is not correct to expect that the two would present direct correlation in all the aspects. Regarding the improvement/development of IWAPs under Component 1, the entire area covered by them is by no means considered in the GHG analysis, but only 10 percent of them; the area that reflects the expected reduction in deforestation.

2. Please note the referred numbers of cows per beneficiary state used in the GHG analysis is specific for dual purpose animals (beef and dairy); only a subgroup of the total number of cows that are expected to benefit from project activities and don't even cover the number of cows considered in the GHG analysis regarding benefits due to decreased enteric fermentation.

It is important to note that the estimated GHG benefit related with cows is associated with decreased enteric fermentation from better feeding practices observed from silvopastoral/shrubland systems supported under Component 3. In this respect, the attribution of the GHG benefits is limited to the cows that are feeding in the 1,500 ha of silvopastoral/shrubland interventions of the project, the numbers of which we still revised carefully with INECC based on C6 data and using the observed animal stocking rate to refine the assessment, the final ones resulting in: 1,402 heads based on 300 ha of silvopastoral systems in Chiapas; 772 heads based on 400 ha of shrubland in Chihuahua, where the ecosystem requires large expanses of land to support a small number of cows; 615 heads based on 400 ha of silvopastoral systems in Jalisco; and 1,420 heads based on 400 ha of silvopastoral systems in Veracruz.

The calculation of the silvopastoral/shrubland areas estimated to be directly intervened by CONECTA was based on the cost of intervention per ha, the number of producers in each area, based on the size of the typical farms, and the number of cows per farmer. An important factor in these calculations was the GEF funding available for Component 3.

While there are important numbers of cattle in the intervention areas, the livestock units will represent only a part of the productive areas to be improved under CONECTA. Further, the GHG analysis reflects the 'additionality' of the project interventions considering that without the project the impact on enteric fermentation/management of manure is likely to remain the same unless there is direct investment to reduce it.

The number of the 'beneficiary cattle' under Component 3 will be subject to review once the subprojects have been selected and re-evaluated at mid-term and revised accordingly.

3. The target of the indicator 3.1 on the area of land restored is 10,500 ha, divided under the GEF core indicators in 8,000 ha of restored agricultural land and 2,500 ha of natural grass and shrublands restored, the latter assuming that the call for proposals would result in 25 percent of the restoration taking place in Chihuahua. Please note the estimated numbers refer to the current use of the degraded lands; not to their expected use once they have been restored. As commented above, the sub-targets were determined based on the results of the state-level diagnostics to estimate the demand by future beneficiaries and the availability of funding under Component 3.

On the contrary, EX-ACT focuses on the expected future land use compared with the baseline/BAU situation. In EX-ACT, the same total of 10,500 ha is reflected as restored land, and we also differentiate what part of it is expected to be converted into agroforestry and what part is expected to represent pure restoration of the baseline vegetation. Related with the latter, in EX-ACT we assume that a total of 6,000 ha (1,500 ha per state) of the land with restored vegetation will represent forest restoration.

Regarding the expected result of 6,000 ha of "forest degradation" in Table 3 on "Distribution of area (ha) per state and activity" of Annex 5, we took notice that Annex 3 on the Economic and Financial Analysis referred to "area of landscapes under conservation and restoration". We corrected the inconsistency by replacing both references by more general "landscape restoration", given the ecosystems to be restored can be forest or any other type of vegetation as defined eligible in the call for proposals under Component 3.

The cost and benefit information come from the final evaluation (ICR) of the C6 project paragraphs 44 and 45:

"Regarding sustainable forest management and agroecology subproject efficiency, the Project reported at closing a cost per hectare of US\$279 over four years or US\$69.75 annually. This cost included the salaries of technicians in the field who advised the beneficiaries, local workers, inputs equipment, and training. The C6 costs remain relatively low compared to other agroforestry management projects where studies estimated costs at US\$55 per hectare annually 22 or US\$230.77 per year for agroecosystem activities and US\$446.15 per hectare annually for sustainable forest management activities. These figures come from CONAFOR data of 2014 which were the basis of Project design. The C6 efficiency can be attributed in part to the array of benefits to Project areas, such as the network of community monitors informing decision making at the subproject level.

The Project also reported the associated costs for the management of one hectare of shade coffee planting and the establishment of one hectare of silvopastoral systems 23 at US\$150 and US\$450 annually respectively. The differing costs of specialized equipment such as scales and dryers for coffee and electric fences and solar cells for the silvopastoral systems accounted for the variation in overall costs. The costs also included training and technical follow-up."

As commented to start with, it is important to note there are differences in the definitions used between the EX-ACT assessment and the GEF core indicators: The GHG assessment focuses on identifying the transition or land use change that will occur, thus the 10,500 ha were divided between agroforestry practices and restoration, while in the GEF core indicators the focus is on presenting the baseline land use, thus the 10,500 ha were divided between agriculture and shrubland. Consequently, the definitions of restoration are different, but the sum of the two calculations is the same. If another 6,000 ha of landscape restoration were added, it would imply double counting of the results.

4. This question was discussed in detail with INECC and FMCN considering the GEF definitions of "lifetime direct (post-project) emissions avoided" and "lifetime indirect GHG emissions avoided (top-down and bottom-up)". The conclusion was to maintain the division as it was: indirect GHG emissions avoided reflect the expected 10 percent avoided deforestation as a result of the implementation of the IWAPs. We revised the main text of the PAD and Annex 5 for respective clarity and consistency on the source of the indirect GHG benefits.

5. Please see the first comment under the GHG analysis that explains the results reflecting the relevant area and ecosystem specific conditions, whereby the targeted watersheds do experience higher net deforestation than the national average and avoided deforestation is a key project contribution to the reduction of GHG emissions.

The activities supported by the project will not be able to end deforestation and forest degradation in the project areas but will reduce them. Experience from previous projects in Mexico and a related pipeline project under preparation in Colombia indicate that avoided deforestation in cattle systems range between 10 to 15 percent and is thus aligned with the CONECTA GHG analysis. A very similar GHG analysis was also conducted on the R?OS project financed by the Green Climate Fund that forms a part of CONECTA co-financing. The GCF revision of the GHG analysis was technically highly satisfactory.

Please note we concluded revising the wording in paragraph 25 of the PAD to reflect ?potential contribution to GHG emission reductions relevant to other areas in the country?; CONECTA is not a mitigation project per se and we want to be clear on that.

1/20/2021

9. Project taxonomy. Is the project properly tagged with the appropriate keywords as in Table G?

Secretariat comment at CEO Endorsement Request

11/23/2020: Please consider adding either "capital providers" or "financial intermediaries and market facilitators" on the stakeholders list (to reflect FIRA and others). Please remove the check for "Commodity Supply Chains (Good growth partnership)" as that relates to the GEF-6 program. Under Biodiversity, consider adding the relevant biomes. Please remove "climate change adaptation" (as this is not a project funded by climate change adaptation, although we recognize the adaptation benefits).

1/19/2021: Comment cleared.

Agency Response

12/23/2020

Thank you

Agreed, "Financial intermediaries and market facilitators" were added under stakeholders.

Agreed, "Commodity Supply Chains (Good growth partnership)" was removed.

Agreed: Mangroves, Rivers, Tropical Rain Forests, Tropical Dry Forests, Temperate Forests, and Grasslands were added.

"Climate change adaptation" along with "Climate resilience" and "Ecosystem-based Adaptation" were removed attentive to your concern.

1/20/2021

Thank you

Part II ? Project Justification

1. Project Description. Is there sufficient elaboration on how the global environmental/adaptation problems, including the root causes and barriers, are going to be addressed?

Secretariat comment at CEO Endorsement Request

11/23/2020: The PAD provides a broad presentation of the socio-economic context in Mexico, as well as the environmental problems, but the description of root causes and barriers as it relates to deforestation and land degradation (and associated GHG emissions and impacts on biodiversity) due to the targeted value chains in targeted landscapes is slightly weak/linkage between the two is missing.

We learn about general market failures including lack of transparent and effective information, limited access to credit and improved technologies/practices and poor linkages between producers, small and medium processing enterprises and markets, poorly equipped farms, lack of TA and integration in the value chain.

To better understand the rationale for the proposed project activities, what about the capacity for integrated landscape planning and management, the institutional framework/limitations that allow the deforestation, the incentives that promote the environmental degradation, the actual implementation of the existing sustainable initiatives such as the PES schemes? Please elaborate further on the context elements the project will address.

1/19/2021: Thank you for the additional explanations below. Comment cleared considering PAD limitations.

Agency Response

12/23/2020

Thank you.

Please see the response on the deforestation and land degradation concern in item 6 under the comment to the alternative scenario, outcomes and components.

Regarding existing ILM capacity, despite the existence of a relevant legal framework both at the federal and state level that provide enabling conditions for mainstreaming public policies and coordination between sectors towards rural development and climate change action, the execution of public programs and resources is disjointed and lacks intersectoral coordination at different levels. This is especially the case in forest areas where agricultural and forestry activities converge. This weakness relates to intersectoral coordination platforms at local level that have limited impact, while there is a lack of planning instruments that would trigger coordination for improving public investments.

Beyond coordination of investments among public sector entities, coordination of investments between public and private institutions is essential for decision making on natural resources at the federal, state, and municipal levels.

To complement the referred overall situation in Mexico, there are some relevant planning instruments that serve as an example to follow. E.g. the Vallarta region in the state of Jalisco, which coincides with the targeted CONECTA watersheds, has developed instruments with a functional vision on climate change perspectives, such as the Puerto Vallarta Municipal Climate Change Program that proposes a series of adaptation and mitigation measures. Some of the adaptation measures considering the population of the Vallarta Region were designed with a territorial vision of the watershed. However, coordinated investments for the implementation of this planning instrument are lacking.

CONECTA will implement two approaches to improve the institutional framework needed for integrated landscape planning and management: (i) At strategic level, the Coordination Committee that brings together productive, environmental and social development sectors through high level representation will align and coordinate activities and incentives to improve the enabling environment for ILM.

(ii) At the local level, the IWAPs identify the priority areas to implement different types of activities required to conserve critical environmental services. They will be built with inputs by key local actors and will be socialized at local, state and national levels.

Please note due to the WB requirements on limitation to PAD volume and the potentially sensible information included that the GoM might observe in their final review of the PAD, this information is only provided as a response in the GEF review sheet.

1/20/2021

Thank you

2. Project Description. Is there an elaboration on how the baseline scenario or any associated baseline projects were derived?

Secretariat comment at CEO Endorsement Request

11/23/2020: The baseline scenario is well described, except for the existing (if any) sustainability initiatives by the stakeholders along the value chains, particularly from the private sector. Please clarify.

1/19/2021: Comment cleared.

Agency Response

12/23/2020

thank you

Existing and related sustainability initiatives where the FMCN already participates and will continue collaborating/increment its actions as part of CONECTA implementation are mentioned in paragraphs 23 and 46, under the description of Component 4, and in Table 1 on the project beneficiaries in the PAD, and further details are included in the GEF Datasheet:

CONECTA will collaborate with existing initiatives that work on sustainable value chains to maximize synergies and impact, including e.g. the Mexican Alliance for Biodiversity and Business (AMEBIN), the most important fora that brings together environmental CSOs and private sector companies, which the FMNC is co-chairing since November in 2020 together with Nestl?, TEEB AgriFood Mexico (TEEB MX); Mexican Association for Fair Trade; Mexican Roundtable for Sustainable Livestock (MRSL) that has initiated its work but is still to be legally established; and relevant Nationally Appropriate Mitigation Actions (NAMA). A NAMA on sustainable livestock is currently under preparation by SADER and the Inter-American Institute for Cooperation on Agriculture (IICA) and adopted in its early stages by the MRSL as one of its projects. Collaboration is expected also with the IFC that is working to identify investment opportunities in the CONECTA intervention areas.

The CONECTA Coordinating Committee (CC) will play a key role in coordinating and aligning relevant actions in the project area and beyond, particularly through SADER and FIRA, the latter focusing on PS actors.

Trust Funds for Rural Development (FIRA) is a key public second-tier development bank, established in 1954 by Mexico's federal government, that offers credit and guarantees, training, TA and technology-transfer support to the agriculture, livestock, fishing, forestry and agribusiness sectors in Mexico. FIRA has an extensive network of 131 offices throughout Mexico, more than 40 percent of which are based in communities with fewer than 50,000 residents. FIRA's field offices and headquarters include a staff of more than 1,000 agricultural and finance specialists with a deep knowledge of Mexico's farming conditions and producer capabilities. It is composed of four public trusts recognized as Federal Public Administration entities, whose Trustor is the Ministry of Finance and Public Credit (SHCP) and the Fiduciary is the Bank of Mexico. FIRA's financings in 2019 totaled US\$ 11 billion, which represented an increase of 5.9 percent over 2018, with a total channeled credit flow of US\$16.4 billion, 10.7 percent higher than in 2018. Around 83 percent of FIRA's funds are channeled through Banking Financial Institutions (BFIs), and the remaining 17 percent is dispersed through non-bank financial intermediaries. Those funds covered loans to 1,776,000 credit recipients, of which 78 percent were women and 99.8 percent were micro, small

and medium enterprises (MSMEs). FIRA's total portfolio of sustainable development projects at the end of 2019 totaled an estimated US\$450 million, representing 4.2 percent of the total balance of the institution.

1/20/2021

Thank you

3. Project Description. Is there an elaboration on the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there more clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?

Secretariat comment at CEO Endorsement Request

11/23/2020: Please address the following comments:

1. We were not able to find the Environmental and Social Management Framework (ESMF) in the submission. Please clarify if this is available at this stage. And if not, whether the activities listed under Component 3 encompass the eligible activities.
2. Is there a possibility that the other 5 watersheds (beyond the targeted 10 of the 15 prioritized) could be addressed by co-financing or other resources to scale up the activities that will be carried out by the project? Will the project build the capacity of the key stakeholders to carry out this work in the future?
3. Beyond the land use instruments and the coordination in component 1, the project description and table B don't clearly reflect the actual work and expected uptake of sustainable practices (especially update on policies, regulations and market structure, development of PES, certification of sustainable enterprises and products, impact investment opportunities, etc.). Please make clear the relevant activities and outputs under component 1 (or how these activities will link with the work in Component 1).
4. The scope of the envisioned activities doesn't clearly consider the work on the demand side. As it is a key driver for shifting production towards sustainability, please consider also this aspect in the project activities.
5. Please clarify how the activities under Components 2 and 3 will ensure the achievement of targeted global environmental benefits considering the demand-based nature of the project. Will there be any safeguards in the ESMF to ensure certain scope of activities are included? Will there be added incentives or other mechanisms to ensure expected results are met and key drivers of environmental degradation are addressed?
6. Aside from stating that the project will address agricultural expansion through sustainable practices, the explicit link to how the project will reduce deforestation lacks

details. Please provide a clearer rationale on how project interventions will lead to reduced deforestation in the target landscapes.

1/19/2021: See below:

1. Comment partially addressed. Were able to access the links provided and find the Spanish versions, but could not find the translated descriptions have been provided. Could this be uploaded as a document?

The clarifications provided in the Agency response and in the revised PAD have addressed the other comments adequately.

2. Comment cleared.
3. Comment cleared.
4. Comment cleared.
5. Comment cleared.
6. Comment cleared.

3/2/2021: Thank you for providing this translation. Comment cleared.

Agency Response

2/24/2021

As confirmed by the GEFSEC policy team in summer 2020, translation of environmental and social management instruments is not required if not readily available. The English translation of the tentative list of eligible activities under Component 2 and 3 from the ESMF was copied at the end of the GEFSEC response matrix in Word for the submission of the revised CEO package but didn't make it to the final GEF Portal submission. It is now submitted as a separate document titled "MX CONECTA eligible actions C2 and 3".

12/23/2020

thank you

1. The CONECTA ESMF and all the other environmental and social risk management instruments are ready and disclosed in-country at the FMCN website (<https://fmcn.org/es/proyectos/conecta>) and at the WB external website (<https://projects.worldbank.org/en/projects-operations/document-detail/P172079>); the latter was included in footnote 35 of the PAD.

The final component description and other design details will be updated in each instrument prior to effectiveness to reflect all the adjustments incorporated after the Decision Meeting.

The Tables ("Cuadros") 19 and 20 of the ESMF present preliminary lists of eligible activities under Component 2 and 3 that are broader than the activities presented under the component descriptions; we translated said tables and attach them as an annex to this response matrix. Said activities remain subject to adjustments as part of the preparation of the calls for proposals for both components during implementation, as well as necessary adjustments as per local contexts and situations.

2. Yes, the other 5 watersheds will benefit of the KM activities under Component 4 and the project will build local capacities to scale-up and align investments in those areas and beyond in the future. Given the limited project funding, strategic selection will need to be done across the watersheds to avoid spreading the funding too thin: the selection of the proposals for approval under each component will be a critical task of the Technical Committee with participation by the WB team and final approval of the Coordinating Committee to balance the allocation of the funds across the watersheds to secure an optimal selection of proposals to maximize project results. I.e. it is expected that there will be candidate PLATs and OSCs to collaborate with producer groups in all the watersheds at the beginning, and those not successful may search other funding through the relevant co-financing sources at least for a part of their proposed activities, e.g. from SADER, CONAFOR, SEMADET in Jalisco or FIRA (in case of PGs that are ready to take a credit). This clarification was added at the end of paragraph 29 of the PAD.

3. Practically all work/activities under Component 1 will promote collaborative uptake of sustainable practices. Indicator 1.2: Global/regional/national commodity value chain policies, certifications, standards, etc. informed by FOLUR CPs (Number) will measure the type of results mentioned and can now be seen clearly in Table B of the GEF Datasheet where we included the indicators. We also included a respective reference in paragraph 28 of the PAD under the description of Component 1. The alignment of policies in the project area can materialize, for example, (i) in alignment with the applicable IWAP becoming a selection criteria of relevant subsidies such as PES and (ii) FIRA/other financial intermediary agency adopting related criteria for a line of credit to promote ILM.

4. The demand for the actual project activities stems from livestock ranchers concerned on the environmental sustainability of their activities already under the predecessor GEF C6 project, while the on-going legal constitution of the Mexican Roundtable for

Sustainable Livestock (MRSL) evidences the same concern across key private sector actors and other stakeholders at the national level.

Please note, importantly, the CONECTA economic analysis and existing literature maintain that after the initial costs implied by transforming productive practices into project-promoted sustainable ones, the latter are not expected to result in higher cost than the baseline practices. I.e. while CONECTA will link beneficiary producer groups with value chains that reward sustainability and decrease environmental degradation and deforestation, it first and foremost promotes cost-efficient practices that will also allow producers to keep selling to their current buyers if they so will. It is a key strength of CONECTA that the project design doesn't expect establishment of more favorable market conditions for products from more sustainable value chains for said products to be profitable.

Components 1 and 4 will work to raise awareness of and demand for deforestation-free and biodiversity-friendly products along the targeted value chains and link engaged PGs with existing/emerging markets. Further, Component 2 will specifically focus on improving the baseline market linkages of the beneficiary PGs, including promotion of demand for responsible value chains. Related references were added in the project description in the PAD for clarity.

5. The ESMF includes a negative list to ensure the exclusion of negative impacts, while otherwise it is aimed at adding E&S value to all project activities and therefore also to the achievement of global environmental benefits. Additionally, Components 1 and 4 are designed to promote them beyond what can be achieved directly under Components 2 and particularly 3. Further, all CONECTA co-financing will contribute to achieving the targeted global environmental benefits as stated in the respective co-financing

6. Extensive cattle ranching is the principal activity linked to environmental and forest degradation and deforestation in the targeted watersheds. CONECTA will reduce said degradation and deforestation (i) as regenerative and sustainable livestock practices will change the expansive nature of cattle ranching, and (ii) through linking beneficiary and other interested PGs with value chains that reward sustainability, while the promoted productive practices are themselves expected to be cost-efficient. This was reflected under the Project Components description in the PAD.

We will upload the Spanish version of the ESFM. We understand that there is no requirement under the GEF procedure to provide translation for these documents.

4. Project Description. Is there an elaboration on how the project is aligned with focal area/impact program strategies?

Secretariat comment at CEO Endorsement Request 11/23/2020: Yes.

Agency Response

12/23/2020

Thank you

5. Project Description. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?

Secretariat comment at CEO Endorsement Request

11/23/2020: Please clarify how the project will coordinate with the initiatives mentioned, such as the Livestock Credit Program and Production for Wellbeing, the high-level environment-agriculture agreement between SEMARNAT and SADER, state-level initiatives to improve livestock practices and promote private sector initiatives, the "Pro-Sostenible" credit line financed by the AFD, the Biodiversity Endowment Fund and its PES and the national REDD+ strategy. And how the project will build on these existing baseline initiatives to address the identified root causes and barriers.

1/19/2021: Agency response is satisfactory. Comment cleared.

Agency Response

12/23/2020

Thank you

The CONECTA Coordination Committee (CC) described under the Institutional Arrangements in the PAD is project's principal tool for cross-sectoral and interinstitutional coordination. The CC has representatives from the institutions that coordinate the mentioned initiatives and programs (SEMARNAT, SADER, FIRA, and CONAFOR, among others). The CC member agencies are committed to coordinate their activities on the ground with CONECTA starting from the call for proposals and building on the existing experiences. The CC will develop tailored strategies to align the different programs. For example, under Component 2 the PLATs will strengthen the producer groups to access to the "Pro-Sostenible" credit line managed by FIRA, and the Regional Fund will link them with the local financial intermediaries. The additional

financing that is under preparation for "Pro-Sostenible" by AFD relates directly with CONECTA, given each base on the same preparatory studies and the activities and consequently fully complementary. As commented earlier, said funding is not included as co-financing for CONECTA due to differing preparation schedules (the AF is expected to be approved during the first semester of 2021). The Regional Fund will also coordinate the different state initiatives with CONECTA, directly from the ground. The Biodiversity Endowment Fund of CONANP will finance various protected areas in the CONECTA project areas, and CONAFOR PES programs are already aligned with existing IWAPs and area expected to follow the same pattern of coordination under CONECTA.

1/20/2021

Thank you

6. Project Description. Is there a better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?

Secretariat comment at CEO Endorsement Request 11/23/2020: Yes.

Agency Response

12/23/2020

Thank you

7. Project Description. Is there a better elaboration to show that the project is innovative and sustainable including the potential for scaling up?

Secretariat comment at CEO Endorsement Request 11/23/2020: Yes.

Agency Response

12/23/2020

Thank you

8. Project Map and Coordinates. Is there an accurate and confirmed geo-referenced information where the project intervention will take place?

Secretariat comment at CEO Endorsement Request

11/23/2020: Thank you for uploading the document with the maps. However, we need this information on the Portal submission. Please add the project map and coordinates to the portal.

1/19/2021: Not cleared. Please add the geocoordinates of the watersheds.

3/2/2021: Comment cleared.

Agency Response

2/24/2021

An additional Excel file with geocoordinates for the 15 targeted watersheds is now included in the CEO submission.

12/23/2020

thank you. The map is now included in the Portal submission and found in Annex 8 of the PAD.

9. Child Project. If this is a child project, an adequate reflection of how it contributes to the overall program impact?

Secretariat comment at CEO Endorsement Request

11/23/2020: Thank you for providing the summary in Annex 7 of the linkages to the FOLUR Global Platform. We found that describes the CONECTA opportunities for strengthening engagement between Country Projects and Global Project for mutual benefit in achieving FOLUR IP Objectives. Nevertheless, this presentation only focuses on pillars A and B of the GP. Please explore also the potential engagement opportunities related to Pilar C (Strategic KM and Communications) and D (PROGRAM OVERSIGHT,COORDINATION).

1/19/2021: Comment cleared.

Agency Response

12/23/2020

thank you

The table in Annex 7 of the PAD is now complete covering all the GOLUR GP pillars and M&E.

1/20/2021

Thank you

10. Stakeholders. Does the project include detailed report on stakeholders engaged during the design phase? Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?

Secretariat comment at CEO Endorsement Request

11/23/2020: Please address the following comments:

- There seems to be an issue with the stakeholder engagement plan document, as it appears as an empty document. Please try re-uploading the document ?MX CONECTA SEP? in the Portal.
- In addition, in the portal section you can remove the "yes" under ?Consulted Only? for the role of CSOs, as they will be playing an active role in the project (as indicated by the Yes on co-financing and co-executor).

1/19/2021: Please see below:

- Uploaded stakeholder engagement plan, but it is in Spanish. However, the section on Stakeholders provides an adequate summary of it. If there is an English version please upload.
- "Consulted Only" in the Portal section still shows as "yes".

3/2/2021: Comments cleared.

Agency Response

2/24/2021

There is no English version of the CONECTA SEP. **The applicable stakeholder responses have been revised in the Portal submission.**

12/23/2020

thank you.

- The correct SEP document is now uploaded in the Portal; sorry for the erroneous document.

- Correct, thank you for the observation

1/20/2021

- We understand that there is no requirement under the GEF procedure to provide English translation for these documents.

- thank you, your suggestion is addressed in the Portal

11. Gender equality and women's empowerment. Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?

Secretariat comment at CEO Endorsement Request 11/23/2020: Yes, this is well elaborated.

Agency Response

12/23/2020

thank you

12. Private sector engagement. If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?

Secretariat comment at CEO Endorsement Request

11/23/2020: We note and welcome the expected articulation with IFC's activities in the country. Important stakeholders along the value chains and their respective role are described but the financial institutions (such as the regional funds) are not clearly presented. Please add these to complete the description accordingly.

1/19/2021: Comment cleared.

Agency Response

12/23/2020

FIRA, presented above in some detail, is expected to be the key financial institution for CONECTA, given its (i) leading role in financing rural development in Mexico overall, and as a regional pioneer in development of green financing in particular; (ii) role as a

key member of the CONECTA CC and co-financier; (iii) additional financing that is under preparation for its "Pro-Sostenible" credit line, financed by AFD, which relates directly with CONECTA, given both base on the same preparatory studies and their activities will be fully complementary; and (iv) AGROINCLUYE, a new financial intermediary project of US\$400 million that FIRA started to prepare with the World Bank during the last quarter of 2020.

Other financial institutions are expected to link up with CONECTA implementation depending e.g. on existing financial relations of those beneficiary producer groups that are already able to access credit. Such institutions are e.g. Viwala - capital de impulso focused on financing women-led startups and companies, Adobe Capital that tailors financing alternatives for innovative entrepreneurs interested in addressing social and environmental challenges, and FINDECA, a private financial institution of the social sector with capital stock made up of contributions from 4,000 small organic coffee producers. The first two are spin-offs of the FMCN and World Resources Institute (WRI) under New Ventures Mexico. FINECA partnered with a successful FMCN pilot project under the Forest Investment Partnership 4 (FIP4) in Mexico financed by the Interamerican Development Bank (IDB) during 2014-2019. For example, under Component 2 strengthened producer groups will be linked with financial intermediaries with the support of PLATs and the Regional Funds that will be the lead implementing partners in the field. The latter will also support leveraging of additional private financing at the local level e.g. from associations of hotels and restaurants. The co-financing from the GCF-funded R?OS project has also funding allocated to support financial intermediaries to develop related specific credit lines.

This further information was included in the stakeholder table included in the GEF Datasheet, as we cannot expand the length of the PAD any further.

1/20/2021

thank you

13. Risk. Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?

Secretariat comment at CEO Endorsement Request 11/23/2020: Yes. A very comprehensive COVID-19 Analysis has been conducted and uploaded in the Portal. The climate risk screening is provided in Annex 6 of the PAD.

Agency Response

12/23/2020

thank you

14. Coordination. Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?

Secretariat comment at CEO Endorsement Request

11/23/2020: The institutional arrangement for project implementation is well described. Nevertheless, there is very limited elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area (except the GEF-funded Consolidation of the Protected Area System and FAO tools). Please clarify and complete as needed.

1/19/2021: Comment cleared.

Agency Response

12/23/2020

One of the main strengths of CONECTA is the institutional coordination structure with the capacity to align initiatives at landscape level. CONECTA Coordination Committee includes SEMARNAT (the GEF focal point in Mexico) as well as the most agencies implementing/that have implemented GEF projects in the recent years. INECC and the FMCN have more than two decades of implementing GEF projects building on synergies between different GEF projects, and the GoM has recently engaged in a process that promotes increased collaboration and synergies between GEF projects implemented by various IAs through a series of workshops where the FMCN and INECC have participated together with other IAs. The GCF-funded R?OS project is the first GCF project in Mexico and will implement activities to increase adaptive capacities of vulnerable populations through river restoration in two watersheds in Jalisco and Veracruz. Said watersheds overlap with the target areas of CONECTA. RIOS has been designed in parallel to CONECTA, and it directly complements and is fully aligned to the project. The FMCN is the accredited entity leading the R?OS. INECC is the technical leader, and two of the Regional Funds (FGM and FONNOR) will lead field interventions of R?OS.

1/20/2021

thank you

15. Consistency with national priorities. Has the project described the consistency of the project with identified national strategies and plans or reports and assessments under the relevant conventions?

Secretariat comment at CEO Endorsement Request

11/23/2020: The project is aligned with national priorities, however this hasn't been explicitly stated. Please add direct references to the appropriate national strategies and plans under the relevant conventions (in particular LDN, NDC, Initiative 20x20?).

1/19/2021: Alignment to national strategies and plans under relevant conventions has been further detailed below considering length limitations in the PAD. Comment cleared.

Agency Response

12/23/2020

Paragraph 16 of the PAD is explicit on alignment with the main UN environmental conventions and related national strategies, while the already excessive length of the PAD doesn't allow going into further details. The alignments are rather clear and straightforward, while all the responsible sector agencies form part of the CONECTA CC.

CONECTA contributions to the most relevant UN Environmental Conventions is commented in further detail in continuation:

Paris Accord and the Nationally Determined Contributions (NDC):

<https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Mexico%20First/MEXICO%20INDC%2003.30.2015.pdf>

CONECTA will contribute to the following commitments related with reduction of national GHG emissions:

Unconditional Reduction: Mexico is committed to reduce unconditionally 25 percent of its GHGs and short-lived climate pollutants by 2030. This commitment implies a reduction of 22 percent of GHGs and a reduction of 51 percent of black carbon[1].

In the NDC there are specific commitments also for adaptation and gender perspective:

Adaptation: The priority adaptation actions include protection of communities from adverse impacts of climate change, such as extreme hydrometeorological events related to global changes in temperature; increasing of resilience of strategic infrastructure and ecosystems with biodiversity values. To achieve said priority actions, Mexico will, *inter alia*, strengthen the adaptive capacity at least by 50 percent of municipalities in the category of 'most vulnerable', establish early warning systems and risk management at every level of government and reach a rate of 0 percent deforestation by 2030. Some of the adaptation actions presented foster positive synergies with mitigation actions.

Gender perspective: The gender policies and actions of the NDC include a cross-cutting human rights and gender perspective for the measures to be implemented to consider women as important decision makers regarding energy consumption. They also emphasize the importance of implementing them such that they do not exacerbate the impacts of climate change that already have disproportionate adverse effects based solely on gender.

Sixth National Communication (NC) under UNFCCC:

- Mexico plans to reduce 8 percent of the emissions from the agricultural and livestock sector by 2030 through implementation of sustainable measures in the field.
- Contribution to zero deforestation rate by 2030.
- Mexico committed to strengthening the adaptive capacity of the population through transparent and inclusive mechanisms of social participation, designed with a gender and human rights approach.
- Intervention in municipalities vulnerable to climate change

Source:

<https://changeclimatic.gob.mx/sexta-comunicacion/>

https://changeclimatic.gob.mx/sexta-comunicacion/img/infografias/4.Uso_de_suelo.png

<https://changeclimatic.gob.mx/sexta-comunicacion/img/infografias/5.Society.png>

National Action Program (NAP) under UNCCD,

contributions in favor of the recovery of ecosystems and against desertification:

- Promotion, protection, restoration and conservation of ecosystems and natural resources and of environmental goods and services to promote their sustainable use.
- The activities against desertification focus on improvement of economic activities in rural areas, restoration of degraded natural resources, improvement of training and education of the population, strengthening the management capacity of local authorities and adequacy of the related legal framework.

National Biodiversity Strategies and Action Plan (NBSAP) under UNCBD

CONECTA activities contribute to the following biodiversity targets:

- Promote conservation of ecosystems and habitats
- Promote the conservation of species diversity
- Promote sustainable use and consumption
- Reduce pressures on habitats
- Control threats from invasive alien species
- Address challenges from climate change and pollution
- Maintain capacity of ecosystems to provide services
- Ensure provision of adequate resources

Source: <https://www.cbd.int/doc/posters/nbsap/post-mexico-02-en.pdf>

National Implementation Plan (NIP) under POPs

COMPREHENSIVE STRATEGY FOR RESPONSIBLE PESTICIDE MANAGEMENT IN MEXICO:

Control and surveillance of the application of pesticides

Strengthening the management of empty containers and pesticide residues

TRAINING

Carry out training courses and workshops about pesticides for different actors (consider the content specified, as well as the experience that some agencies have already gained in these activities)

Link with the academy

EDUCATION

Strengthening of issues related to the relationship between pesticides, human health and the environment

COMMUNICATION, LINKING AND COORDINATION

1. Awareness campaigns, through talks and other dissemination and dissemination materials
2. Forums for the exchange of information and experiences for the generation of proposals and solutions
3. Risk communication

Sustainable Development Goals

1. No poverty
2. Zero hunger
3. Gender equality
4. Clean water and sanitation
5. Decent work and economic growth
6. Reduced Inequalities
7. Responsible consumption and production

8. Climate action
9. Life below water
10. Life on land

[1] This commitment is coherent to the mandate established in Mexico's Climate Change Law (2012) to prioritize cost-effective mitigation actions with social benefits such as improved public health.

1/20/2021

thank you

16. Knowledge management. Is the proposed Knowledge Management Approach for the project adequately elaborated with a timeline and a set of deliverables?

Secretariat comment at CEO Endorsement Request

11/23/2020: The project is well informed by lessons learned and provides a plan for learning, meetings of the value chains at watershed and national levels, and the linkage to the Global Platform. However, we did not find further elaboration on the timelines and deliverables of the knowledge management plan. Please provide.

1/19/2021: Could not find attached Knowledge Management Approach and detailed budget. Please upload to Documents section.

3/2/2021: Cleared.

Agency Response

12/23/2020

Thank you. Please find the Knowledge Management Approach with a detailed budget and a timeline annexed to the GEF Datasheet.

2/24/2021

The Knowledge Management Approach and detailed budget were copied at the end of the GEF Datasheet in Word for the submission of the revised CEO package but didn't make it to the final GEF Portal submission. **They are now submitted as a separate document titled "MX CONECTA knowledge management approach".**

17. Monitoring and Evaluation. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

Secretariat comment at CEO Endorsement Request

11/23/2020: Yes. However, we note that in the Project budget it appears that the FMCN midterm evaluation (social consultant) and final evaluation (social consultant) appears under the overall budget and not the M&E budget. Please clarify.

1/19/2021: Comment cleared.

Agency Response

12/23/2020

We addressed the error and the social consultant for the FMCN midterm and final evaluation have now been included under the M&E budget.

1/20/2021

thank you

18. Benefits. Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?

Secretariat comment at CEO Endorsement Request 11/23/2020: Yes.

Agency Response

12/23/2020

Thank you

19. Annexes:

Are all the required annexes attached and adequately responded to?

Secretariat comment at CEO Endorsement Request

11/23/2020: Some annexes are missing from the portal submission. See below. In addition, please copy-paste the project budget table to the Portal submission as well (if permissible, otherwise state that it is not).

Regarding the budget, the use of GEF funds to purchase vehicles is strongly discouraged. Such costs are normally expected to be borne by the co-financed portion of PMCs. Any request to use GEF funding to purchase project vehicles must be justified by the exceptional specific circumstances of the project/program. The Secretariat assesses such requests and decides whether to approve them, based on following criteria: type of project, operating environment, contribution to achievement of project results, and share of costs covered by co-financing, among others.

1/19/2021: Vehicle justification provided is considered reasonable, especially considering the reduction and cofinancing expected. Comment cleared.

Project budget was not able to be pasted onto the Portal and submitted as attached document. Please try to add it again as a table (it has worked for other agencies). Please make sure the column titled "responsible entity" is completely filled out with the executing agency name.

3/2/2021: Project budget added, but with some technical difficulties raised to IT.

Agency Response

2/24/2021

The referred column title in the project budget was filled out as requested, the budget was revised to remove references to the Regional Fund Terra Habitus, and **the budget was added in the GEF Portal submission as a table.**

12/23/2020

The project budget table has been pasted to the Portal submission.

Regarding the number of vehicles in the GEF budget, the original version included four: one of them for the Regional Fund Terra Habitus to be procured by the FMCN under "Vehicles", and the other three to be procured directly by the other Regional Funds, included in their respective procurement packages under "Sub-contract to executing partner/entity". Due to the distances and highway system between the four beneficiary states where CONECTA will cover rural areas, a vehicle is required in each. For example, driving from Chihuahua to Chiapas takes more than a day of continuous driving.

The budgeted vehicles are the most economic ones of the type and would allow the project staff and strategic partners to support project implementation and conduct supervision of subprojects efficiently including in remote places and marginalized areas of indigenous and Afro-Mexican communities in all circumstances and securing them safe working conditions. Regarding the COVID-19 pandemic, safe transportation for the project staff and strategic partners particularly in severely affected countries like Mexico is a critical part of the GEF-requested strategy to mitigate COVID-19 impacts on project implementation.

Moreover, the procurement rules of the Government of Mexico severely complicate borrowing of a vehicle of one public agency for use of personal from another institution, as vehicles of Government agencies can only be driven by staff of the proprietary agency. In practice, this means that e.g. in case of WB missions and similar events where presence of various institutions is needed, each bring their own vehicle. Addressing the need for vehicles through co-financing arrangements would severely affect project's presence in the field as vehicles and staff availability from partner organizations are limited resources.

Considerate of the GEF guidelines that strongly discourage inclusion of vehicles in GEF budgets, we consider the prevailing severe COVID-19 situation in Mexico together with the referred Government rules on use of vehicles owned by public agencies justify exceptional specific circumstances of the project?. On the other hand, FMCN and the Regional Funds arranged to be able to use co-financing investment to secure transportation in two of the four states, Jalisco and Veracruz, so we were able to decrease the number of vehicles included in the GEF budget by 50 percent. Please note a further reduction of the necessary vehicles would decrease project's supervision capacity disproportionately, undermine its COVID-19 Mitigation Strategy, and difficult compliance with the CONECTA Environmental and Social Commitment Plan (ESCP).

1/20/2021

thank you, addressed

20. Environmental and Social Safeguard (ESS):

Are environmental and social risks, impacts and management measures adequately documented at this stage and consistent with requirements set out in SD/PL/03?

Secretariat comment at CEO Endorsement Request 11/23/2020: Yes.

Agency Response

12/23/2020

Thank you

Project Results Framework

Secretariat comment at CEO Endorsement Request 11/23/2020: Yes.

Agency Response

12/23/2020

Thank you

GEF Secretariat comments

Secretariat comment at CEO Endorsement Request

11/23/2020: As these were "informal" they do not have to be added here.

1/19/2021: Comment cleared.

Agency Response

12/23/2020

Thank you. The GEFSEC comments at the Decision Meeting were removed from the response matrix.

Council comments

Secretariat comment at CEO Endorsement Request

11/23/2020: Please copy-paste this section onto the portal submission - and identify as Council comments separate from STAP.

1/19/2021: Comment cleared.

Agency Response

12/23/2020

Council comments were pasted in the Portal submission and separated from the STAP comments.

1/20/2021

thank you

STAP comments

Secretariat comment at CEO Endorsement Request

11/23/2020: Please copy-paste this section onto the portal submission - after the Council comments.

1/19/2021: STAP comments and responses were not found in the Portal submission.
Please add.

3/2/2020: Comment cleared.

Agency Response

2/24/2021

STAP comments as relevant to CONECTA are now addressed in a separate document submitted with the title "MX CONECTA GEF STAP response matrix".

12/23/2020

STAP comments were pasted in the Portal submission and separated from the Council comments.

Convention Secretariat comments

Secretariat comment at CEO Endorsement Request N/A

Agency Response

Other Agencies comments

Secretariat comment at CEO Endorsement Request N/A

Agency Response

CSOs comments

Secretariat comment at CEO Endorsement Request N/A

Agency Response

Status of PPG utilization

Secretariat comment at CEO Endorsement Request N/A

Agency Response

Project maps and coordinates

Secretariat comment at CEO Endorsement Request

11/23/2020: See above - these is missing from the Portal submission.

1/19/2021: See above. Still missing geocoordinates.

3/2/2021: cleared.

Agency Response

2/24/2021

Please see the relevant response above.

12/23/2020

Thank you, this comment is addressed

Part III ? Country and Agency Endorsements

1. Country endorsements. Has the project/program been endorsed by the country?s GEF Operational Focal Point and has the name and position been checked against the GEF data base?

Secretariat comment at CEO Endorsement Request

11/23/2020: Please upload the Mexican Endorsement letter to the documents section.

1/19/2021: Comment cleared.

Agency Response

12/23/2020

The Endorsement letter from March 2019 was uploaded among the submitted documents.

Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement?

Secretariat comment at CEO Endorsement Request

N/A

Agency Response

Do the Reflow Table Annex G and the Trustee Excel Sheet for reflows provide accurate reflow expectations of the project submitted? Assumptions for Reflows can be submitted to explain expected reflows.

Secretariat comment at CEO Endorsement Request N/A

Agency Response

Did the agency Annex H provided with information to assess the Agency Capacity to generate and manage reflows?

Secretariat Comment at CEO Endorsement Request

Agency Response

GEFSEC DECISION

1. RECOMMENDATION.

Is CEO endorsement/approval recommended?

Secretariat comment at CEO Endorsement Request

11/23/2020: Please address above comments. In addition:

- It would be helpful if along with a clean version, you can upload a version of the PAD with the modifications highlighted in yellow to indicate where changes were made in the document to facilitate the review process.

- The uploaded document "CEO Endorsement Letter" should be renamed "CEO Endorsement Request".

- The MX CONECTA MSRS is uploaded twice. One version should be removed

1/19/2021: Not yet. Address remaining comments. They have been highlighted in yellow.

3/2/2021: Comments above have been addressed. PM recommends technical clearance.

3/17/2021: Please address additional comments on boxes 2 and 4 regarding PMC co-financing proportionality and co-financing letters. |

3/19/2021: Remaining comments have been addressed. PM recommends CEO endorsement.

Review Dates

	1SMSP CEO Approval	Response to Secretariat comments
First Review	11/23/2020	
Additional Review (as necessary)	1/19/2021	
Additional Review (as necessary)	3/2/2021	
Additional Review (as necessary)	3/17/2021	
Additional Review (as necessary)	3/19/2021	

CEO Recommendation

Brief reasoning for CEO Recommendations