



PROJECT IDENTIFICATION FORM (PIF)
PROJECT TYPE: FULL SIZED PROJECT
TYPE OF TRUST FUND: THE GEF TRUST FUND

PART I: PROJECT IDENTIFICATION

Project Title:	Strengthening Management of the PA System to Better Conserve Endangered Species and their Habitats		
Country(ies):	Mexico	GEF Project ID:	5089
GEF Agency(ies):	UNDP	GEF Agency Project ID:	4956
Other Executing Partner(s):	National Commission for Protected Natural Areas (CONANP)	Re-Submission Date:	January 10, 2013
GEF Focal Area (s):	Biodiversity	Project Duration:	Five years
Name of parent program (if applicable): ➤ For SFM/REDD+ <input type="checkbox"/>	N/A	Agency Fee:	524,886

A. FOCAL AREA STRATEGY FRAMEWORK:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative grant amount (\$)	Indicative co-financing (\$)
BD-1: Improve Sustainability of Protected Area Systems	Outcome 1.1: Improved management effectiveness of existing and new protected areas (PAs) <i>Indicator 1.1: PA management effectiveness score as recorded by Management Effectiveness Tracking Tool</i>	Output 1. New protected areas (4) and coverage (100,000 hectares) of unprotected ecosystems Output 2: New protected areas (4) and coverage (100,000 hectares) of unprotected threatened species (9 to be confirmed during PPG).	GEFTF	3,959,039	20,000,000
	Outcome 1.2: Increased revenue for protected area systems to meet total expenditures required for management. <i>Indicator 1.2: Funding gap for management of protected area systems as recorded by protected area financing scorecards</i>	Output 3. Sustainable financing plans (13).	GEFTF	1,302,975	9,238,090
Sub-total				5,262,014	29,238,090
Project management cost				263,100	1,461,910
Total project cost				5,525,114	30,700,000

B. PROJECT FRAMEWORK

Project Objective: PAs in Mexico contribute effectively to the conservation of endangered species						
Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-financing (\$)
1. System level frameworks consolidated to support the conservation of endangered species in PAs and priority conservation areas	TA	At least two million hectares in ANP are under improved management (such as exclusion of livestock and the management of species of importance for ecosystem functionality) that favours the conservation status of 14 selected species (<i>Antilocapra americana peninsularis</i> , <i>Aquila chrysaetos</i> , <i>Canis lupus baileyi</i> , <i>Caretta caretta</i> , <i>Chelonia mydas</i> , <i>Dermochelys coriacea</i> , <i>Eretmochelys imbricata</i> , <i>Gymnogyps californianus</i> , <i>Lepidochelys</i>	<u>1.1 National level adaptive-management framework</u> to guide cost-effective implementation of endangered species conservation, with a consolidated ecosystemic vision, including: a) Strengthened national level systems for monitoring the populations and conservation status of the target endangered species, current or potential threats, and PA management effectiveness in relation to threat reduction. b) Strengthened GIS system support based on updated and reliable data and traditional knowledge regarding the target endangered species c) Continuous updating of definitions of	GEFTF	2,505,721	10,173,452

		<p><i>kempii</i>, <i>L. olivacea</i>, <i>Odocoileus hemionus cerrosensis</i>, <i>Panthera onca</i>, <i>Phocoena sinus</i>, <i>Tapirus bairdii</i>)</p> <p>Reduction in threats indices for each of the 13 species (e.g. hunting, competition with livestock, disturbance of nesting beaches, loss and degradation of habitat: indices to be developed and values estimated during PPG phase)</p> <p>Policy, institutional and regulatory conditions support the conservation of endangered species, as measured by:</p> <ul style="list-style-type: none"> - Increases in capacity indices of PA institutions (CONANPat central and regional levels) and state and municipal governments, related to PA management and the conservation of endangered species (baseline and target values to be determined during the PPG phase) <p>Strengthened PA management framework protects endangered species and key habitats in PA, as measured by:</p> <ul style="list-style-type: none"> - Increased management effectiveness of 18 key PAs (as measured by METT scorecard – baseline and target values to be determined during PPG phase) <p>Stable or increased populations of priority species in 18 PAs (to be confirmed in PPG)</p>	<p>species conservation priorities, targets, corridors and dispersal areas</p> <p>d) Continuous review of PA management categories, that define permitted species uses and activities.in relation to the target endangered species, that motivate and/or are compatible with the effective reduction of threats (e.g. ecotourism)</p> <p><u>1.2 Strengthened operational capacities at the level of specific PAs for the conservation of endangered species,</u></p> <p>allowing the effective combat of threats such as hunting and conflict with livestock (e.g. in the case of wolves and jaguars), competition with livestock for pasture (e.g. in the case of pronghorns), accidental by-catch by fishers and loss or degradation of nesting sites (e.g. with vaquita and turtles), and the application of corresponding management strategies such as ecotourism, livestock herd management and capture and release to restock populations, through:</p> <ul style="list-style-type: none"> i. Incorporation of provisions for conservation of specific endangered species into 18 annual programmes of PA operation ii. Implementation of specific conservation plans and emergency actions/protocols for highly threatened species in 18 targeted PAs; iii. Specific plans for community involvement in the conservation of endangered species and habitats, in Annual Plans of Operations for PAs iv. Platforms for coordination and linkage with different agencies of the three levels of Government in relation to the conservation of the target endangered species v. Strengthened teams for participatory oversight, involving PA authorities, local and departmental Governments and local communities, to counter threats to endangered species and their habitats in PAs vi. Business plans that make provision for the cost implications of ensuring the effective conservation of endangered species in PAs vii. PA staff development for conservation of endangered species; <p><u>1.3 Sustainability and opportune availability of funds for actions for the conservation of endangered species,</u></p> <p>through the establishment of a revolving fund (the Fund for the Conservation of Endangered Species, FONCER) with</p> <ul style="list-style-type: none"> a) technical committee and operational structure ensuring its correct and efficient operation, and b) an open mechanism that allows the increase in the capital of the fund from public or private, national or international funds 			
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2. PAs are managed effectively for the conservation of endangered species	<p>Increase in the area of the target species' natural ranges that is included in PAs:</p> <ul style="list-style-type: none"> - 4 new PAs or biological corridors established covering 100,000ha (to be confirmed during the PPG phase). <p>Stewardship framework facilitates management of critical habitats in the landscape as buffer areas, as measured by:</p> <ul style="list-style-type: none"> - Numbers of landowners and other local community members actively participating in and receiving income and employment benefits from, stewardship programmes that improved the habitat and conservation status of endangered species - Levels of economic incentives provided for the conservation and improvement of habitat 	<p>2.1 Improved PA coverage and ecosystem connectivity, through the incorporation of 4 new protected areas or biological corridors based on analyses of coverage gaps, habitat and connectivity needs for endangered species and negotiations with local communities</p> <p>2.2 Local communities involved in the management and conservation of endangered species and their habitat, through</p> <ul style="list-style-type: none"> a) Programmes involving landowners and local communities, aligned with existing government programmes, for integrated resource management and productive diversification, generating direct employment in communities and supporting species and habitat conservation; and b) Economic incentives for the conservation and improvement of habitat through the registration of lands with diverse financial instruments including Conservation Management Units (UMAs) for endangered species, Community-based Forest Management and payment for environmental services. 	GEFTF	2,756,293	19,064,638
Sub-Total				5,262,014	29,238,090
Project Management Cost				263,100	1,461,910
Total Project Costs				5,525,114	30,700,000

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
National Government	Government of Mexico	Grant	5,000,000
Other	Espacios Naturales y Desarrollo Sustentable (ENDESU)	Grant	900,000
Other	Espacios Naturales y Desarrollo Sustentable (ENDESU)	In kind	250,000
National Government	Mexican Fund for Nature Conservation	Grant	2,100,000
National Government	National Commission for Protected Areas (CONANP) (ANP+PROCER)	Grant	21,850,000
GEF Agency	UNDP	Grant	600,000
Total Co-financing			30,700,000

D. GEF/LDCF/SCCF/NPIF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY

GEF Agency	Type of Trust Fund	Focal Area	Country Name/Global	Grant Amount (a)	Agency Fee (b)	Total c=a+b
UNDP	GEFTF	Biodiversity	Mexico	5,525,114	524,886	6,050,000
Total Grant Resources				5,525,114	524,886	6,050,000

PART II: PROJECT JUSTIFICATION

A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

A.1.1. THE GEF FOCAL AREA STRATEGIES:

1. Mexico is a megadiverse country, which is home to a number of endangered and critically endangered species, the populations of some of which have been reduced to a few hundreds of individuals as the result of a range of pressures including land use change,

habitat and ecosystem fragmentation, invasive species, overexploitation of natural resources and pollution. To address this problem, SEMARNAT, through CONANP, established the Programme for the Conservation of Endangered Species (PROCER), covering the period 2007-2012. PROCER recognises that the continued existence of these species is highly dependent on the existence of effectively managed protected areas in their remaining areas of natural distribution. As now framed, however, the PA system excludes critical habitats for these endangered species; second, PAs are too small to sustain populations of some endangered species, which move between PAs and unprotected habitats, meaning that there is a need to secure corridors and seasonal dispersal areas; and third, there is a need to strengthen threat management—including through better enforcement. The solution to this situation will involve a strategic expansion in the PA system; management of critical habitats in the landscape as buffer areas by instituting a stewardship framework; engaging stakeholders—private sector and communities to engage in stewardship, and developing incentives to encourage stewardship. This project will build on the achievements of PROCER, ensuring that instruments and capacities are established that will ensure the effective and sustainable functioning of these PAs with regards to the conservation of priority endangered species. Key aspects on which it will focus, in order to achieve this effectiveness and sustainability, are i) an ecosystem and landscape-wide approach to PA design, planning and management; ii) the involvement of local communities in the management of endangered species and their habitat; and iii) financial sustainability.

2. The project corresponds with Objective 1 of the GEF Biodiversity Focal Area (to improve the sustainability of protected area systems) inasmuch as it will improve the management effectiveness of existing PAs for the conservation of priority endangered species, through the development of adaptive management frameworks, operational capacities and mechanisms for the participation of local communities, increase their coverage through the incorporation of new PAs and biological corridors, and increase their financial sustainability through the establishment of an Endowment Fund.

3. The project will contribute principally to Aichi Strategic Goal C Target 12 (“by 2020 the extinction of known threatened species has been prevented and their conservation status, particularly of those most in decline, has been improved and sustained”). It will also contribute to Strategic Goal B Target 5 (“by 2020 the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced”) and Strategic Goal C Target 11 (“by 2020, at least 17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes”).

A.2. NATIONAL STRATEGIES AND PLANS OR REPORTS AND ASSESSMENTS UNDER RELEVANT CONVENTIONS.

4. The Mexican National Biodiversity Strategy (ENBM) covers four strategic themes: protection and conservation, biodiversity valuation, knowledge and information management and use diversification. The project relates directly to a number of the principal components of the areas of action of the ENBM, including the following: *in situ* conservation; the recovery of elements of biodiversity; the control of exotic species and the relocation of native species; environmental services; the updating of institutional provisions related to biodiversity values; research, inventories and studies; environmental education, dissemination and training; management of information on biodiversity; and productive diversification.

5. In seeking to ensure the continuity of actions for the conservation of endangered species and protected areas and their areas of influence, the project is aligned with Strategy 4.3 of the **National Development Plan** “to attend on a priority basis to the Mexican species in danger of extinction”. The project is in accordance with the third priority of the **national tourism policy**, “sustainable destinations”, the aim of which is that tourism maintains a healthy relationship between man and the environment, respecting natural and cultural resources; and the fourth, “competitive businesses”, which seeks to strengthen small and medium sized businesses.

6. The project is in accordance with Strategy 2 of the **Sector Programme for the Environment and Natural Resources**, on the recovery of endangered species, and corresponds directly to its line of action aimed at the implementation of the 2007-2012 Programme for the Conservation of Endangered Species and its related Action Programmes for Species Conservation.

B. PROJECT OVERVIEW:

B.1. DESCRIBE THE BASELINE PROJECT AND THE PROBLEM THAT IT SEEKS TO ADDRESS:

7. **Biodiversity and threats.** 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. These include an estimated 544 species of terrestrial and marine mammals (second only to Indonesia and Brazil), 804 species of reptiles, between 300,000 and 425,000 estimated species of insects and 23,522 known species of plants. The country is the richest in the world in terms of reptile species, the second in terms of mammal species and the fourth in terms of amphibians and plants. An estimated 32% of the national vertebrate fauna is endemic to the country and 52% is endemic to Mesoamerica. The country also includes areas of 51 of the 191 terrestrial ecoregions recognized worldwide.

8. Mexico is also of high global biodiversity importance as the centre of origin of many species and varieties with great use potential in both agricultural and forestry sectors. Notable examples include the agricultural crops maize (*Zea mays*), squash (*Cucurbita* spp.) and cotton (*Gossypium hirsutum*), and *Leucaena* spp., a multi-purpose tree genus with huge potential in smallholder agroforestry systems. Biodiversity has been subject to human use since remote times, and continues to be of great importance in practical as well as cultural and religious terms for most of the country’s 58 recognized ethnic groups,

9. 100 of the country's 544 mammal species are listed as threatened by the IUCN, second only to Indonesia; the country also contains 211 threatened species of amphibians and 61 threatened species of birds. The present project will focus on conserving 14 of the most critically endangered species in the country, selected from the more than 2,000 contained in the country's list of threatened species (NOM-059)¹. All but one of these species is on the IUCN Red List².

10. The threats to these species are diverse, including factors such as changes in land use, habitat and ecosystem fragmentation, invasive species, overexploitation of natural resources, and pollution. These threats are related to causal factors including demographic growth, changes in patterns and levels of consumption, and changes in the technologies applied in natural resource management. The selected species, and their conservation status and corresponding threats, are as follows:

11. **Vaquita (*Phocoena sinus*) (IUCN Critically Endangered)**. This is a rare species of porpoise, which is endemic to the northern part of the Gulf of California. Vaquita have never been hunted directly; however their numbers are declining from an estimated 567 in 1997 and 150 in 2007. This decline is believed to be due to the animals becoming trapped in gillnets intended for capturing another species endemic to the Gulf, the totoaba (*Totoaba macdonaldi*). CIRVA, the Committee for the Recovery of the Vaquita, concluded in 2000 that between 39 and 84 individuals are killed each year by such gillnets. Even if the number of Vaquita killed by fisheries is reduced to zero, the species faces a number of other threats, including the use of chlorinated pesticides and changes in water quality resulting from reduced flows of freshwater from the Colorado River due to irrigation. The now reduced populations are subject to depression due to inbreeding. The Vaquita is one of the top 100 Evolutionarily Distinct, Globally Endangered (EDGE) Species³: these have no close relatives and represent proportionally more of the tree of life than other species, meaning they are top priority for conservation campaigns.

12. **Baja California Pronghorn or Peninsular Pronghorn (*Antilocapra americana peninsularis*) (IUCN Critically Endangered)**. This species is endemic to Mexico, and its wild population is now estimated at only around 200 individuals. The main causes of population decline are the reduction, fragmentation and alteration of habitat, and illegal hunting. In addition, the species is subject to competition in its grazing areas from domestic livestock: it has been estimated that the forage consumed by each head of cattle is equivalent to that required by between 47 and 220 pronghorn. These threats are compounded by natural factors such as predation (for example by coyotes) and climatic variability.

13. The **California Condor (*Gymnogyps californianus*) (IUCN Critically Endangered)** is a New World vulture, the largest North American land bird. This condor inhabits northern Arizona, southern Utah and the coastal mountains of central and southern California, and, in Mexico, northern Baja California. It is one of the world's rarest bird species: as of December 2011, there are 390 condors known to be living, including 210 in the wild. Its low clutch size (one young per nest), combined with a late age of sexual maturity, make the bird vulnerable to artificial population decline. Significant damage to the condor population is also attributed to poaching, especially for museum specimens, lead poisoning (from eating animals containing lead shot), DDT poisoning, electric power lines, egg collecting, and habitat destruction. In early 2007, a California condor laid an egg in Mexico for the first time since at least the 1930s. The population of the condors has risen due to these wild and also captive nestings. In the spring of 2009, a second wild chick was born in the Sierra de San Pedro Mártir National Park.

14. **Golden Eagle (*Aquila chrysaetos*)**. The main threat to this species is habitat destruction which by the late 19th century already had driven Golden Eagles from some regions they used to inhabit. In the 20th century, organochloride and heavy metal poisonings were also commonplace, but these have declined as a result of tighter regulations on pollution; at present, the principal factors limiting its population size are the availability of habitat and food. Collisions with power lines have become an increasingly significant cause of mortality since the early 20th century. The golden eagle has a particularly high cultural value in Mexico, dating to pre-hispanic cultures.

15. The **Mexican Wolf (*Canis lupus baileyi*)** is a subspecies of the Gray Wolf *C. lupus*. It is native to North America, where it is the rarest and most genetically distinct subspecies. Until recent times, the Mexican Wolf ranged the Sonoran and Chihuahuan Deserts from central Mexico to western Texas, southern New Mexico, and central Arizona. By the turn of the 20th century, reduction of natural prey like deer and elk caused many wolves to begin attacking domestic livestock, which led to intensive efforts by government agencies and individuals to eradicate the species. It has also been targeted by hunters because it killed deer, and by trappers. By the 1950s, the species had been eliminated from the wild. In 1976, it was declared an endangered subspecies and has remained so ever since. Today, only an estimated 340 individuals survive in 49 facilities at the United States and Mexico.

16. **Sea turtles:** the five species⁴ of sea turtle found in Mexico are all IUCN Endangered or Critically Endangered and subject to a wide range of threats. These include hunting for meat, accidental bycatch by fishers targeting other species, entanglement in untended fishing gear, pollution (for example due to the ingestion of balloons and plastic bags, or by chemicals such as phthalates, heavy metals and PCBs from terrestrial sources which drain into their foraging areas), loss or disturbance of nesting beaches (due to beach-front construction, land reclamation, tourism and light pollution which may disorient hatchlings). An infectious tumor-causing

¹ NOM-059 contains all of the country's IUCN Red List species.

² The exception, *Odocoileus hemionus cerrosensis*, is not included as it has only recently been recognized as a distinct taxon.

³ <http://www.edgeofexistence.org/species/>

⁴ Leatherback turtle (*Dermochelys coriacea*), Loggerhead turtle (*Caretta caretta*), Green Sea Turtle (*Chelonia mydas*), Hawksbill Sea Turtle (*Eretmochelys imbricata*), Ridley Sea Turtle (*Lepidochelys kempii*)

disease, fibropapillomatosis, is also a problem with some species. They are also subject to high levels of predation, which may have serious implications for already depleted populations, especially on nesting beaches where birds, small mammals, and other opportunist animals dig up the nests of turtles and consume eggs, and hatchlings are preyed by shorebirds, crustaceans and predatory fish and cephalopods.

17. **Jaguar (*Panthera onca*) (IUCN Near Threatened).** Throughout its natural range (from southwestern USA to Argentina) jaguar populations have been severely affected by a range of threats. The major risks to the jaguar include deforestation across its habitat, poaching for skins, hurricanes in northern parts of its range, and the behaviour of ranchers who will often kill the cat where it preys on livestock. These threats are interrelated as habitat loss leads to reductions in the availability of natural prey, leading jaguars increasingly to hunt cattle and consequently to be targeted by ranchers. A less studied factor which is of some concern is the effect of infections arising from contact with domestic fauna that have invaded the jaguar's native range. There has been little recognition of the important ecological role played by the species.

18. **Baird's Tapir (*Tapirus bairdii*) (IUCN Endangered).** The major threats to the species are habitat destruction and fragmentation and hunting throughout its range. Although the levels of hunting are low, its impacts are significant because of the species' slow reproductive rate. Estimates suggest that there are less than 5,500 Baird's tapir remaining in the wild, with populations in Mexico under 1,500, Guatemala under 1,000, Honduras under 500, Nicaragua under 500, Republic of Panama under 1,000, Costa Rica under 1000, and Colombia approximately 250. Populations of Baird's tapir are in a continuing decline.

19. **Cedros Island Mule Deer (*Odocoileus hemionus cerrosensis*) (US Endangered species list, NOM 059/SEMARNAT/2007).** This subspecies of the mule deer is endemic to Cedros Island in Baja California and is considered in critical danger of extinction by both the US and Mexico Governments. Its main threats are the presence of feral dogs in the island and the destruction of its habitat due to out of control forest fires.

20. **Protected areas.** Protected areas constitute a cornerstone of Mexico's efforts to conserve its globally-important biodiversity endowment. The country's national protected area estate consists of 174 Protected Natural Areas, representing 12.92% of the nation's surface area, which are protected and administrated by the federal National Commission of Protected Natural Areas (CONANP), a federal agency (see Table 1). CONANP administers 67 National Parks, 41 Biosphere Reserves, 35 Protected Flora & Fauna Areas, 18 Nature Sanctuaries, 8 Protected Natural Resource Areas and 5 Natural Monuments. 58 of these PAs constitute the National System of Protected Areas (SINAP), which is made up of those PAs with biodiversity and ecological characteristics that are of particular global and national conservation importance.

Table 1. Categories of Federal PAs in Mexico

Categories	Objectives	Number	Area (km ²)
Biosphere Reserves	Conservation of intact ecosystems or those requiring preservation or restoration, containing nationally representative, endemic or threatened species. Core zones are limited to preservation, research and education, buffer zones can be used by existing local communities in ways compatible with conservation.	41	126,527.87
National Parks	Conservation of ecosystems of national importance due to scenic beauty, scientific, educational, recreational or historical value, the presence of flora and fauna, or tourism potential. Only activities related to natural resource protection, research, tourism and education are allowed.	67	14,824.89
Natural Monuments	Contain natural elements that are unique or exceptional, have aesthetic interest, historical or scientific value. Only activities related to preservation, scientific research, recreation and education are allowed.	5	162.68
Natural Resource Protection Areas	Areas intended for preservation and protection of soil, watersheds, waters and other natural resources located in land suited for forests, including forestry reserves and zones, protection zones for water bodies and water sources. Only activities related to the preservation, protection and sustainable use of natural resources are allowed.	8	44,440.78
Fauna and Flora Protection Areas	Established in areas that contain habitats on the equilibrium and preservation of which depend the existence, transformation and development of wild flora and fauna. Activities related to preservation, repopulation, propagation, acclimatization, refuge, research and sustainable use of these species are allowed, as well as related education and awareness raising. They can also be subject to sustainable use by existing local communities.	35	66,649.42
Sanctuaries	Established in areas with considerable wealth of flora and fauna, or by the presence of species, subspecies or habitat with restricted distributions. Only research, recreation and environmental education are allowed.	18	1,462.58
Total		174	254,848.18

21. In addition to these federal PA, there are five other broad categories of PAs in Mexico: state, municipal, community, *ejidal* and private. At least 22 states now have state-level PAs declared; Jalisco and Oaxaca have integrated these into State-level Protected Areas Systems. Over the last 10 years, many indigenous and *ejidal* communities have formalized PAs at community-level; there are

currently more than 150 such PAs, typically with sizes in the range of 3,000 to 5,000ha. All of the PAs to be included in the present project are federal.

22. **Baseline project:** the following baseline has been identified for the project, with a total value of around **US\$30.1 million** over the project period:

23. **National Protected Areas Fund (FANP):** this was established through an agreement in 1997 between the World Bank, the Government of Mexico and the Mexican Fund for Nature Conservation (FMCN). Since that time, the fund has significantly increased its level of resources, from its initial level of US\$16.48 million to US\$76.1 million today, and has been successful in providing efficient and opportune support to PAs. Through a public-private partnership, the FMCN is responsible for the financial management of the FANP, channels annual interests to fund the basic operation of priority PAs, oversees its management and seeks additional resources. The Government, through CONANP, ensures that the funds are used in the field for strategic conservation activities. Over the last decade, the FANP has increased its capital four-fold, allowing it to support 23 PAs at present. In the first 10 years of the FANP, three quarters of the resources channeled to PAs were spent on contracting complementary PA staff. Since 2008, CONANP has contracted this staff, with the result that now most of the expenditure from the FANP is directed at strategic innovative conservation projects (PIE). The PIE are aimed at consolidating the management of priority PAs, addressing the threats identified in the strategic planning of each area.

24. **PROCER:** in 2007 SEMARNAT, through CONANP, established the Programme for the Conservation of Endangered Species (PROCER). PROCER seeks to conserve target endangered species, as well as populations of associated species (of importance for the target species, for example as prey) and habitat. PROCER defines the species to be addressed and prioritizes the actions to elaborate for each one, specifying activities in the Programmes of Action for the Conservation of Species (PACE), which are developed through working groups with the participation of resource users. Each PACE corresponds to one species, and describes detailed actions for the species itself, its habitat, ecosystem, associated species and their relationship with the local human population, within a vision of medium and long-term periods, including aspects such as reproduction, monitoring, management, recovery, sustainable use, promotion and implementation of scientific and technological knowledge, recovery of traditional knowledge, as well as aspects relating to the implementation and development of environmental legislation. The investment by CONANP in PROCER over the project period is estimated at **US\$4.85 million**.

25. **Protected areas:** currently the Government of Mexico invests around US\$ 92.33 million per year in the establishment and management of protected areas, which is complemented by around US\$36.37 million of external cooperation funds. To date these investments have focused on i) expanding and consolidating the SINAP and other conservation modalities; ii) formulating and developing a program for the conservation of high risk species; iii) consolidating tourism in protected areas, generating benefits for local populations; iv) increasing the coverage and effectiveness of the strategy of conservation for development, which guarantees that local and indigenous communities and landowners received incentives and benefits from their participation in conservation; and v) maintaining the participation of members of society in the conservation of protected areas⁵. The total investment by CONANP in the management of the PAs of relevance to the target species is estimated at **US\$17 million** over the project period.

26. **Payments for Environmental Services (PES).** Strategic alliances between civil society organizations have been an important feature of PES initiatives to date. In the case of the Peninsular Pronghorn, for example, two initiatives have been developed to date, with a combined value of around **US\$8.35 million**.

27. **The long term solution** to the threats described above is the consolidation and expansion of effectively managed and financially sustainable protected areas which include key areas of the natural ranges of the selected species.

28. The following **barriers** prevent the achievement of this long term vision:

<p>1. Inadequate instruments at systemic level for operational and financial planning and management hinder the effective conservation of threatened species in PAs and adjoining priority conservation zones.</p>	<p>Despite the existence of favourable regulatory and planning instruments (such as the General Law on Ecological Equilibrium, the Forest Law and the species-specific action plans or PACE), the effectiveness of endangered species conservation initiatives is limited by a number of deficiencies at national level. At present, there is a lack of well-developed and integrated systems for generating and managing information at a national/programmatic level (i.e. beyond the level of individual PAs) on the status of the target endangered species, and current or potential threats (including intelligence and monitoring of illegal hunting and trade): furthermore, while the national PA system provides for a wide range of management categories (see Table 1), conservation priorities and the categories assigned to individual are not revised with sufficient regularity to allow them adequately to reflect evolving conditions and opportunities (for example movements in the ranges of the target species and evolving best practice with stewardship agreements with local communities).</p> <p>PA management is currently supported by instruments such as PA-specific management plans, annual plans of operations, monitoring and oversight protocols and financial/business plans; and the PACE make general and strategic recommendations for the conservation of each of the endangered species. Still pending, however, is the development of linkages between these two levels of planning. In particular, PA</p>
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⁵ CONANP National Programme 2007-2012 http://www.conanp.gob.mx/quienes_somos/pnal2007.php

	<p>management plans are largely limited to issues within the boundaries of the PAs themselves: they do not as yet consider adequately the cumulative and respective contributions of different PAs to the conservation status of endangered species within their overall ranges; nor of the interaction between the PA itself and other management and conservation units within the landscape mosaic as a whole. The cases of the peninsular pronghorn and vaquita, explained above, illustrate this point well: these species move, over different timescales, in and out of PAs, and this requires to be taken into account in the management and monitoring protocols of the PAs: PA management effectiveness, for example, needs to be measured in terms of population levels at landscape level rather than just within the boundaries of the PA itself, and of the existence of refugia and habitat conditions throughout the landscape that will permit this periodic movement.</p> <p>The existing FANP (which has a current capital of \$76.1 million) has very specific objectives related to covering the operational needs of a limited number of PAs, and its design and operational rules do not allow it to address the broader financial needs associated with endangered species conservation, which go beyond the boundaries of the original PA estate and involve a wider range of management and conservation activities including landscape-wide habitat management and community-based stewardship. Recurrent financial resources from the federal Government are also inadequate to fund endangered species conservation: being governed by the norms and procedures of the Ministry of Finance, their availability does not necessarily relate to the timing of operational needs at field level, which typically respond to often unpredictable environmental and biological events and at the same time require long term commitment.</p>
2. Inadequate capacities and instruments at field level for the effective conservation of threatened species in PAs and adjoining priority conservation zones.	<p>Mexico has a large PA estate, and there are plans to expand this to cover up to 30% of the national territory. However, existing PA coverage is not adequate in relation to the conservation needs of many endangered species, in part due to the fact that the species' ranges are dynamic over time due to variations in climatic conditions, the availability of food and anthropogenic threats. For example, one of the main reasons for the establishment in 1989 of the El Vizcaino Biosphere Reserve was the presence of the peninsular pronghorn, however surveys suggested that this endemic subspecies is no longer found in the 400,000ha core zone and may even have moved away from the entire 1.2 million ha Biosphere Reserve as a whole. Similarly, the limits of the Upper Gulf of California and Colorado River Delta Biosphere Reserve were defined in 2005 largely on the basis of the presence of the vaquita (<i>P. sinus</i>), but it now appears that the majority of the species' population is located outside of the reserve, which makes it necessary to establish an additional "Refuge Zone" adjacent to the existing reserve.</p> <p>The PACE make varying degrees of provision for local participation in management and conservation of the species in question (as allowed under the General Law for Ecological Equilibrium and the Forest Law, among others). In general, however, the provisions for interactions with local communities are 'broad brush' in nature and there is little capacity or experience at local level for making them operational. Their implementation in practice is hindered by the lack of detailed analyses, guidelines and plans, which in order to function effectively would require to be integrated with the specific provisions for local participation in each of the PAs in question.</p> <p>A number of the PACE make reference to the need for financial/economic incentives to be provided to local people in order to motivate their participation in conservation and management activities, and to compensate the financial costs to them of modifying their existing productive or extractive activities; it is not, however, specified how these recommendations are to be made operational and linked to the various financial incentive schemes currently managed by the Government of Mexico.</p>

B. 2. INCREMENTAL COST REASONING AND THE ASSOCIATED GLOBAL ENVIRONMENTAL BENEFITS:

29. The **objective** of the project is to increase the effectiveness of PAs in Mexico in contributing to the conservation of endangered species.

Component 1: System level frameworks consolidated to support the conservation of endangered species

Output 1.1: Adaptive-management framework to guide cost-effective implementation of endangered species conservation

30. The project will help to make the PACE which have been prepared to date operational for each of the priority endangered species, through the introduction of a decision-support system, based on principles of adaptive management, which will allow resource allocations (human and financial), regulations and strategies to be continually adjusted on the basis of continuous reassessments of conditions on the ground (e.g. threats, species and population status, climate change and operational effectiveness). The strengthening, integration and harmonization of the monitoring mechanisms and GIS tools related to the PACE and the PA system, for example, will allow information on the overall conservation status of each target species to guide ongoing modifications to the management plans of the different PAs within their ranges (for example in relation for example to budgets, strategies, visitor numbers, levels of allowable extractive and productive activities), resulting in synergies between PAs in terms of connectivity and adaptation to spatial trends in the species' distributions.

Output 1.2: Financial sustainability of actions for the conservation of endangered species.

31. The project will support the establishment of the Fund for the Conservation of Endangered Species (FONCER), which will complement the financial resources obtained for endangered species conservation from other sources (such as the Government's recurrent budget and limited term donations from private entities and international cooperation agencies). As well as increasing the total amount of financial resources available for endangered species conservation, FONCER will ensure that resources are available in a predictable and opportune manner, which responds to the biological rhythms of the target species, their habitats and the threats affecting them, thereby buffering conservation initiatives against the delays, fluctuations and short time horizons that are associated with recurrent budgets and project-based funding.

32. FONCER will be a **revolving fund established within the overall administrative and governance framework of the existing Mexican Fund for Nature Conservation (FMCN)**. Under this model, an initial capital will be used to attract further investments and to develop capacities and mechanisms for generating income, part of which will then be fed back into the fund and part of which will be used to cover the investment and recurrent costs of the conservation of endangered species. The initial capital will consist of \$1 million GEF funds and \$1 million cofinancing from CONANP. After establishment, further capitalization will come from a range of sources, including the following:

- Private corporations (through "private-public partnerships"), within the framework of corporate environmental responsibility programmes and taking advantage of the fiscal incentives that exist for such donations.
- Income from fines levied in protected areas and related to the management of endangered species.
- Further assignments from CONANP, which will in part reflect the income generated from gate fees and from levies on businesses related to endangered species⁶. The project will help to maximize the income generation potential of such businesses, for example by supporting the development of tourism "brands" based on charismatic species such as the jaguar and the Mexican wolf.

33. These income sources would further be complemented by interest generated on its capital, which will contribute to its maintenance; however in contrast with an endowment fund, and in recognition of its lower level of capitalization, it will not rely solely on interest generation for its existence and functioning.

34. The insertion of the fund into the existing FMCN will maximize efficiency by allowing it to take advantage of the administrative capacities and mechanisms already existing within that institution, which have largely been developed with GEF support. This model has been fully tested in the case of the existing Monarch Butterfly Fund, the Gulf of California Fund and the Fire Management Fund, which are managed as separate (but strategically linked) "accounts" with their individual, very specific, objectives and rules of operation, within the overall administrative and governance framework of the FMCN.

35. A Technical Committee, directed by CONANP, will approve the annual actions to be executed with support from FONCER in the context of each PACE. A national NGO (Natural Spaces and Sustainable Development, ENDESU) will act as coordinating organization, with responsibility for directing the activities funded by FONCER in accordance with the annual plans for the implementation of the PACE. This organization will report annual results, in both technical and administrative terms, to the Technical Committee.

Output 1.3: Strengthened operational capacities in PAs for the conservation of endangered species.

36. Activities under this component will complement previous GEF investments in the strengthening of the National System of Protected Areas, resulting in selected PAs moving beyond basic operational effectiveness and sustainability to a state in which they are able to respond effectively to the specific management and conservation requirements of the priority endangered species. This will result in the broad-brush strategies set out in the PACE being put into action at field level. Attention will be focused principally on strengthening PA management instruments (management plans, annual plans of operations, monitoring and oversight protocols, stakeholder participation plans and financial/business plans) to ensure that they take these species' requirements into account, and linking and harmonizing them with the provisions of the PACE. The improvement of these instruments will be complemented by the strengthening of existing systems for monitoring and early warning of external threats with potential to affect PAs and endangered species, such as changes in land use, tenure or social/governance structures. Depending on the results of PA-specific capacity assessments to be carried out during the PPG phase, GEF funds will also be used to purchase key items of equipment required to strengthen enforcement capacities, and to provide PA managers with training regarding technical and conceptual aspects of the conservation and management strategies proposed in the PACE for the different target species.

37. The project will also play a key role in developing synergies between actors at different levels in each of the PAs. It will facilitate and promote cooperation between PA authorities, local and departmental Governments and local communities with regards to enforcement activities, in order to counter threats to endangered species and their habitats in PAs; it will support the development of platforms for coordination and linkage with different agencies of the three levels of Government (PAs may be established at municipal, state or federal level in Mexico); and it will support the integration of instruments for planning, management and monitoring between PAs and the landscapes that surround them in order to help address external threats affecting PAs and to increase their effective size as habitats for endangered species..

⁶ Such income cannot be channeled directly to FONCER: rather it is passed to the Ministry of Finance (*Hacienda*); CONANP then receives an annual budget allocation from *Hacienda* and CONANP will then contribute to FONCER.

Table 2. Priority management strategies for PROCER target species

Species		Priority management strategies													
		A	B	C	D	E	F	G	H	I	J	K	L	M	N
<i>Antilocapra americana peninsularis</i>	Baja California Pronghorn	X				X	X				X			X	X
<i>Aquila chrysaetos</i>	Golden Eagle		X									X			
<i>Canis lupus baileyi</i>	Mexican Wolf			X		X						X		X	X
<i>Caretta caretta</i>	Loggerhead Turtle							X	X	X		X	X		
<i>Chelonia mydas</i>	Green Sea Turtle							X	X	X		X	X		
<i>Dermochelys coriacea</i>	Leatherback Turtle							X	X	X		X	X		
<i>Eretmochelys imbricate</i>	Hawksbill Sea Turtle							X	X	X		X	X		
<i>Gymnogyps californianus</i>	Californian Condor					X								X	
<i>Odocoileus hemionus cerrosensis</i>	Cedros Island Mule Deer	X	X		X	X									
<i>Panthera onca</i>	Jaguar			X								X		X	X
<i>Phocoena sinus</i>	Vaquita									X		X	X	X	
<i>Tapirus bairdii</i>	Baird's Tapir											X		X	X

Key:

- A. Control of predators (feral animals)
- B. Management of hydrological conditions (e.g. those required by rabbits used by Golden Eagle as prey)
- C. Management of livestock/predator conflicts (e.g. hunting of wolves and jaguars due to predation of cattle)
- D. Management of fire in order to improve hábitat conditions
- E. Captive breeding and liberation to bulk up local populations
- F. Reduction/management of cattle grazing to reduce competition with target herbivores
- G. Protection of turtle nesting sites
- H. Promotion of sustainable fisheries with local communities
- I. Modification of fishing gear (e.g. turtle exclusion devices)
- J. Promotion of natural regeneration of vegetation needed for biological connectivity
- K. Promotion of benefits to local communities and landowners, based on the presence of species and their sustainable use
- L. Determination of refuge áreas for marine species
- M. Promotion of protection of áreas under diverse models specified under legislation
- N. Promotion of creation of corridors to maintain biological connectivity

Component 2: PAs are managed effectively for the conservation of endangered species**Output 2.1: Improved PA coverage and ecosystem connectivity**

38. The project will support an increase in the PA estate in order to cover key areas of habitat of importance to the target species, through the declaration of new PAs and/or the expansion of existing ones. These will be complemented by the establishment biological corridors and wildlife refuge areas between and around these PAs, which will be provided for through the development of spatial land use plans and the definition and application of corresponding regulations for each land use zone. To this end, studies will be carried out (initially during the PPG phase, to be confirmed during the implementation phase) of needs and priorities for such expansion, taking into account the current locations of the populations of the target species and of their habitat, the degree to which population health and viability is currently affected by fragmentation, the particular forms of connectivity required by each species to address this situation, and the potential implications of climate change (which may lead to habitat migration, fragmentation and/or modification). An example will be the establishment of an additional "Refuge Zone" adjacent to the existing Upper Gulf of California and Colorado River Delta Biosphere Reserve, in reflection of the dynamic nature of the distribution of the remaining populations of the vaquita (*P. sinus*).

Output 2.2: Local communities involved in the management and conservation of endangered species and their habitat

39. The project will facilitate the signing, in each target area, of agreements with landowners for the development and implementation of programmes for the conservation of the target endangered species and their habitats; and of agreements with local communities for the implementation of community-based programmes, aligned with existing government programmes, for integrated resource management and productive diversification, generating direct employment in communities and supporting species and habitat conservation. There is legal provision for such forms of agreements in the Mexican Constitution, the General Law for Ecological Equilibrium, the General Law for Wildlife, the Forest Law and the General Law for Rural Development: these laws allow, for example, for the registration by landowners of wildlife conservation units and forest management units, and the designation of sub-zones of PAs for active use by local communities. The motivation of local communities and landowners to apply resource management practices that are compatible with the conservation of the target species and their habitats will further be promoted by supporting them in registering their lands with Government-based support programmes, for example by designating them as Conservation Management Units (UMAs) for endangered species or Community-based Forest Management areas, or by participating in the national Programme for Environmental Services. The social feasibility and sustainability of the conservation and management

strategies proposed will be further promoted by supporting the active participation of local communities in their planning, implementation and oversight, in accordance with the provisions of PA stakeholder participation plans. The project will furthermore support the generation of economic incentives for local communities to participate in the stewardship of endangered species and their habitats, for example by providing training and marketing support for the establishment of nature-based tourism businesses.

Alternatives considered:

40. The following alternatives models for FONCER were considered and rejected:

- **An endowment (or trust) fund**, with an untouchable core capital generating interest which would be used to cover the investment and recurrent costs of endangered species conservation, as well as the administration costs of the fund. This option was discarded because experience to date has shown that such funds typically require an initial capital of between \$10 and \$15 million to be viable: while there would be excellent prospects for the fund to be progressively capitalized in the medium term from public and private sources, it is not possible to guarantee this level of firm commitment in the immediate term, without the fund having been first established.
- **Insertion into the existing Fund for Natural Protected Areas (FANP)**. This option was discarded given that the FANP has very clear rules of operation which limit it to supporting the management of a number of specific protected areas, within the framework of their Annual Plans of Operations.

41. The number and identities of the species included in the project have been defined on the basis of detailed and objective analysis. The list proposed was narrowed down to 14, selected from the more than 2,000 species contained in the national list of endangered species (Mexican norm NOM-059), a quarter of which are considered to be under risk of extinction. The 14 species were selected on the basis of the following criteria: i) risk of extinction; ii) feasibility of recovery; iii) relevance to the maintenance of the biodiversity, structure and functioning of key ecosystems; iv) endemism; v) social, cultural, scientific or economic value; vi) existence of a PACE for the species and vii) availability of cofinancing. The complexity of the project is in fact not directly proportional to the number of species included, given that several of the species are similar in terms of the management strategies that they require (for example, the four species of sea turtles), and some share the same habitat (as is the case with the Baja California Pronghorn, the Golden Eagle and the Californian condor).

B.3. DESCRIBE THE SOCIOECONOMIC BENEFITS TO BE DELIVERED BY THE PROJECT AT THE NATIONAL AND LOCAL LEVELS, INCLUDING CONSIDERATION OF GENDER DIMENSIONS, AND HOW THESE WILL SUPPORT THE ACHIEVEMENT OF GLOBAL ENVIRONMENT BENEFITS

42. At present, the livelihoods of most of the members of the communities located in the project's target areas are dominated by primary production for subsistence: in terrestrial areas, principally the production of maize, beans and smaller amounts of a number of other crops, and the raising of cattle under extensive systems; and in marine and coastal areas, fishing for both local consumption and sale. In both cases, the production systems are characterised by limited technification and market and, consequently, low productivity and profitability. The implementation of programmes for the conservation and sustainable management of 'charismatic' threatened species such as the Mexican Wolf, marine turtles and Californian Condor has the potential to generate significant levels of income for local communities, both directly and indirectly, for example through:

- The establishment of businesses based on ecotourism and associated services (e.g. employment as guides, provision of accommodation and catering services for tourists)
- Schemes for the payment for environmental services, associated with biodiversity conservation
- Employment creation schemes
- Promotion of alternative livelihood practices (e.g. handicrafts and alternative crops) to lessen the threats for endangered species and their habitats associated with current agricultural, ranching and fishing practices remove press.

43. With all of these options, the project will play an important role in ensuring that the target communities have access to the technical, organizational, marketing, financial and other support which they require to make them viable, either by providing the support directly or by helping to establish links with relevant public or private initiatives (such as Federal social development programmes or the private finance sector). In conjunction with the private sector (e.g. travel agencies and airlines), it will also play an overarching role in promoting Mexico as a destination for wildlife-based tourism, exploiting the "branding" potential of charismatic endangered species such as the Mexican wolf and the vaquita, and publicizing the potential of this form of tourism to generate social benefits. Marketing tools will include, for example, articles in airline in-flight magazines, posters and websites.

44. This potential of conservation programmes to generate income for local communities has already been amply demonstrated with other species such as the Bighorn Sheep (*Ovis canadensis*): this has been the subject of a programme of conservation, management and sustainable use which, in addition to doubling its population size over the course of 8 years, has generated income of around US\$1 million per year over the last 15 years. In 2005 (the most recent year for which figures are available) wildlife tourism generated around US\$400 million, and between 50 and 70 thousand direct jobs. Ecotourism has particular potential to contribute to the economic status of women, for example through service industries based on lodging and catering.

B.4 INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS THAT MIGHT PREVENT THE PROJECT OBJECTIVES FROM BEING ACHIEVED, AND IF POSSIBLE, PROPOSE MEASURES THAT ADDRESS THESE RISKS:

RISK	RANKING	MITIGATION STRATEGY
Limited commitment to capitalization of fund by public and private sources	Moderate	Raising of awareness on the potential of initiatives related to endangered species conservation (e.g. tourism) to generate income for the Ministry of Finance, and the dependence of this income generation on adequate funds being fed in turn into species conservation, via the fund. Promotion of the benefits for private enterprise in investing in the fund, in corporate image and fiscal terms.
Limited local commitment to participating in management and conservation strategies or combating threats	Moderate	The project will support the development and implementation of stakeholder participation plans and their integration with the provisions of the PACE for each species; these will contain provisions to maximize the 'buy-in' to the conservation and management strategies by local people and to identify and minimise or mitigate any potential negative impacts. At the same time it will promote incentive mechanisms and alternative livelihood strategies which will actively contribute to local stakeholders' economic conditions and thereby motivate them to participate in or support the project's activities.
Tourism is deterred by concerns over security	Moderate	Linkage of ecotourism to currently popular destinations, and emphasis in promotional material on the reality of security issues (e.g. incidence of problems is much lower than in Central American countries) and the types of security measures that are in place.
Limited buy-in to the project, or interest in collaborating with other actors, among local, municipal, state or federal actors	Moderate	The project will support dialogue platforms which will bring together actors at these different levels to discuss the mutual benefits to be gained from participation in the project and from collaboration, in the form of, for example, increased and more sustainable economic benefits for actors at community and municipal levels, and increased effectiveness and social sustainability of the actions promoted by federal level actors such as CONANP.
Climate change (CC) modifies habitat conditions in PAs	Moderate	The ecosystem restoration measures to be undertaken through the project will serve in part to reverse the habitat degradation which may be exacerbated by CC: the restoration strategies themselves will be designed to take into account a range of climate change scenarios, rather than solely the current conditions in the areas. Planning and management instruments will be introduced into each of the PAs to increase the abilities of PA managers to respond effectively to CC-related risks, both in the short term (e.g. increased incidence of fires) and medium term (changes in levels of external threats and capacities of ecosystems to respond to them).

B.5. IDENTIFY KEY STAKEHOLDERS INVOLVED IN THE PROJECT AND THEIR RESPECTIVE ROLES:

Key Stakeholder	Role in the Proposed Project
Ministry of the Environment and Natural Resources (SEMARNAT)	Federal entity leading the environment sector, responsible for promoting the protection, restoration and conservation of ecosystems, natural resources and environmental goods and services in Mexico, in order to allow their sustainable use and development. Coordinator of conservation and natural resource management initiatives, at both intra- and inter-institutional levels.
National Commission of Natural Protected Areas (CONANP)	Semi-autonomous dependency of SEMARNAT with responsibility for the management of protected areas. Overall coordinator of the project.
Natural Spaces and Sustainable Development (ENDESU)	Conservation NGO, implementing conservation initiatives under coordination by CONANP
Local NGOs	Participants in promoting alternative livelihood, rural development and stewardship schemes
Private sector	Promotion and support of wildlife-based businesses, for example through provision of accommodation, transport and financial services. Direct financial contributions to FONCER under corporate responsibility and fiscal incentive schemes.
Local communities	Active participants in wildlife stewardship schemes as provided for in federal legislation; beneficiaries of wildlife-based businesses (e.g. tourism); targets of activities to modify livelihood and resource management practices that are incompatible with the conservation of the target species and/or their habitats.

B.6. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

45. This project will build on the considerable advances achieved by GEF investments in Mexican protected areas to date. Foremost among these have been the four success national projects implemented by the IBRD, aimed at consolidating the national protected areas system through the establishment and strengthening of tools for planning, management and financial sustainability. The bases established by those projects will be fundamental to the success of the current project, as they will provide the framework into which the current project will insert strategies for taking into account the implications of climate change on biodiversity and protected areas and providing for their financial sustainability. During the PPG phase, lessons on practical aspects of PA management learnt from site-

specific projects such as “El Triunfo Biosphere Reserve: Habitat Enhancement in Productive Landscapes” and “Biodiversity Conservation in the Sierra Gorda Biosphere Reserve” will be incorporated into project design, when these are relevant to species-related threats. Furthermore the project will share data with the GEF-financed project “Integrated assessment and Management of the Gulf of Mexico Large Marine Ecosystem”

46. The project will also work with new GEF initiatives currently under development to share data and establish coordination mechanisms. These include the two latest initiatives submitted by UNDP and the GoM: CONANP’s new initiative on the national PA system resilience to climate change currently and CONABIO’s new initiative to strengthen the national capacities to manage, control and prevent IAS. Efforts will also be made to establish coordination arrangements with new initiatives led by the World Bank and UNEP including the initiatives to support biodiversity conservation in the Sierra Tarahumara of Chihuahua (UNEP) as well as the projects sustainable production systems and biodiversity conservation and Conservation of coastal watersheds (World Bank). Coordination arrangements will be detailed during the project preparation phase.

47. The project will coordinate with the World Bank Mexico Mesoamerican Biological Corridor project, which is now being implemented by the Biological Corridors and Resources Coordination Unit (CCRB) at CONABIO. The CCRB is now working on the conservation and sustainable use of eight corridors in the south-east of the country, in Campeche, Chiapas, Quintana Roo, Tabasco and Yucatan, and is currently expanding to the state of Oaxaca, ensuring that this project takes into account the objectives and principles of the MMBC project, while at the same time learning from and building upon its achievements in relation to the establishment and management of biological corridors and local participation.

C. DESCRIBE THE GEF AGENCY’S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:

48. UNDP provides a comparative advantage for this project given its strengths as a development agency with significant experience in working with the management of protected areas in Latin America, the Caribbean and worldwide as well as with productive economic sectors, specifically including initiatives to mainstream biodiversity into their practices. UNDP’s work on biodiversity and environmental management through past and ongoing initiatives at the national and regional level has resulted in a strong relationship with the GoM that will facilitate effective actions by government executing agencies and stakeholders participating in this project. In addition, UNDP’s extensive experience in developing governance frameworks and inter-sectoral coordination will be of great benefit to the project. The project will not only benefit from UNDP’s extensive experience in the field of PA and landscapes management but will also build upon its current initiatives addressing wildlife and/or threatened species in countries such as Ecuador and Malaysia.

C.1 INDICATE THE CO-FINANCING AMOUNT THE GEF AGENCY IS BRINGING TO THE PROJECT.

49. UNDP’s comparative advantage lies in its capacity to broker finance from national and international sources to assist countries to meet their environmental finance needs. In line with UNDP’s mandate as chair of the UNDG, it plays a key role in the leveraging of resources from a range of funding sources in the construction of a project funding package. UNDP has brokered US\$600,000 for this project from multiple sources, to be confirmed during further project preparation. UNDP also will provide in-kind support through its broader governance portfolio and through a range of technical staff working in the environment program

C.2 HOW DOES THE PROJECT FIT INTO THE GEF AGENCY’S PROGRAM (REFLECTED IN DOCUMENTS SUCH AS UNDAF, CAS, ETC.) AND STAFF CAPACITY IN THE COUNTRY TO FOLLOW UP PROJECT IMPLEMENTATION:

50. The proposed project is in line with the 2008-2012 United Nations Development Assistance Framework (UNDAF) agreed between the Government of Mexico and the UN, in particular with its stated priority of “Institutional and individual capacities strengthened to stop and /or reverse environmental degradation, support natural resources conservation, encourage participatory management, natural resources governance and promote human development through policies and programmes for sustainable development”. The project also is aligned with UNDP Mexico’s 2008-2012 Country Programme Document, which recognized the need “to strengthen national policies and the coordination instruments to achieve a sustainable development.” In this regard, the UNDP commits through the project to support capacity building at the national, regional and local levels. UNDP Mexico has a well-established group of professionals in its environment team that will support project implementation, composed of three individuals who have worked for many years on the design, implementation and monitoring of GEF projects in biodiversity, sustainable land management and climate change. This team will receive technical support from the specialists in UNDP’s Environment and Energy Practice in the Latin American Regional Service Centre, as well as technical backstopping from UNDP’s global network of specialists


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(s) with this template).

NAME	POSITION	MINISTRY	DATE (MM/DD/YYYY)
Margarita Pérez Villaseñor	Deputy Director General	Ministry of Finance and Public Credit	AUGUST 15, 2012

B. GEF AGENCY (IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for project identification and preparation.

Agency Coordinator, Agency name	Signature	Date (MM/DD/YYYY)	Project Contact Person	Telephone	Email Address
Yannick Glemarec, UNDP/GEF Executive Coordinator		January 10, 2013	Lyes Ferroukhi, Regional Technical Adviser, EBD	+507 302- 4576	lyes.ferroukhi@undp.org

√	Check List- Environmental Funds	
PROJECT CONCEPT		
	Activity	Remarks
	Define the general objectives of the Fund. Several key issues should be explored: 1] What are the conservation objectives in the area of intervention? 2] What types of activities are required to satisfy the said conservation objectives? 3] Why might an Environmental Fund be needed as opposed to one-time project investments.	1] The conservation objective to which the fund will contribute is the improvement of the conservation status of 14 endangered species of fauna and the habitat on which they depend 2] The activities being considered to satisfy the conservation objectives of the target species include the following: - Control of predators (feral animals) - Management of hydrological conditions - Management of livestock/predator conflicts - Management of fire - Captive breeding and liberation - Reduction/management of cattle grazing - Protection of turtle nesting sites - Promotion of sustainable fisheries - Modification of fishing gear - Promotion of natural regeneration for biological connectivity - Promotion of benefits to local communities and landowners - Determination of refuge areas for marine species 3] Recurrent financial resources from the federal Government are inadequate to fund endangered species conservation: being governed by the norms and procedures of the Ministry of Finance, their availability does not necessarily relate to the timing of operational needs at field level, which typically respond to often unpredictable environmental and biological events and at the same time require long term commitment.
	Define the funding gaps hampering conservation efforts. Estimate likely funding needs, to be covered by the Fund.	Annual funding needs for endangered species conservation (in addition to the approximately \$1 million currently assigned by the Government) are estimated at around \$300,000.
	Assess whether co-financing is likely to be available.	The initial capital will consist of \$1 million GEF funds and \$1 million cofinancing from CONANP.
	Review existing legal structures governing the establishment of Trust Funds. Document legal provisions governing Trust Funds or similar instruments, including registration requirements, scope of allowable activities for charitable organisations, governance arrangements (i.e. the constitution of the Governing Board, powers and duties of the Governing Board and voting arrangements), conditions circumscribing the receipt of funds, limitations on investment activities, taxation requirements, including regulations governing taxation of assets held outside of the country, and arrangements for dissolution of the Fund	The fund will be governed by the same well-proven legal provisions as apply to the existing National Fund for Protected Areas (FNAP).
	Define whether the Fund is to be set up as an endowment, revolving or as a sinking fund.	FONCER will be a revolving fund established within the overall administrative and governance framework of the existing Mexican Fund for Nature Conservation (FMCN). Under this model, an initial capital will be used to attract further investments and to develop capacities and mechanisms for generating income, part of which will then be fed back into the fund and part of which will be used to cover the investment and recurrent costs of the conservation of endangered species.
	1. <u>Eligibility</u> Assess whether the Environmental Fund is likely to satisfy the minimum eligibility requirements for GEF	1. <u>Eligibility</u> (i) FONCER will be established within the overall administrative and governance framework of the existing non-governmental

	<p>funding:</p> <p>(i) The Fund can be established as a public-private mechanism outside of direct government control.</p> <p>(ii) The Fund has clear goals and objectives, which can be satisfied with the income generated from the proposed capital targets.</p> <p>(iii) Existence of a basic fabric of legal and financial practices and supporting institutions (including banking, auditing and contracting) in which the international community has confidence.</p> <p>(iv) The Fund may be operated cost effectively, with operating costs within a range of 20-25% of the available annual income [e.g. a US\$ 10 million fund generating net income of US\$ 500,000 should expend no more than US\$ 125,000 on administration].</p> <p>(v) The Fund may be legally domiciled in the recipient country.</p> <p>2. <u>Asset Management</u>: Design measures to ensure the security of assets, from invasion, currency devaluation and attachment, and to manage investment risks.</p> <p>3. Establish whether co-financing targets can be satisfied, and develop a fund raising strategy.</p>	<p>Mexican Fund for Nature Conservation (FMCN).</p> <p>(ii) The fund will have the specific objective of supporting the conservation of priority endangered species. It will complement the financial resources obtained for endangered species conservation from other sources (such as the Government's recurrent budget and limited term donations from private entities and international cooperation agencies). As well as increasing the total amount of financial resources available for endangered species conservation, it will ensure that resources are available in a predictable and opportune manner, which responds to the biological rhythms of the target species, their habitats and the threats affecting them, thereby buffering conservation initiatives against the delays, fluctuations and short time horizons that are associated with recurrent budgets and project-based funding.</p> <p>(iii) The fund will be established within the overall administrative and governance framework of the existing Mexican Fund for Nature Conservation (FMCN), the effectiveness and transparency has been amply proven with the GEF-supported National Fund for Protected Areas (FNAP).</p> <p>(iv) Operating costs will be less than 20%.</p> <p>(v) The Fund may be legally domiciled in the recipient country, as in the case of the existing National Fund for Protected Areas (FNAP).</p> <p>2. <u>Asset management</u> A Technical Committee, directed by CONANP, will approve the annual actions to be executed with support from FONCER. A national NGO (Natural Spaces and Sustainable Development, ENDESU) will act as coordinating organization, with responsibility for directing the activities funded by FONCER. This organization will report annual results, in both technical and administrative terms, to the Technical Committee.</p> <p>3. <u>Cofinancing and fund raising strategy</u> The initial capital will consist of \$1 million GEF funds and \$1 million cofinancing from CONANP. After establishment, further capitalization of the fund will come from a range of sources, including the following:</p> <ul style="list-style-type: none"> - Private corporations (through "private-public partnerships"), within the framework of corporate environmental responsibility programmes and taking advantage of the fiscal incentives that exist for such donations. - Income from fines levied in protected areas and related to the management of endangered species. - Further assignments from CONANP, which will in part reflect the income generated from gate fees and from levies on businesses related to endangered species. The project will help to maximize the income generation potential of such businesses, for example by supporting the development of tourism "brands" based on charismatic species such as the jaguar and the Mexican wolf. <p>These income sources would further be complemented by interest generated on its capital, which will contribute to its maintenance; however in contrast with an endowment fund, and in recognition of its lower level of capitalization, it will not rely solely on interest generation for its existence and functioning.</p>
	<p>Develop a plan for strengthening the management capacity of the Trust Fund.</p>	<p>Ample experience and capacity for fund management already exists in the Mexican Fund for Nature Conservation (FMCN), which has been responsible for managing the existing FNAP and will also been responsible for managing this fund.</p>