HE WORLD BANK/IFC/M.I.G.A.

OFFICE MEMORANDUM

DATE: September 28, 2000

TO: Mr. Ken King, Assistant CEO, GEF Secretariat
Att: GEF PROGRAM COORDINATION

FROM: Lars Vidaeus, GEF Executive Coordinator 

ENSION: 3-4188

JBJECT: **MEXICO – Consolidation of the Protected Areas Program (SINAP 2)**
Submission for Work Program Inclusion

Please find enclosed the final electronic attachment of the above mentioned project brief for work program inclusion.

The proposal is consistent with the *Criteria for Review of GEF Projects* as presented in the following sections of the project brief:

- **Country Drivenness**: please see Section B2 (*Governments' Strategy*) and Section D4 (*Indications of recipient commitment*) for a discussion of country ownership of the SINAP 2 program; these sections start on pages 3 and 25, respectively.
- **Endorsement**: the national GEF focal point provided an updated endorsement letter (September 19, 2000).
- **Program Designation & Conformity**: please see Section B1(b) *(GEF operational strategy/program objective addressed by the Project*), page 3.
- **Project Design**: the project would support consolidation of the federal protected areas system by integrating 12 additional, high priority reserves into the protected areas endowment fund mechanism (FANP) and by supporting complementary mainstreaming activities. Section C (*Project Description Summary*) starting on page 8, and Annex 1 (*Project Design Summary*) starting on page 34, provide details on project design.
- **Sustainability**: please see Section C1 (para 39), Section F1 (*Sustainability*) on page 31, and Annex 6, starting on page 92.
- **Replicability**: this project has benefited substantially from the lessons learned during the GEF Pilot Phase project and has applied those lessons in current project design; these main findings/lessons were detailed in an Independent Evaluation Report (dated February 2000) and in a WB Implementation Completion Report (dated February 1999) and are summarized in Section D3 (*Lessons Learned*) which starts on page 23; the current proposal has also benefited from recommendations made in the GEF Secretariat' s Evaluation Report No. 1-99 "Experience with Conservation Trust Funds"; how GEF Secretariat findings are being applied to the SINAP 2 proposal is summarized in Section D3 (page 25, para 82); the current proposal is expected to have wide replication potential and to generate lessons of use to other conservation trust funds in the region and elsewhere in the world; dissemination of

information on the Mexican Protected Areas Program and the FANP implementation experience is already underway through the IPG (Interagency Planning Group on Environmental Funds) and REDLAC (the Latin American Network of Environmental Funds).

- **Stakeholder Involvement**: for an identification of project stakeholders, please see Section C3 (*Benefits and target population*) starting on page 17; for a summary discussion of the involvement of stakeholders in preparation and implementation, please see Sections E5 (*Social*) and E7 (*Participatory Approach*) on pages 27-29; for a detailed discussion of these issues, please see Annex 5 "*Social Assessment and Participation Strategy*" starting on page 84.
- **Monitoring & Evaluation**: Monitoring is a particular focus of the proposed project; detailed information on proposed M&E activities is presented in Section C1 (please see para 45(b) on page 13); the institutional framework for implementation of the M&E program may be found in Section C4 (para 65 on page 20). M&E indicators are presented in Annex 1.
- **Financing Plan**: the full cost of the SINAP 2 proposal is $106.4 million, of which GEF incremental cost support requested is $31.1 million ($31.45 million including PDF Block B support). A summary cost table is presented in Section C1 (page 8), while a detailed discussion of financing plan, leveraging, and cost-sharing between GEF and non-GEF resources is presented in Section C4 (paras 61-63, page 20). Annex 6 "*Budget, Financial projections, and Fundraising Plan*" (starting on page 92) provides detailed information on project costing and financial assumptions used in developing the project financing plan. The breakdown between baseline funding and incremental costs and the rationale for GEF support may be found in Annex 2 (starting on page 41).

  It has been agreed that only $16.45 million out of the total $31.45 GEF contribution would be committed at the time of this WP entry; this corresponds to protecting 4 out of the 12 reserves covered by the full project proposal. There will be an additional request for the remaining $15 million in GEF funds. These funds will go towards the protection of the other 8 high priority protected areas covered by the proposal. All GEF endowment funds will be matched by private and public contributors at a 1:1 ratio (see "(b) *conditions for release of GEF capital contributions"* below).
- **Cost-effectiveness**: the discussion in Section D1 of project design alternatives considered and rejected includes an explicit discussion of cost-effectiveness and why the selected financing plan is the most cost-effective (please see paras 69-70, page 20).
- **Core Commitments and Linkages**: please see the discussion of the project' s linkage to the WB Country Assistance Strategy in Section B1(a), page 2, and Section D2 (para 75, page 21).
- **Consultation, Coordination and Collaboration between IAs**: please see Section D2 (*Major related Projects financed by the Bank and/or other development agencies*) for a discussion of the other donor programs with links to the proposed project as well as coordination with GEF-supported initiatives in the context of the draft programmatic framework (pages 21-23).
- **Response to STAP Expert Comments**: an expert from the STAP Roster reviewed the project at an earlier stage of preparation (March 2000), and again in preparation for WP entry; the STAP expert' s comments on both the March and September versions of the Project Brief are attached as Annex 3; preparation team responses to comments received are also attached.
- **Response to GEFSEC Review at the time of initial WP submission in March 2000**: the Secretariat team recommended that the Mexican/Bank preparation team address two main concerns prior to resubmission of the package for WP entry: (a) level of preparation; and (b) conditions for release of GEF capital contributions to the endowment (tranching/match issues).

  a) ***level of preparation***: The issues related to level of preparation were the subject of a follow-up meeting between the task team and GEF Secretariat staff, and agreement was reached on which issues still required additional attention and information in the document submitted for WP entry. The matrix

agreed at that time has been to guide the revision of this project document. In summary, the main concerns of Secretariat staff were related to the overall degree of preparation, with a particular emphasis on the level of consultation in developing project design, local commitment to the mainstreaming component, and clarity/specificity of the log-frame:

- With respect to *overall degree of preparation*, the proposal has benefited from an additional 5 months of work, and this has permitted greater detail to be provided on component/sub-component activities and additional annexes to be provided on topics of special interest (see below).
- With respect to *level of consultation/local participation*, the sections of the Brief dealing with participation and social issues have been expanded, and an Annex on the Social Participation Strategy and the status of social assessment work has been added (Annex 5); this annex provides detailed information on populations living in and around protected areas included in the project, including indigenous peoples (see table 1).
- With respect to the *mainstreaming component*, high-level consultations within the Mexican government in April-May 2000 focused on mainstreaming biodiversity concerns into government programs and improving interministerial coordination as it applies to activities in/around protected areas. This process culminated in the formal creation of an inter-ministerial Technical Council (composed of seven key ministries at the Secretary/Under-Secretary level), which will institutionalize this mainstreaming/coordination initiative and reinforce the efforts of the new National Commission for Protected Areas. The role of this new Technical Council and detailed information on the mainstreaming sub-components are presented in Sections B2 (para 20, page 5) and C1 (paras 47-48, on pages 15-16), respectively.
- With respect to the *log-frame* and project design, two participatory workshops have been held to insure field level and local input into the design process; the first took place in Xochitla in January 2000, and the second in Mexico City in June 2000. The revised Annex 1 is the result of this consultative process, and presents a clearer picture of objectives and expected results on the ground than the previous version; detailed indicators have also been developed. With the goal of reducing log frame complexity, the relationship of project activities to root causes has been presented in the main text (see paras 29-30, page 7).

b) ***conditions for release of GEF capital contributions:*** four main issues were raised regarding capital contributions to the FANP endowment: (i) the conditions for release of GEF capital contributions during SINAP 2; (ii) the need to secure a substantial endowment match from private/public sources prior to GEF Council consideration for WP entry; (iii) the need to secure the $5.0 million fund-raising target for FANP I prior to CEO endorsement of the final project proposal; and (iv) the treatment of the Sierra Gorda Reserve under SINAP 2.

- (i) *conditions for GEF capital contributions during SINAP 2*: GEF capital contributions to the FANP endowment will be released only when non-GEF matching funds have been secured at the agreed 1:1 ratio. The first tranche release will be for $7.5 million, equivalent to the needed capital to endow 4 reserves. Thereafter, given the urgency of adding new reserves as quickly as possible so that Mexico' s unique biodiversity can be brought under effective management, GEF capital contributions will occur in amounts equivalent to the endowment required for one reserve ($1.875 million), provided always that matching funds have been raised at the 1:1 ratio. A detailed explanation of the timing of capital contributions and match scenarios is presented in Section C1 (para 35 page 10). A projected disbursement profile has been developed for

illustrative purposes (see Annex 6, Section II, starting on page 93), but actual performance will depend on the effectiveness of fundraising efforts to raise matching funds.

- (ii) *endowment match prior to GEF Council consideration*: $7.5 million from non-GEF sources (GOM, private foundations) have been raised to match the first proposed tranche release of GEF capital for the endowment. Of this $7.5 million, $6.0 million have already been deposited with FMCN in endowment accounts. The remaining $1.5 million are committed in the GOM/SEMARNAP fiscal year 2000 budget, and will be released to FANP following GEF Council approval of the SINAP 2 proposal for WP entry.
- (iii) *$5.0 million fund-raising target for FANP I*: During the restructuring of the GEF Pilot Phase Protected Areas Program in 1997, a fund-raising target of $5.0 million in endowment capital was established to measure the effectiveness of FANP as a catalyst for attracting additional resources for the SINAP. Substantial progress has been made in raising these funds, and SEMARNAP/FMCN have committed to securing the full $5.0 million prior to submitting the final proposal for CEO endorsement.
- (iv) *Sierra Gorda Reserve (SGR):* As SGR will be the recipient of GEF incremental cost support through a free-standing GEF project, it has been clarified that no GEF funding will be channeled to this high priority reserve through the SINAP 2 proposal. This is indicated in the Project Brief attached (see page 10).

Please let me know if you require any additional clarifications to finalize the SINAP 2 Work Program submission. Many thanks.

cc: Messrs./Mmes. Brizzi, Hernandez (LCC1C); Cervigni, Kimes (LCSES); Castro, Khanna, Aryal (ENV).

ENVGC ISC
IRIS1

PROJECT BRIEF

1. IDENTIFIERS:

PROJECT NUMBER: MX-GE- P065988

PROJECT NAME:	Consolidation of the Protected Areas Program (SINAP 2)
DURATION:	2001– 2008 (eight years)
IMPLEMENTING AGENCY:	World Bank
EXECUTING AGENCY:	Secretaría de Medio Ambiente, Recursos Naturales y Pesca; Comisión Nacional de Áreas Naturales Protegidas; Fondo Mexicano para la Conservación de la Naturaleza (FMCN)
REQUESTING COUNTRY OR COUNTRIES:	Mexico
ELIGIBILITY:	Mexico ratified the Convention on Biological Diversity on November 3, 1993
GEF FOCAL AREA:	Biodiversity Conservation
GEF PROGRAMMING FRAMEWORK:	Arid- and Semiarid; Coastal, Marine and Freshwater Ecosystems; Forest Ecosystems; and Mountain Ecosystems (Operational Programs No. 1,2, 3 and 4)

2. SUMMARY:

Specific objectives:

The project' s global objective is to consolidate the conservation of biodiversity in Mexico's protected areas (PAs).

Specific objectives are to:

(a) Conserve globally important biodiversity in selected areas of the National System of Protected Natural Areas (SINAP).
(b) Promote sustainability of productive activities in the selected areas (economically, socially, and environmentally) .
(c) Promote social co-responsibility for conservation.
(d) Promote the inclusion of biodiversity conservation and sustainable use criteria in development projects and other practices affecting the selected PAs.

3. COSTS AND FINANCING (MILLION US):

GEF:	Project	US$ 31.10 Million
	PDF B	US$ 0.35 Million
	Subtotal GEF:	US$ 31.45 Million
CO-FINANCING:	IA:	-
	Other International (Bilaterals)	US$ 5.35 Million
	Government of Mexico	US$ 44.60 Million
	Private Sector	US$ 25.35 Million
	Subtotal Co-Financing:	US$ 75.30 Million
TOTAL PROJECT COST:		US$ 106.40 Million
(Total Project Cost and PDF)		(US$106.75 Million)

4. ASSOCIATED FINANCING (MILLION US$)

5. OPERATIONAL FOCAL POINT ENDORSEMENT:

Name: Ricardo Ochoa

Title: Director de Organismos Financieros Internacionales

Organization: Dirección General de Crédito Público, Secretaría de Hacienda y Crédito Público

Date: September 19, 2000

6. IA CONTACT:

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LIST OF ABBREVIATIONS

AECI	Spanish Agency for International Cooperation
CI	Conservation International
CONABIO	Mexican National Commission for Knowledge and Use of Biodiversity
CONANP	Mexican National Council for Natural Protected Areas
CSO	Civil Society Organizations
CTFANP	Technical Council for the Protected Areas Fund
DFID	Department for International Development, United Kingdom
FANP	Protected Areas Fund, FMCN
FMCN	Mexican Nature Conservation Fund
GEF	Global Environment Facility
GOM	Government of Mexico
INE	Mexican National Ecology Institute
IUCN	International Union for Conservation of Nature
NGO	Non-governmental organization
OECD	Organization for Economic Cooperation and Development
PA	Protected Areas
PACT	Private Agencies Collaborating Together (US NGO)
PRODERS	Regional Sustainable Development Program
SHCP	Mexican Finance Ministry
SEMARNAP	Mexican Ministry of Environment, Natural Resources and Fisheries
SINAP	Mexican National Protected Areas System
TAC	Technical Advisory Councils
TNC	The Nature Conservancy
UCANP	Coordination Unit for Protected Areas, INE
EU	European Union
UMAS	Sustainable Use Management Units
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
USAID	United States Agency for International Development
USNFWS	United States National Fish and Wildlife Service
WWF	World Wide Fund for Nature
WWF-US	World Wildlife Fund -US

A. PROJECT GOAL AND DEVELOPMENT OBJECTIVES

1. The establishment and management of PAs has gained increasing importance within the national strategy for conservation. Although decrees on PAs date back to 1876, it has only been in the last two decades that both the Government of Mexico (GOM) and broad sectors of society have become involved in their protection. Until 1994, most of the PAs lacked management programs, personnel and a basic operating budget (SEMARNAP 1996). Significant changes have occurred in the last five years, thanks to leadership from GOM, and mobilization of civil society and the international community. Key areas of progress include staffing, budget allocations, and the number and coverage of areas under active protection. The current fiscal budget for PAs of US$ 5 million per year represents more than a ten-fold increase from the budget in 1994. For the first time, there are field personnel, management programs prepared and published, and local technical committees. Significant progress has also been made with respect to law enforcement within PAs. Decreases have been recorded in illegal activities within PAs. On June 5, 2000, the National Commission for Protected Areas was created and reports directly to the Ministry of Environment, Natural Resources and Fisheries (SEMARNAP). The Commission will assume and expand management of the protected area system, previously the responsibility of a coordinating unit (UCANP) within the National Institute of Ecology (INE). Design of the new Commission was based on results of two years of evaluation and study of the management of PAs and options for improvement.

2. The Mexican Nature Conservation Fund (FMCN) was incorporated in 1994 with an initial endowment of US$ 10 million granted by the GOM and US$ 19.5 million by USAID. The earnings from this capital have supported nearly 300 conservation projects to date. A new unit within the FMCN, the Fund for Protected Areas (FANP), was created in 1997 to administer US$ 16.48 million remaining from a GEF pilot phase grant awarded in 1992. An independent review of that project's performance in 1996 had recommended that the remaining funds be invested in an endowment fund in a private institution to provide long-term support to the protected areas.

3. Since FANP began channeling funds to 10 PAs in January 1998, achievements include three project cycles executed, with timely disbursements; leveraging of significant complementary support for PAs; a monitoring and evaluation (M&E) system, and mechanisms of social participation. FANP received a highly positive evaluation during the GEF' s global *Evaluation of Experience with Conservation Trust Funds* in 1998. Additionally, the first independent evaluation, completed in February 2000, indicates an overall excellent performance.

1. *Project Objectives And Key Performance Indicators (See Annex 1)*

4. The project will institutionalize significant advances made over the past five years in the policy framework, institutional arrangements, and sustainable flows of financial resources directed toward the conservation of PAs in Mexico, and increase the number of PAs, as well as the representativeness of ecosystems, coming under improved management. The project will extend the PAs program initiated with GEF funding in 1992 and restructured in 1997, by adding 12-24 PAs to the program. It will support major new investments in social participation and biodiversity mainstreaming for sustainable use, developing a comprehensive and coordinated approach not only to the immediate causes of biodiversity loss, but to address the conditions that form the root causes.

5. The project' s global objective, and the mission of the SINAP as well as the FANP program, is to consolidate the conservation of biodiversity in PAs in Mexico. Project development objectives are:

(a) Conserve globally important biodiversity in selected areas of the National System of Protected Natural Areas (SINAP).
(b) Promote sustainability of productive activities in the selected areas (economically, socially, and environmentally) .
(c) Promote social co-responsibility for conservation.
(d) Promote the inclusion of biodiversity conservation and sustainable use criteria in development projects and other practices affecting the selected PAs.

6. The on-going Pilot Phase program, which includes ten PAs, has established a monitoring and evaluation scheme. Four general impact indicators (included in Annex 1) and indicators for every protected area are periodically measured. The baseline was established in 1999.

7. Monitoring and evaluation of the SINAP II project herein proposed will be carried out in accordance with the plans detailed in Annex 1. Data from the two phases of the project will be maintained in a consistent manner in the project management information system being developed at the National Commission for Protected Areas. Main indicators include:

- Frequency of observations of selected indicator species
- Rate of habitat conversion in each area.
- Proportion/ Rate of change in the area under sustainable management
- Proportion/ Rate of change in the number of land users applying sustainable practices after 3 years.
- Proportion of land users/ land area practicing sustainable technologies after 3 years from their introduction
- Proportion of land users adopting sustainable practices without continued reliance on direct training from the project.
- Number of participatory forums functioning effectively after 3 years from their establishment
- Number of conservation initiatives where local communities participates in the design and/or execution
- Proportion of protected areas with multisectoral Advisory Committees (CAMs) and other mechanisms for participation established.
- Proportion of development projects incorporating biodiversity-friendly criteria
- Number of contracts and agreements among protected areas and other agencies signed
- Number of consultations and agreement between National Commission for Protected Areas and Development Agencies at the municipal, state and federal level.

B. STRATEGIC CONTEXT

1a. *Sector-related CAS goal supported by the project (See Annex 1)*

Document Number: 19289-MX Date of latest CAS discussion: 05/13/99

8. The joint IBRD/IFC Mexico Country Assistance Strategy identifies three core themes for World Bank Group assistance to Mexico: social sustainability, removing obstacles to sustainable growth, and effective public governance. Within this broad framework, the CAS identifies priority areas for Bank involvement in the

environment sector. The proposed project supports all of the environment sector goals. In particular, it is expected that the project will contribute to the improved management of biodiversity resources, and institutional development and decentralization directed towards improved environmental management.

9. The CAS also emphasizes opportunities for pursuing sector objectives through access to GEF financing, particularly to assist Mexico in mainstreaming global environmental concerns into regular development programs. A pipeline of projects is currently under development to implement those CAS provisions. Different approaches are being tested, including support to conservation efforts by indigenous communities, development of mechanisms for conservation in private lands, and establishment of a network of biological corridors in the productive landscape (see section D).

1b. GEF Operational Strategy/program objective addressed by the project:

10. Estimates suggest that Mexico harbors more than 10% of the biological diversity of the planet (Toledo and Ordóñez 1993). Recent technical reports indicate that Mexico is the country with the highest ecological diversity in the Americas (Dinerstein et al 1995), and that it is a key center of origin of agricultural crops (Ramamoorthy et al 1993). Mexico has already lost more than 95% of its humid tropical forests and more than half of its temperate forests (Dirzo 1992), as well as more than half of the original cover of arid areas (CONABIO 1998).

11. The proposed project addresses the Biodiversity focal area, OP 3, forest ecosystems, a good representation of arid and semi-arid ecosystems (OP 1), coastal, marine, and freshwater ecosystems (OP 2), and mountain ecosystems (OP 4). The objectives of all four of these Operational Programs are the conservation and sustainable use of biological resources, specifically,

- Conservation, or in-situ protection, through protections of systems of conservation areas, and
- Sustainable use management attained by combining production, socioeconomic, and biodiversity goals. The Operational Strategies call for a range of uses from strict protection on reserves through various forms of multiple use and full-scale use.

12. The project supports these objectives by including in the protected area system representative examples of globally significant ecosystems of all four types; assuring active in-situ protection of those areas; and promotion of appropriate sustainable productive uses in buffer zones and surrounding areas.

2. *Main Sector Issues And Government Strategy*

13. Main sector issues and related government strategies may be summarized by considering four key documents: a) Mexico' s Biodiversity Country Study, b) Mexico' s Biodiversity Country Strategy, c) the Protected Areas Policies and Strategy d) the GEF Biodiversity Country Framework. The first three are reviewed in this section; the fourth one is discussed in Section D.

14. Mexico' s Biodiversity Country Study, *La Diversidad Biológica de México: Estudio de País* identifies two over-arching issues – the loss of biodiversity, and the lack of systematized, reliable, readily available information about biodiversity – and details issues and threats at four levels: global, ecosystem, species and genetic (CONABIO 1998).

15. At the global level, the major threat is global change, particularly atmospheric, oceanic, and climate changes. This project does not specifically address global change, but within the broader context, the

National Commission for Protected Areas is planning an analysis of the impact of global change on PAs, and development of an action plan to address the issue.

16. At the ecosystem level, the main issues/threats are identified as:
    a. Non sustainable forest use and deforestation
    b. Non sustainable agriculture
    c. Non sustainable grazing
    d. Erosion
    e. Fragmentation and destruction of habitats
    f. Non sustainable fishing
    g. Non sustainable aquaculture
    h. National policies that respond to political or socioeconomic problems with negative consequences for habitats and species
    i. Concentration of environmental responsibilities in a single sectoral ministry rather than integration of environmental concerns into all ministries whose actions have environmental consequences
    j. Lack of fiscal and budgetary resources for conservation and sustainable use
    k. Poverty – concentration of biodiversity resources in areas of high poverty and marginalization, leading to deforestation pressures (harvest of forest products, conversion to agriculture/grazing)
    l. Wealth – overconsumption (high per-capita use of natural resources) with consequent issues of overexploitation and wastes
    m. Lack of education and public awareness of the value of biological resources and of sustainable use practices

17. At the species level, the main issues/threats are identified as:
    n. Illegal commerce
    o. Introduction of exotic species
    p. Over-exploitation of commercially valuable species
    q. Extinctions

18. Under the guidance of the Convention on Biological Diversity, Mexico (the GOM, academia, civil society organizations, the private sector and other stakeholders) has developed a country *Strategy for the Conservation, Use of and Equitable Distribution of Benefits from Biodiversity*. The Strategy identifies four priority areas for action: (i) protection of biodiverse ecosystems; (ii) sustainable use of biological resources; (iii) expansion of the country' s knowledge base related to its biodiversity; and (iv) promotion of green market/valuation of biological resources. Rainforest, dry forest, marine and coastal ecosystems are among the particular ecosystems identified as priorities for a federal protection status approach and for a major mainstreaming of biodiversity considerations in economic and public investment programs. GOM and the Mexican National Commission for Knowledge and Use of Biodiversity (CONABIO), are now developing a more detailed *Action Plan for the Conservation, Use and Equitable Distribution of Benefits from Biodiversity*.

19. In keeping with these recommendations, SEMARNAP has reoriented its programs, and is working with other federal and state entities to mainstream this approach. The National Commission for Protected Areas, created in June 2000, has been structured to implement this vision: it is a deconcentrated entity reporting directly to SEMARNAP, whose director is named by the President. (The Commission assumes and expands the responsibilities of the former coordinating unit for PAs in INE.) The National Commission for Protected Areas has developed statements of its mission, vision, and objectives, and is in the process of finalizing a plan for 2000-2001. The Commission's *mission* is "To conserve the natural heritage in the natural PAs." Its

vision is, in two years, to be nationally accepted and internationally recognized as an effective organization for the conservation of Mexico's natural heritage. Strategic objectives include:

- To increase the surface protected as PAs
- To increase ecosystem representation included in PAs
- To maintain ecological cycles in the PAs
- To reduce the processes of deterioration within PAs
- To establish the protected area as an example of best practice for sustainable development.

Operational objectives are:

- To establish the Commission as an effective and efficient organization
- To manage the PAs effectively and efficiently
- To develop human resources for the good management of the Commission
- To have adequate and timely financial resources
- To establish social co-responsibility in the management of PAs and the conservation of natural resources
- To support the implementation of international agreements relevant to the Commission.

20. A Technical Council was created alongside the Commission, comprising representatives (at the Under Secretary and Secretary levels) of the ministries of Finance, Social Development, Agriculture - Livestock - Rural Development, Auditing, Education and Agrarian Reform. The Council, chaired by the Minister of SEMARNAP, will analyze conservation issues affecting PAs from a governmental point of view, with the objective of facilitating coordinated efforts to mainstream biodiversity. The Council can invite other participants as needed for specific discussions.

21. The National Council for Protected Areas (CONANP) retains its role and authority as the advisory body to the Minister of SEMARNAP. CONANP was created in 1996 and is composed of representatives of all sectors of Mexican society. The Technical Council and CONANP will likely have cross-representation and other means to ensure coordination of their efforts. While the Council provides a forum to coordinate activities between different ministries, CONANP serves as an advisory body specialized on PAs, thus ensuring cross-disciplinary and specialized assistance on PAs.

22. SEMARNAP's medium term goals for protection of natural resources in Mexico include increasing the coverage of PAs from 9.4 to 14.4 million hectares, Sustainable Use Management Units (UMAS) from 9.84 to 17.61 million hectares, and Sustainable Forest Management Areas (FMAs) from 6.46 to 11.74 million hectares by 2005. The total expected goal of protected hectares is 98 million by 2010. With that goal Mexico will be able to be defined as a sustainable country, protecting almost 50% of its territory.

SINAP Strategy.

23. The National System of Protected Areas (SINAP) is a key element of Mexico's strategy for conservation of biological diversity. There are currently 119 PAs, totaling 15,848,016 hectares (12,302,168 ha terrestrial, 3,545,848 ha marine). The National Commission for Protected Areas recently registered formally those PAs which comply with criteria established by CONANP to fulfill the requirements of Article 76 of the General Law of Ecological Equilibrium and Environmental Protection (LGEEPA). This involved re-categorizing some PAs decreed before the current system of classifications was adopted (national park, biosphere reserve, wildlife refuge, etc.) as well as eliminating a few areas whose small size or advanced state of degradation disqualify them from the system, and consolidating adjacent areas with corridors into single,

larger units. Following SEMARNAP´s long term vision for protection of natural resources, the SINAP will continue to identify new areas to be decreed and put into place effective management schemes with personnel, operating budget, Management Programs, etc. Thus the total number of areas and hectares is subject to variation in the short term; the long-term goal is to achieve 13% of the national territory in protected area status.

24. The National Commission for Protected Areas has already made significant progress toward this objective. Over the past five years, the number of PAs has increased 20%. From a situation in which virtually all of the areas were "paper parks" prior to 1995, the Commission has provided basic staff, infrastructure, signs, and equipment in 52 PAs (10 of which receive additional support from the first GEF project). Still, many challenges remain. The majority of the land in the system is in the hands of private or communal owners -- only 5.02% is actually government owned. A great deal of effort has been made and still needs to be made to re-orient owners' land management toward sustainable practices. Another National Commission tasks has been to initiate the process to institute a Civil Service strategy with the Ministry of Finance, which regulates this mechanism in Mexico. Civil Service requires that each position within the Commission is defined, requirements are fulfilled and that on a periodic basis each person is evaluated according to predefined objectives and goals. This will be a process which will require a couple of years. As a first step, the Commission proposed that the Protected Area Director be the first level to be incorporated to the Civil Service.

25. SINAP's strategy to address these challenges includes efforts to:

- Promote effective management and operative programs with the capacity to identify and regulate threats; ensure that each protected area has the minimum staff, infrastructure, equipment, zoning regulations, outreach and participation programs, monitoring capacity, and other systems necessary for effective management.

- Develop and implement a Civil Service Strategy in order to provide an institutionalized career path for protected area personnel.

- Develop new approaches to integrated land management, balancing socioeconomic with physical and ecological structures.

- Develop new channels of social co-responsibility involving diverse sectors. This includes maintaining federal authority but developing roles for states, municipalities, and civil society.

- Create and support institutional frameworks for regional processes of sustainable development in harmony with the objectives of the PAs system.

- Identify and support projects that promote sustainable productive uses.

- Secure diverse sources of financing.

- Identify environmental services generated within PAs, and design mechanisms to assign values and charge beneficiaries for those services.

26. The sector strategies outlined above are reflected and incorporated in the Programmatic Framework for GEF support of biodiversity conservation activities in Mexico which is under discussion with the GEF Secretariat and IAs. The program would include both policy interventions and project approaches. The

current proposal has been specifically endorsed by the GOM as a fundamentally important element of the programmatic framework. Detailed discussion of the "fit" of this project with the framework in general and with other projects also included in the framework can be found in section D.

3. *Sector Issues To Be Addressed By The Project And Strategic Choices*

27. The present project would support all elements of the SINAP strategy, by:

- Complementing fiscal funding of 12 PAs with permanent GEF endowment-based support for basic conservation, equipment, community activities, and training, and building the endowment beyond the initial $22.5 million to extend to additional areas and additional activities in the priority PAs.
- Supporting public-private - social partnerships in each of the PAs.
- Enhancing social participation and social sustainability.
- Developing institutional capacity for protected area management, including institutional strengthening of the agency in charge at the national level and of Civil Society Organizations – CSOs (grassroots organizations, NGOs, communities, producers associations, etc.) participating in co-management arrangements.
- Developing protected area-specific strategies for addressing the root causes of biodiversity loss and fostering inter-institutional coordination to identify and mitigate potential threats arising from development projects in other sectors, and to recruit support from other sectors for sustainable productive activities.
- Channeling additional international support to the PAs and creating an incentive for comprehensive financial strategies at the protected area, regional, and national levels.

28. At the national level, the National Commission for Protected Areas, whose mission, vision, and objectives were developed by a committee integrating various units of SEMARNAP, an NGO representing CONANP, and a consultant from the United Kingdom's Department for International Development, will be strengthened in the further development and implementation of strategies for performance, strategic planning, environmental information, marketing, NGO and donor communities, information technology and systems, human resources, physical resources, and communications, as detailed below in the description of Component 3, institutional strengthening.

29. With specific reference to the national biodiversity strategy and action plan (paragraph 16 and 17), the project will address issues (a) through (g) as well as (n) through (p) in specific PAs where they occur by

- Targeted analysis (biodiversity assessment, threat analysis, root-cause analysis, social assessment, etc.) at the National Comission´s central level and as an integrated element in the preparation of management programs.
- Implementation of management regimes including control of illegal activities, community involvement and participation, and emergency programs to combat fires and respond to other natural disasters. Identification of specific threats to be addressed, and means of monitoring their management, are formalized in the management programs, annual operating plans, and logical frameworks for each protected area.

30. The response to issues (h) and (i) is the program of social –institutional partnership for mainstreaming biodiversity conservation and sustainable use. This will include, for example, supporting partnerships between stakeholders and institutions at the protected area level to improve local access to sources of financial and technical assistance for alternative sustainable livelihoods. The project will provide resources to protected area personnel to participate more actively in local and regional planning for a and to carry out follow-up

activities. At the national level, the Technical Council of the National Commission for Protected Areas will serve to further aid mainstreaming biodiversity conservation and sustainable use in national development programs. The project will rely additionally on other existing inter-institutional coordination structures (for example, in the Mesoamerican Biological Corridor project) as well as seeking "bottom-up" dissemination of successful approaches at local levels. A program of studies, workshops, seminars, and meetings will be supported to develop inter-institutional agreements benefiting multiple PAs. With regard to issues (k) through (m) the project will ease poverty-driven pressures on PAs by providing technical assistance to facilitate access of local communities to regular development programs compatible with the reserves' conservation and sustainable use objectives.

31. Strategic choices made in the design of the project flow from the restructuring of the original project – developing a public-private institutional framework; the trust fund mechanism; and emphasis on social participation. These choices have been validated by experience demonstrating that the steady, reliable flow of resources for permanent staff, basic operating, conservation, and community activities have built a reliable "platform" and developed investor confidence sufficiently that all areas have been able to generate additional resources from other sources as well.

32. In addition, the following strategic choices were made:

a. The addition of biodiversity mainstreaming (promotion of social-institutional partnerships) to the "menu" of support provided to the PAs. This is due to the long-term nature of the program and the fact that many of the root causes of biodiversity loss are not adequately addressed by traditional conservation projects.

b. The choice to pursue the project at this time. The Government of Mexico' s great challenge in this transition period is to assure long-term financing of the PAs and continuity to the current model, while encouraging improvements derived from lessons learned to date. The proposed project aims to provide substantial incentives for the continuity of policies and institutional decentralization that have brought about major improvements in Mexico' s conservation of its PAs during the current administration.

c. The prioritisation of protected areas. Mexico' s 119 PAs span the impressive diversity of Mexico' s natural environment, at the levels of ecosystems, landscapes, species and genetic diversity. During preparation, criteria were established for guiding consolidation of the protected area system, and a detailed priority setting exercise was undertaken by leading Mexican scientists and conservationists under the auspices of INE, CONABIO and FMCN to establish relative rankings among existing and planned PAs. As a result of this exercise, 24 PAs were identified as the highest priorities for protection to ensure adequate coverage of Mexico' s arid, forest, mountain and coastal marine ecosystems (these 24 are in addition to the 10 reserves included in the GEF Pilot Phase FANP 1 project). The methodology used for the prioritisation exercise is described in Annex 4.

d. The number of selected areas to be added to the proposed SINAP 2 program. Initially, GEF endowment support was proposed for all 24 priority areas selected through the process described above. Subsequently, proposed GEF coverage was reduced from 24 to 12 PAs, as this scope was considered manageable in light of the fundraising commitments that such an endowment entails.

C. PROJECT DESCRIPTION SUMMARY

1. Project components (see Annex 1)

Component	Category	Indicative Costs (US$M)	% of total	GEF financing (US$M)	% of GEF financing
1. Expansion of the Fund for Natural Protected Areas		$ 47.40 M	44.5 %	$ 23.70 M	76.2%
1.1 Endowment capital	Trust Fund	$ 45.00 M	42.3 %	$ 22.50 M	72.3%
1.2 Fundraising	Technical assistance	$ 2.40 M	2.3%	$ 1.20 M	3.9%
2.Protected area conservation programs		$ 33.80 M	31.8 %	$ 1.90 M	6.1%
2.1 Implementation of Management Programs	Technical assistance Equipment	$ 31.0 M	27.3 %	$1.90 M	6.1%
2.2 Increased knowledge on PAs	Technical assistance Equipment	$ 2.80 M	2.6%	$0.00 M	0.0%
3.Commission Coordination Program	Technical assistance Equipment	$ 5.40 M	5.1%	$ 0.20 M	0.6%
4.Institutional strengthening	Technical assistance Equipment	$ 2.50 M	2.3%	$0.00 M	0.0%
5. Mainstreaming Conservation and Sustainable Use Policies	Technical assistance	$ 17.30 M	16.3 %	$ 5.30 M	17.0%
Total		$ 106.40 M	100.0	$ 31.10 M	100.0

Component 1: Expansion of the Fund for Natural Protected Areas (Total $ 47.4m, GEF $ 23.7m)

1.1 Endowment capital. (Total $ 45.00 M; GEF $ 22.50 M)

33. The basic design of the program will continue the successful approach developed in the restructured GEF Pilot Phase Protected Areas Program (FANP) project through an expansion of the FANP endowment by US$ 45 million. The GEF portion of this endowment (US$22.5 million) will provide support for basic conservation operating costs in 12 priority protected areas, basic protected area coordination costs, and incremental FANP administration expenses. Government annual fiscal funding (discussed under component 2) will continue paying for basic personnel in the 12 priority areas, preparation of PA Management Programs, as well as complementary basic operation, equipment, and conservation activities. This combination of GEF and GOM continuous support at the protected area level has benefited the PAs in a number of ways over the past two and a half years by assuring physical presence, continuity of management, and effective authority on the sites; reducing bureaucracy, expanding geographic and thematic coverage of management programs; reducing invasions, destructive practices, illicit uses, and fire damage; increased social participation and direct assistance to communities; and initiation of valuable inter-institutional exchanges and learnings (Putney, Perez Gil, Roldán and Ceciliano 2000).

34. In addition to the GEF contribution, US$ 22.5 million will be secured from other sources (see fund-raising strategy in Annex 6). The income from these matching endowment funds will be directed to cover basic conservation operating costs (ie, the same as for the GEF capital contribution) or other conservation costs in any of the 34 reserves considered priority by the current exercise. Taking into account the preferences of the donors who will contribute to the endowment, fundraising priority will be to cover first, basic activities down the list of priority reserves that do not have these needs already attended, followed by complementary non-basic conservation costs in any of the 34 reserves. The GOM will provide US$ 7.5 million in capital endowment contribution funding to the expanded FANP endowment fund between 2000-2006. Part of the interest from this GOM endowment will be directed to the payment of taxes for FANP activities (components 1.1 and 1.2). The following table summarizes the approach proposed to allocate capital resources obtained from GEF and other donors. The table takes into the account the distinction between basic and complementary conservation activities, as well as the break-down of the 34 priority reserves into the three groups of a) reserves already receiving FANP support; b) reserves in need of immediate urgent attention; c) other priority areas.

	Areas under existing GEF Project (10): Calakmul, El Triunfo, Isla Contoy, Islas del Golfo, Manantlán, Mariposa Monarca, Montes Azules, Ría Lagartos, Sian Ka'an, Vizcaíno	New areas in need of immediate attention (12) Tehuacán-Cuicatlán, Alto Golfo y Delta del Río Colorado, Cuatro Ciénegas, Corredor Chichinautzin-Zempoala, Sierra de Álamos, Sierra de Huautla, La Encrucijada, Pantanos de Centla, Banco Chinchorro, La Sepultura, El Pinacate y Gran Desierto de Altar , Sierra de La Laguna	Other priority areas (12) Los Tuxtlas, Sierra Gorda[(a)], El Ocote, Los Ajos-Buenos Aires, Bonampak-Yaxchilán-La Cojolita, Lacantún-Chan Kin, Maderas del Carmen, Huatulco, Metzabok-Naha, Cañón de Santa Elena, San Pedro Martir – Constitución 1857, Mapimí
Basic Conservation	Contribution from other donors	* GEF contribution to the endowment * Contribution from GOM and other donors	Contributions from other donors

Additional conservation activities to achieve full protection	Restricted contributions from other donors	Restricted contributions from other donors	Restricted contributions from other donors

Note: (a) A separate Sierra Gorda Reserve (SGR) conservation project is proposed for GEF financing. As a result, no GEF funding under the current SINAP 2 proposal will be assigned to SGR. Nevertheless, SGR is included in the list of 24 priority reserves for reasons of consistency with the priority setting exercise (Annex 4) which provides the scientific and technical basis for SINAP fund-raising efforts.

35. It is expected that the first disbursement of the GEF endowment (US$ 7.5 million) will occur in year 2001. The corresponding match of $7.5m has already been secured: US$ 6 million from various donors have been deposited, and $1.5 million from the Government have been committed, and will be deposited following GEF Council approval of WP entry (estimated date: November 2000). After the first GEF disbursement, further disbursements will occur in one "reserve" units, and will be channeled to cover the basic activities of the next reserve in priority order. This will allow rapid integration of new reserves to the project, so that conservation measures can be enacted rapidly to diminish biodiversity loss. Two matching scenarios are envisaged: (i) under the "restricted" match scenario, US$1.875 million of GEF endowment capital will be disbursed (enough to endow an additional reserve), whenever an equivalent amount in restricted matching funds is obtained (restricted funds are those tied to activities other than basic conservation as defined in FANP I). (ii) under the "unrestricted" scenario, US$ 0.9375 million of GEF endowment capital will be disbursed whenever an equivalent amount in unrestricted funds is secured (unrestricted funds are those which may endow basic conservation activities as defined in FANP I), thereby establishing the necessary endowment for an additional reserve (US$1.875 million).

36. Within the FMCN, the Technical Committee for the Fund for Natural Protected Areas (CTFANP) oversees the endowment of the on-going Pilot Phase project. Members of CTFANP are selected from CONANP. This arrangement will continue under the proposed expansion program. CTFANP will be responsible for determining the annual budget per protected area per year using a formula taking into account the size, the population of the PAs, the number of communities, and technical and administrative performance of the PA teams. This formula will be reviewed annually by CTFANP, as already occurs in the on-going project. (Present eligible PA level activities covered by the income derived from the endowment include: basic operation costs, basic equipment, basic conservation activities, basic community activities, and basic capacity-building activities.) Under the direction of the CTFANP, FANP will continue to provide oversight of the endowment program according to the project cycle and guidelines contained in the current Operational Manual. Detailed costing and financial assumptions can be found in Annex 6.

1.2 Fundraising. (Total $ 2.40 M; GEF $ 1.20 M)

37. The administrative unit within FMCN will be strengthened to carry out its role in the major government/ private campaign required to raise endowment funds to match the GEF donation. It is calculated that this campaign will cost US$ 2.4 million during an eight-year period. The costs of this sub-component have been compared with professional norms and are at the lower end of the range (between $.20 - $.50 per dollar raised is the norm). The fund-raising activity proposed here is equivalent to $.26 per dollar raised, of which GEF is requested to provide half ($.13 per dollar). The other half will be obtained from foundations that have assisted and are currently providing support to the FMCN. The fundraising plan will involve the GOM, the FMCN, and alliances with other NGOs nationally and internationally. This sub-component will finance consultancies, studies on the donor markets, dissemination and outreach. The detailed description of this fundraising plan can be found in Annex 6.

Component 2: Protected Area Conservation Programs (Total $33.80 M; GEF $1.9 M)

2.1 Implementation of Management Programs. (Total $ 31.0 M; GEF $1.90 M)

38. As mentioned previously (see sub-paras 32.c. and d.), out of the 24 priority areas identified during the preparation prioritization exercise, a group of 12 PAs was identified as requiring immediate attention, and representing the best opportunities for conservation through an endowment fund directed to basic conservation costs. These will be the areas supported by the $22.5 million GEF contribution to the FANP endowment.

Protected area	**State**	**Surface (ha)**	**Population**	**Indigenous peoples**	**Ecosystems**
Tehuacán-Cuicatlán	Puebla, Oaxaca	490,186	626,814	Mixteco, mazateco, cuicateco and popoluca	Deciduous forest, pine-oak forest, cloud forest, arid scrub
Alto Golfo	Baja California., Sonora	934,756	4,464	Cucapás	Arid scrub, marine and estuarine, coastal dunes
Cuatro Ciénegas	Coahuila	84,347	267		Dry scrub, oak-pine forest
Corredor Chichinautzin-Zempoala	Morelos, México, Federal District	65,971	50,000	Nahua	Pine-oak forest, arid scrub, deciduous forest
Sierra de Álamos	Sonora	92,889	432		Thorn forest, pine-oak forest
Sierra de Huautla	Morelos	59,030	3,300		Deciduous forest, pine-oak forest
La Encrucijada	Chiapas	144,868	29,000		Marine, estuarine, mangrove, deciduous forest, thorn forest, coastal dunes
Pantanos de Centla	Tabasco	302,707	16,293	Chontal	Mangroves and halophyte vegetation
Banco Chinchorro	Quintana Roo	144,360	-		Coral reefs
La Sepultura	Chiapas	167,310	23,145		Thorn forest, pine-oak forest, deciduous forest, cloud forest, chaparral, savanna
El Pinacate y Gran Desierto de Altar	Sonora	714,556	200	Tohono - O'odham (pápagos)	Desert, chaparral, arid scrub
Sierra de La Laguna	Baja California Sur	112,437	800		Pine-oak forest, deciduous forest, chaparral, grassland

Protected area	State	Surface (ha)	Population	Indigenous peoples	Ecosystems

39. Income generated by the expansion of the FANP endowment will be complemented by annual GOM fiscal expenditures, private NGO, and bilateral donor funding to support the implementation of protected area management programs in the 12 priority areas. The 12 areas selected for support by the GEF endowment in this project have been staffed with the standard "core team" over the past two years (director, administrator, coordinator and two project chiefs), and several have completed management programs with fiscal funds. The GOM has committed to maintain the basic staff and recurrent costs for all 12 areas throughout the project life and beyond, and to begin to extend basic funding to the next tier of priority areas as well. GOM funds for this component (US$19.4 million equivalent) will finance basic personnel (the "core team") required for implementation of the management programs, as well as support in basic operation, equipment, and conservation activities complementary to the activities covered with the income derived from the endowment. In addition, counterpart funds from private and bilateral sources directed to support of the activities included in the Management Programs are expected to reach US$ 7.1 and US$ 2.6 million, respectively. These figures are based on the amount contributed to the 12 priority reserves (to be supported by the GEF endowment) in 1999 (Pérez Gil and Jaramillo 1999).

40. GEF is also requested to contribute with non-endowment project funding to the cost of implementing protected area management programs in each of the 12 priority reserves during the first transitional year following their incorporation into the FANP program. This non-endowment project funding would provide bridge financing for eligible FANP expenditures in order to allow GEF capital contributions to be invested for a complete annual cycle before tapping interest income generated. This would allow for instant start up of field operations at the reserve level following incorporation in the FANP endowment program as well as provision of central coordination/administration support. The "start up" funds needed for the first year are estimated at $159,085 per reserve, and would be disbursed to the FMCN/FANP team for administration according to established procedures in the Operating Manual, when the corresponding endowment (GEF and match from other sources) is deposited for that reserve. If bridge funds are not provided as proposed, then field level conservation activities in the reserves endowed by capital contributions would not be able to start immediately, but would have to wait for the annual investment cycle to be completed. Based on the estimated annual average cost per reserve of financing GEF eligible expenditures, the estimated amount required for this purpose is US$ 1.9 million for the 12 reserves (see Annex 6, III).

2.2 Increased Knowledge on PAs (Total $ 2.80 M m; GEF $0.0 Error! Reference source not found. **m)**

41. The data and knowledge derived from research provides baseline indicators for monitoring and evaluation of the general conditions of the PAs as well as for long-term planning and the detection of threats. Research also permits a better understanding of complex ecological functions such as water quality, rain or soil pH, temperature, soil depth, etc., which are essential elements for any valuation of ecological goods and services. National research in PAs is far from being comprehensive, which may result in underestimates of the country's total biodiversity. The research and information management sub-component will be carried out under the auspices of CONABIO (Commission for Knowledge and Use of Biodiversity), and academic institutions already working in the 12 areas benefited by the endowment, using entirely non-GEF funds. A study was conducted to determine the counterpart funds invested in research by academia in the 12 priority

areas selected to be supported by the endowment. The baseline in 1999 indicates US$ 351,227, such that over the eight years of the program a total contribution of US$ 2.8 million can be expected (classified as private contributions). CONABIO' s mission extends beyond knowledge management related to the PAs to coordination of all national biodiversity-related knowledge initiatives, including acquisition and maintenance of knowledge and data, information dissemination, and identification of priority areas for conservation and research. CONABIO plays a key role in identification of the criteria for inclusion of areas in SINAP, and maintains national data on the distribution, value, status, and conservation priority of terrestrial, freshwater, and marine habitats and ecosystems. Knowledge generated through this component , and the project more broadly, will be shared and disseminated via the Clearinghouse Mechanism (CHM) under the Convention on Biological Diversity which is managed by CONABIO.

This component will finance targeted, applied research, including inventories, for M&E purposes (studies, workshops, etc.).

Component 3: Commission Coordination Program (Total $ 5.40 M; GEF $ 0.20 M)

42. This component will provide support (with a mix of fiscal, FANP interest income, and GEF non-capital resources) to activities involving the endowment-supported PAs as a group, including coordination of project planning, monitoring, contracting, procurement, and independent evaluation.

43. The Commission Coordination Program (called central coordination under the current GEF-supported project) operates as liaison between FMCN and the relevant sectors of SEMARNAP/National Commission for Protected Areas, as well as the individual PAs. During the on-going project, the central coordination has played a role in such activities as developing a monitoring and evaluation system, establishing reporting protocols, and providing technical assistance and training to groups of PAs/PA staff. As the new project develops, a major challenge will be to better integrate the central coordination within the National Commission for Protected Areas. To date, one staff person paid from the FANP with support by another person paid by SEMARNAP has overseen central coordination. With the Commission's strengthening of the social participation area, the increased percentage of PAs, as well as improved staffing and task definition, it is the intention to develop system-wide standards and information systems for activities such as monitoring, so it will be necessary to redefine some of the coordinating mechanisms and lines of authority.

44. It is expected that most of the activities of the Commission Coordination Program (CCP) will be transferred to the National Commission in a gradual process during the life of the project as the Commission is strengthened. Given that the mechanism under the current FANP model has been tested and shown success, the central coordination unit in the Commission will be supported by the FANP endowment until the Commission can assume most of its roles. In particular, it will be key that during and after the transition, the CCP retains its ability to act as a dedicated information conduit: from the Commission to FMCN (technical information on the projects it finances), and from FANP to the Commission (administrative and financial data). During the remainder of preparation, criteria will be determined to evaluate the Commission's readiness to absorb most of the components of the central coordination unit and other sub-components of the program. On the basis of these criteria, the readiness of the Commission will be assessed during appraisal and periodically during implementation (by means of institutional and financial assessments) in order to determine the appropriate timing for such transfer and to plan for a smooth transition.

45. Taking 2000 as a baseline, an analysis of the fiscal budget central coordination costs for 12 reserves (indicative figure for the reserves benefited by the new GEF endowment) indicates a baseline (non-GEF) appropriation of US$ 5.2 million over eight years. Limited and targeted GEF support is requested to complement this baseline financing (US$ 9,091 for each reserve benefited by the endowment and the ten already supported with GEF funds for a total of US$ 0.2 million) to ensure the proper establishment of a

monitoring and evaluation system (satellite images, data collection, log-frame training and development). The activities to be conducted by the Commission Coordination Program include:

(a) Capacity building and technical assistance to the PAs. This sub-component will finance training courses, workshops, and seminars, both for protected area personnel and technical advisory committee members. Specific activities to be financed will build on successful experiences of the existing project, and expand them to the new protected areas. Among the capacity-building efforts considered by the protected area staff to be most successful have been workshops for identification of objectives and indicators, training in resolution of environmental conflicts, and training in community participation and environmental education. There have also been well-received courses on evaluation of environmental impacts, ecotourism, and other themes. Independent recommendations as well as a survey of personnel in 16 areas[1] conducted in January 2000, indicate that the portfolio of training, capacity development, and technical assistance should be expanded.

(b) Monitoring and evaluation system: A monitoring and evaluation system will be developed to strengthen the Commission´s staff capacity in information management and to document project performance and impacts. These efforts will be compatible with the activities being carried out by SEMARNAP' s General Direction for Information in the development of regional information systems and the Information Systems for Environmental Management (SIGAs) such as those for the Lancandón and Pátzcuaro regions.

The monitoring and evaluation program will be consistent with the program developed for the current GEF Pilot Phase project. The intent is to develop a system-wide monitoring and evaluation system adequate to the requirements of the GEF program as well as the needs of the broader SINAP system. New elements will include enhanced monitoring of social participation (including IPDPs where applicable) and biodiversity mainstreaming objectives (see Annex 1), with particular reference to monitoring the quantity and quality of assistance to communities from agencies other than SEMARNAP; development of technical indicators at the program level for management practices in the PAs; and monitoring/disseminating best practices for resource generation and management at the protected area level.

(c) Social participation in the protected areas program. The key social challenge of the project is to promote partnerships among the Commission, FANP, and local organizations that will build acceptance of, and cooperation with, management objectives, and in return, directly or indirectly support local residents and resource users in adopting sustainable alternative livelihoods.

SEMARNAP is breaking new ground in expanding opportunities for civic participation in environmental management (SEMARNAP, 1999). Significantly, the Commission created a Direction-level Social Participation unit, to design and implement strategies to increase social participation in conservation efforts. The first tasks included in-depth studies of social participation in the reserves of Montes Azules and Ría Lagartos, as well as a general evaluation on the Technical Advisory Councils (TACs) at the reserves. In this project, mechanisms for social participation will be strengthened. At the national level, CONANP will be strengthened (see Component 4). Information-sharing mechanisms between protected area-level advisory committees and CONANP will also be developed.

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[1] The survey was carried out while the selection of the 12 areas to be included in this project was still under way and therefore included directors of all protected areas considered as possibly to be included in the project.

The assessment of social participation at Montes Azules suggested that TACs are not necessarily the ideal vehicle for adequate participation in every protected area, and indeed, in that case, the role of the TAC in approving annual operating plans proved more of an obstacle than a facilitative element to participation. Additional forms of social participation will be explored by the social analyses and included in the final design of the project. Suggestions already on the table include establishment of sub-committees (thematic or geographic) and different forms of supporting local groups to organize themselves for effective participation. Innovative approaches have already developed in many areas and will be analyzed for their potential application in other reserves (see Annex 5).

Component 4: Institutional Strengthening. (Total $ 2.50 M m; GEF $0.00 M)

46. The project will support strengthening of the National Commission for Protected Areas as it further develops and implements its strategic and operational plans. It will also support strengthening of CSOs and NGOs, both in terms of their specific roles as administrative agents of FANP funding, and in terms of the strong emphasis on NGO co-responsibility generally in the PAs program, as well as the important role of CSOs and NGOs in the "biodiversity mainstreaming" agenda.

4.1 Government Institutional Strengthening: Key elements that need to be worked on in order for the Commission to complete its transition to an effective executive agency are strategies for performance, strategic planning, environmental information, marketing, donor and NGO sectors, information technology and systems, human resources, physical resources, communications, and adaptive management. The Commission's budget for institutional strengthening (US$ 0.5 million) reflects start-up and specific development costs such as development of information management systems and restructuring of functions within the Commission (studies, specialized consultancies, consultations, etc.). During the remainder of project preparation, guidelines for coordination of the Commission' s two advisory bodies' will be further developed.

4.2 Consolidation of CONANP. CONANP' s functions as independent external advisor to the PAs system, making recommendations on laws and policies, overseeing development of general regulations, following up on co-financing agreements, advising on the categorization of PAs and registry of new areas, and coordinating international funding, need to be strengthened within the framework of the new Commission. CONANP' s role will be particularly important in the areas of consensus on policies in diverse sectors, qualified expert advice, and communication mechanisms between the Commission´s Technical Council, CONANP and the TACs. Because CONANP is relatively new, it will be important to monitor its experience, identifying any gaps or areas that could be improved, and disseminating good practices developed and lessons learned. The budget allocated to CONANP meetings is a small fraction of the US$ 0.5 million for the institutional strengthening of the Commission. It will finance consultations with protected areas participatory forums, travel expenses for visits to protected areas etc.

4.3 CSOs/ NGO institutional strengthening: A key issue for successful *in-situ* conservation efforts over the long term is the strengthening of local organizations for conservation and sustainable use. "Mixed structures" involving roles for the public, social and private sectors have been a key element in the success to date in delivery and management of resources for conservation in the PAs.

To strengthen NGOs involved in the management of PAs, FMCN has entered into an agreement with The Nature Conservancy and PACT, both international organizations experienced in NGO development, to create a Mexican Conservation Learning Network (MCLN). During its first three years, the network will focus on two cohorts of NGOs --29 in the Gulf of California region and 8 currently or potentially carrying out management activities in the GEF-supported PAs, primarily in southern Mexico. MCLN activities include regular capacity assessment, training and technical assistance, "knowledge networks" of exchanges and

electronically accessible information, and developing the capacity of Mexican providers to deliver capacity-building services. All NGOs involved in management activities of the GEF-supported PAs will be eligible to participate. They will receive direct assistance from program staff, scholarships for courses and workshops, access to information and databases, and regular assistance with assessment of organizational development in competencies such as planning, management, leadership, administration, monitoring and evaluation, and finance. TNC and PACT will manage the program, hiring staff and delivering some services directly, managing others through an agreement with a Mexican service-providing organization. A detailed three-year plan and budget is available. At a minimum this initiative is expected to channel US$ 2 million dollars to NGO strengthening in protected areas over the eight-year period of the present project. Activities to be financed include web sites, workshops, training, and publications to promote the Mexican conservation learning network.

Component 5: Mainstreaming Conservation and Sustainable Use Policies.
(Total $ 17.30 M; GEF $ 5.30 M)

47. The analysis of root causes of biodiversity loss in and around the PAs highlights many threats not directly addressable by conservation programs. These are social and economic conditions requiring broad policy and development interventions, and the collaboration of agencies beyond SEMARNAP. Much remains to be done to mainstream biodiversity concerns into the design and operation of regular development programs taking place around (and is some cases, within) PAs. For budget year 1999, a total of US$ 950 million was programmed by various agencies in the federal government to promote basic development activities in Mexico' s poorest regions. The potential of re-orienting even small fractions of these resources towards mitigation of the root causes of biodiversity loss is enormous.

48. There are agreements signed between Social Development (SEDESOL), Defense (SEDENA), Agriculture and Livestock (SAGAR), Communications and Transport (SCT) and the Public Education Ministries, which have been used successfully in Chiapas to identify common goals and rational investments in and around PAs. The National Commission for Protected Areas has included in its structure a Technical Council with high-level representatives of seven ministries (see para 20). Under the presidency of the Minister of the Environment, the meetings of the Technical Council are directed towards mainstreaming conservation and sustainable use in national development programs. In the field, several protected area directors are taking the lead in promoting coordination between protected area management and regular development programs. Data from the study of financial support to the PAs proposed for inclusion in this project indicate that the 12 areas received some $1.5 million in funding from Mexican agencies (municipal, state, national) per year other than INE in 1999 (Perez Gil and Jaramillo 2000). Taking this baseline, it is expected that counterpart funds for the 12 reserves in eight years will reach at least US$12 million. However, those efforts need to be up-scaled, systematized and institutionalized in order to make a lasting difference. Hence, US$ 5.3 million are requested from GEF, which will be managed by the National Commission of Protected Areas and will be directed not only to the 12 reserves to be eventually supported with the interests of the endowment, but to the 10 reserves currently covered by the FANP. Since this component is expected to leverage funds for conservation, non-endowment funds (regular project disbursement) are requested with the expectation that after five years (starting in 2001) this component will be self-sufficient and will not require further incremental cost support.

> **(a) Development of protected area-level mainstreaming strategies.** The project will support development and implementation of mainstreaming strategies in at least in 22 PAs . Mainstreaming strategies would be incorporated into the regular annual planning and implementation process, for which the protected area managers are accountable to the National Commission. Protected area managers will be assisted by expert consultants to define:

- Main social development and institutional issues with the potential to affect biodiversity conservation. This analysis would be carried out in close coordination with the social assessments carried out in each protected area.
- Key agencies and institutions carrying out programs with the potential to address the issues identified above, and avenues for working with those institutions.
- Fit or conflict between conservation objectives and state and municipal development plans.

Information gathered through the above process would be used to develop priority lines of action which might include (1) providing information, training and technical assistance, as well as small administrative and travel support to communities seeking access to regular development programs for support of productive projects compatible with protected area objectives; (2) technical studies in support of re-orientation of existing development plans or operational manuals of development programs; (3) information sharing and consultations with state delegations of federal agencies and staff of state and municipal governments; and (4) support to CSOs/ NGOs and public – social - private partnership programs.

(b) sub-grants to mainstreaming activities. The PAs, in partnership with CSOs and NGOs, would submit plans/proposals for mainstreaming activities consistent with annual operating plans and mainstreaming frameworks to the National Commission. Financing would be limited to technical assistance, training, studies, dissemination, public-private partnerships, and other activities that *facilitate* positive actions and support of sustainable use projects by state, municipal, federal, and private agencies.

(c) inter-agency coordination at the national level. One objective of the protected area-level mainstreaming programs is to develop tools and approaches that will be catalytic in promoting a "bottom-up" influence toward inter-agency coordination at higher levels. The project will support dissemination of these approaches at the national level through:
- Studies to assess impacts on biodiversity of national development programs and to propose alternative design
- Workshops and consultations to facilitate dialogue between the National Protected Area commission and Federal/ State development agencies

To promote consensus around (and ownership of), activities financed by this sub-component, the project will rely on existing mechanisms for inter-agency coordination, primarily, the Technical Council at the National Commission (see description on page 16). It will build on advances already made under the Mesoamerican Biological Corridor project and develop links to coordination mechanisms such as SEMARNAP' s Regional Development Programs (PRODERS), which has identified priority regions in which there are both high levels of marginalization and important biodiversity areas.

2. *Key policy and institutional reforms to be sought*

49. Key policy and institutional reforms to be sought include:

a) Strengthening of the National Commission for Protected Areas, with increased autonomy and capability to develop a long-term national strategy for the SINAP, closely keyed into national development plans.

b) Continued progress on decentralization of management and decision-making for PAs.

c) Increased participation of local communities and other stakeholders in protected area management and sustainable use of resources oriented toward conservation in their zones of influence. Special attention will be paid to the participation and equitable sharing of benefits by indigenous peoples and vulnerable groups.

d) Establishment of strategic partnerships with civil society and the private sector.

e) Development of sustainable financial mechanisms, including innovative public/private/ social sector partnerships. A key contribution to this outcome will be the project' s institutional strengthening of local organizations which can institutionalize funding mechanisms at the protected area level.

f) Strengthening of inter-institutional coordination mechanisms at national and state level.

g) Adoption of policies and regulation of public use of the PAs.

3. *Benefits and target population*

50. The benefits of the proposed program, in line with the objective of conservation and sustainable use of significant biodiversity, are difficult to quantify in monetary terms, or to assign to specific populations, but include, among others, ecosystem services such as maintenance of air quality and water supplies, generation of biomass and nutrients, control of erosion and sedimentation, coastal protection, maintenance of development options and genetic potential, along with the range of esthetic, cultural, and ethical values represented by the maintenance of a nation' s biological capital. The global benefit of the project would be the improved conservation of globally significant biodiversity.

51. The immediate benefiting population includes groups living in the PAs and their surrounding zones, with a rough estimate of at least 2.4 million people, of which about 10 percent are indigenous. Some of these groups rely for their livelihood on the provision of ecological services provided by natural areas (e.g. watershed protection, availability of wildlife for human uses). They would benefit from the project to the extent that reserve protection ensures the maintenance of ecological services.

52. Population living in and around PAs engage in a variety of productive activities, including use of forest products to agriculture (subsistence and commercial), grazing, propagation of wild species for trade, aquaculture, hunting, fishing (subsistence and commercial), extraction of mineral resources, artisan trades, and tourism services. This project would seek to support and extend productive uses compatible with increased conservation of the PAs, and promote adoption of alternatives to uses not compatible with conservation.

53. The cultural diversity of the 12 PAs selected for this project is very high. Municipalities in and around some of the 12 areas are classified as highly marginalized. The table following shows the occurrence of indigenous groups. Other populations of special concern because of their high degree of marginalization will also be targeted for project support and development plans.

Area	Indigenous Groups
Tehuacán-Cuicatlán	Cuicateco, Mixteco, Mazateco, Popoluca
Pantanos de Centla	Chontal
Alto Golfo y Delta del Río Colorado	Cucapá
Corredor Chichinautzin-Zempoala	Nahua
El Pinacate y Gran Desierto de Altar	Tohono O' odham (papagos)

54. Additional direct beneficiaries are individuals and groups who derive their livelihood from eco-tourism and ethno-tourism since in the long run the biodiversity and cultural diversity of the area will be protected. Other key stakeholders include environmental and social advocacy NGOs. The private sector is also involved in the PAs, particularly in tourism. Numerous agencies of the federal, state and local governments are also important actors in the development process. The project's "biodiversity mainstreaming" component will develop knowledge of these agencies' programs and their potential impact on conservation and sustainable use of resources in and around the PAs.

4. *Institutional and implementation arrangements*

55. Project Implementation: GOM via SEMARNAP/the National Commission for Protected Areas will manage project execution related to: (i) SINAP field level protected area management activities (sub-component 2.1); (ii) commission coordination program (component 3); (iii) institutional strengthening of the Commission and CONANP (sub-components 4.1 and 4.2); and (iv) mainstreaming conservation activities (component 5). GOM via CONABIO will coordinate project execution related to field level protected area knowledge management and research activities (sub-component 2.2). FMCN will be responsible for executing: (i) expansion of the endowment (component 1); and (ii) institutional strengthening of CSOs/NGOs for PA co-management (component 4.3).

Administration of GEF funds: The FANP within the FMCN will manage GEF funds for: (i) component 1; (ii) sub-component 2.1; and (iii) component 3. With respect to component 3, these GEF funds will be initially managed by FANP, and based on the outcome of the assessments to be undertaken during preparation and implementation (see paragraph 44), fund administration will be gradually transferred to the National Commission as established criteria are met. GOM, through SEMARNAP/the National Commission will manage GEF funds for component 5 (mainstreaming). Correspondingly, there will be two separate legal agreements regulating the use of the GEF grants: one with FMCN, and the other with the GOM.

56. Implementation at the protected area level is the responsibility of the Protected Area Director, in collaboration with local stakeholders through TACs and other mechanisms. The Director reports to the Director of the National Commission, to whom s/he is responsible for plans and objectives. Each Director is assisted by a core group of permanent staff responsible for coordination, operations, project supervision, and administration. Typically, the core team is complemented by project managers and seasonal labor hired on a contractual basis. Each year, the Directors prepare annual operating plans (POAs) to provide the framework

for the conservation program, including, where applicable, implementation of an Indigenous Peoples Development Plan.

57. The Commission Coordination Program (the central coordination under the current project) will be fully integrated into the new Commission and serve as a link between the different components of the program, and between FMCN and the Commission, as well as having responsibility for ensuring SINAP/PA team compliance with terms of the Operational Manual and other legally binding agreements.

58. The project proposed here would be implemented under a modified Operations Manual based on the current project manual and updated to take account of structural changes as well as additional activities and criteria specific to the 12 areas selected. FMCN would increase staff by three positions to cover additional programs and responsibilities, maintaining overall operating costs at the 12% ceiling. During the remainder of preparation, corresponding ceilings will be established for subcontracts for administrative support at the PA level, based on the experience of the existing project. Under the guidance of FMCN's professional investment counselor and the leading experts from the financial community who form FMCN's Committee on Administration and Finances, and with concurrence from the World Bank, new investment guidelines appropriate to current market conditions will be developed and updated regularly as conditions warrant.

59. For the management of the on-going FANP program, FMCN and SEMARNAP signed a subsidiary agreement to the World Bank-GOM-FMCN Grant Agreement, stating their mutual objectives in conserving PAs and their mutual obligations to cooperate in the achievement of the objectives of the project. SEMARNAP is obligated to coordinate the establishment and administration of PAs, serve as liaison with other government agencies, provide technical assistance, enter into agreements with local and state governments and other organizations, promote financial mechanisms for conservation, and oversee all contracts, licenses, and concessions in the PAs. UCANP (the unit responsible for PAs before the Commission was created) is responsible for management of the PAs, approving annual operating plans, paying core personnel, working with the FANP technical committee on review of operating plans, seeing that operating plans are faithfully executed, developing methodologies for prioritization of PAs, monitoring the impact of activities carried out in PAs program, carrying out evaluations, and providing financial information to FMCN. FMCN is responsible to give financial aid to authorized conservation activities, develop manuals and procedures, comment on protected area annual plans, verify compatibility of plans and budgets, maintain information about funds available and eligible uses, coordinate and evaluate financial and technical reports, implement a fundraising strategy, contract financial agents for management of the endowment fund, and carry out audits, among other functions.

60. The program proposed in this document would be carried out under the terms of an equivalent subsidiary agreement.

Project Financing

61. The financial plan includes US$ 106.4 million in a mix of endowment and regular project funding. Endowment funding of $45.0 million represents about 42% of project costs, and will be financed by GEF and non-GEF resources in a 1:1 match. The timing of capital contributions to the endowment has been previously described (see para 35). The reserves endowed by each capital contribution will be selected in the order of their ranking as presented in Annex 4. As some variables may change overtime, the relative rankings will be recalculated each time the endowment is capitalized to ensure that the top priority reserve(s) is selected. It is proposed that regular project disbursement mechanisms (non-endowment) be used for: fundraising activities,

(sub-component 1.2), first year start-up costs of PA conservation management activities for newly endowed reserves (sub-component 2.1), incremental expenditures related to introducing a SINAP wide M&E system (Component 3, Commission Coordination Program), and the mainstreaming component (Component 5). The early start of the mainstreaming component in 2001 will aid in leveraging additional (non-capital) funds for conservation and sustainable use.

62. The Government of Mexico will provide basic staff, planning, and some recurrent cost funding to the selected areas on an annual basis, with an estimated total contribution of $19.4 million during the project period. The GOM has also committed to provide $7.5 million in capital endowment contributions during the period 2000-2006. Additionally, the mainstreaming component is expected to re-orient substantial Mexican government funding toward compatible, threat-reducing productive projects in the PAs' zones of influence. Since agreements are not yet official, and depend on the concurrence of the incoming government, financial estimates for the GOM contributions included in this proposal are quite conservative (they are based on a straight projection of 1999 expenditure levels). However, the National Commission/SEMARNAP is currently negotiating with SHCP to incorporate the extraordinary US$ 9 million increase received in 2000 into its regular yearly budget, so that it is possible for future fiscal levels to be at a higher level than assumed here.

63. According to recent studies, the private sector is currently supporting the consolidation of PAs with a US$ 7 million commitment directed to conservation programs in the 10 areas originally supported in the first project. Based on that experience, and an analysis of current NGO and corporate support to the 12 selected areas, it is expected that this sector will provide some US$7.2 million from national private sources and US$2.7 million from foreign private sources (from this US$ 9.9 million, US$ 2.8 million are contributed by academic institutions). The private sector will also be an important target in the capital campaign to build the endowment. Bilateral funding for the project proposed here is estimated to amount to $2.6 million, including support from the EU and USAID for the protected area conservation component. Details of the budget calculations are provided in Annex 6.

64. *Accounting, financial reporting, and auditing arrangements:* FMCN/FANP will transmit to the Bank progress reports on project implementation and outcomes every four months, using the already agreed format. Audits will be provided on an annual basis. Mid-term and final independent evaluations will be carried out. Technical reports from the PAs, the Commission Coordinating Program and FANP will be submitted every four months.

65. *Monitoring and evaluation arrangements*: The monitoring and evaluation (M&E) system for this project will be an updating and extension of the current PAs M&E framework, based on the program described in Annex 1. Care will be taken to integrate monitoring requirements of the GEF project as SINAP implements a system-wide M&E program, to avoid creating two "tiers" of information management for PA level staff. Data collected for monitoring of supported areas will be consistent and compatible with information management systems being developed in the National Commission and CONABIO, and will be shared with the CHM. Both for monitoring and financial reporting, the Project Management Information System already designed for the on-going project will be expanded.

D. PROJECT RATIONALE

1. *Project alternatives considered and reasons for rejection*

66. During the 1996-97 restructuring of the Consolidation of Protected Areas project, a multi-sectoral task force consulted with some 80 public and private organizations to evaluate various options for establishment of

a PAs trust fund. The present structure of the FANP within FMCN, including a Central Coordination Unit located in the PAs' offices, was approved by consensus of the task force and worked out in detail by a design committee in close consultation with the Bank and GEF.

67. The project proposed here continues with essentially the same institutional arrangements, allowing for the creation of the new Commission and its roles and responsibilities. The institutional structure will evolve to allow for full integration of the present central coordination functions in the newly formed National Commission as a Commission Coordinating Program. With expert consultancies on final design and structure of the new Commission expected to be completed in October 2000, the project design team decided to leave space for development of the details of this integration during final project preparation.

68. The project originally contemplated adding 24 PAs to the 10 supported by the original FANP endowment, and a request to GEF for $40 - $50 million. As the design progressed, the team realized that this was overly ambitious. Although the SINAP has made substantial advances in recent years in terms of staffing and preparing management plans for an increasing number of areas, 12 is a more reasonable estimate of the number that can be ready to join the program throughout the proposed project duration. The intention is still to go beyond the initial 12 supported with GEF funds, adding more PAs to the program as funds are raised, but the project also leaves room for matching funds to extend conservation programs in the original 22 areas beyond basics and toward more comprehensive programs addressing intermediate and root causes of biodiversity threats.

69. The design team considered funding the mainstreaming activities from the permanent endowment but decided instead to propose financing via normal project disbursements. This is more cost-effective: $5.3 million via regular disbursement, vs. $13 million in permanent endowment funds. Also, it is expected that given adequate funding over a medium-term period (5 years), mainstreaming activities will reach critical mass and become self-sustaining on their own momentum.

70. Various alternatives and scenarios for the structure of the endowment matching funds have been analyzed. A scenario in which other donors would match GEF money dollar-for-dollar in basic conservation activities was rejected as unfeasible, given that few if any other donors are as willing as GEF to support basic conservation operation activities. The option to request $22.5 million in GEF endowment funds and dedicate that portion of the endowment to basic conservation in the first tier of 12 "urgent priority" areas was selected as the most favorable in terms of investment markets and coherence of the future fundraising strategy as well as program clarity and continuity. The $22.5 in matching funds will be used to extend basic conservation support to more areas (adding an area to the program in order of priority as there are sufficient funds to support it) and to go beyond basics in any of the areas, giving special priority to conservation programs that test and demonstrate new instruments and approaches, or programs that help PAs build financial sustainability at the local level. These programs will serve as learning experiences for other PAs within and outside of Mexico. Generally it is expected that government and unrestricted funds would be used to extend basic conservation to additional areas, and that private and bilateral donors would tend to have policies favoring donations for additional conservation activities (referred to as "restricted" funds).

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned)

71. The Government of Mexico is developing with the GEF Secretariat and the Implementing Agencies a Programmatic Framework for GEF support of biodiversity conservation initiatives in Mexico over the next 5-10 years. The Framework consists of a comprehensive approach that commits to measurable progress in conservation and sustainable use, while incorporating biodiversity objectives into the country' s national

strategies and plans. It is intended to be a cost-effective means to help the country conserve and sustain its vast biodiversity.

72. The Mexican biodiversity strategy has four principal areas (conservation, sustainable use, biodiversity knowledge and natural resource valuation) and identifies areas of opportunity for increased knowledge and research as well as for cross-cutting efforts to and strengthen the country' s capacity to respond to threats. The combination of the Mexican biodiversity strategy and diverse policy instruments and commitments enable Mexico to focus on measurable outcomes and address the gaps identified in the development of its Action Plan.

73. Each of the projects in the funding pipeline supports different aspects of the national strategy. The present proposal is the centerpiece of the *conservation* component, and focuses on the government and civil society sectors. The Indigenous and Community Conservation project in Oaxaca, Michoacán and Guerrero also focuses on conservation but through the indigenous and community sectors, and protects biodiversity through non-federal conservation regimes.

74. The conservation projects are complemented by sustainable use projects such as Biodiversity Conservation and Sustainable Use in Priority Regions (PRODERS), the Mesoamerican Biological Corridor project (which will complement mainstreaming as well as conservation activities) and the Conservation and Sustainable Use in the Biosphere Reserve of Sierra Gorda. These will contribute to identifying innovative and decentralized conservation and sustainable use mechanisms that can serve as models for long-term, replicable conservation, as well as promoting the integration of civil society in decentralized PA management, consistent with long-term government strategies. In the case of the projects in the PAs Sierra Gorda and Los Tuxtlas, new conservation models will be developed to increase the available instruments for the GOM for in situ conservation over the long term.

75. The proposed project fits well within the World Bank' s lending to baseline development activities. Consistent with its commitment to mainstream the environment, the Bank' s portfolio in Mexico emphasizes a balance between direct support to the environment sector, and the integration of biodiversity considerations into development activities not primarily designed to address environmental concerns.

Sector issue	Project	Latest Supervision (Form 590) Ratings	
		Implementation Progress (IP)	Development Objective (DO)
Bank-financed			
Loss of Biodiversity, biodiversity conservation	Protected Areas Program	S	S
	Mesoamerican Barrier Reef (regional project)	Under prep.	Under prep.
	Mesoamerican Biological Corridor (WP)	Under prep.	Under prep.
	Gulf of California Ecosystem Management (Block B submitted)	Under prep.	Under prep.
Environmental Management, sustainable use of resources	Indigenous Biodiversity Conservation (WP)	Under prep.	Under prep.
	El Triunfo Biodiversity Conservation through shade-grown coffee (MSP)	S	S
	Private Lands Management (Block A)	Under prep.	Under prep.
	PROCYMAF strengthening local communities for effective management of natural forestry resources (Oaxaca, Guerrero, Michoacán, Chihuahua, Durango, Jalisco). EA: SEMARNAP	S	S
Environment Management and Decentralization	PROMAD (in preparation)	Under prep.	Under prep.
Rural Development	Marginal Areas (under supervision)	S	S
	PRODEFOR (under supervision) streamlining/diversifying forest production, education of producers (SEMARNAP/state governments).	S	S
Other development agencies			
Loss of Biodiversity and Environmental Degradation, biodiversity conservation	Sierra Gorda Conservation Project (UNDP) (submitted for WP)	Under prep.	Cleared for pipeline inclusion.

Sector issue	Project	Latest Supervision (Form 590) Ratings	
	Integrated Ecosystem Management in Three Priority Ecoregions (WP)	Under prep.	Under prep.

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

3. *Lessons learned and reflected in proposed project design*

76. The main lessons learned affecting this project have been articulated in (a) the Independent Evaluation of the current FANP project (February 2000), (b) the Implementation Completion Report of the Mexico Environmental Project, dated February 8, 1999; and (c) the GEF Secretariat's Evaluation Report No. 1-99, *Experience with Conservation Trust Funds*.

Findings and Lessons from the Independent Evaluation

77. The evaluation team found that the restructuring of the Project in 1997 resulted in a highly effective design, and that the three participating institutions are implementing the Project in an efficient and effective manner, with an expectation that the objectives will be achieved and, in some cases, even surpassed. The evaluation concluded that the Project achievements are a remarkable success, not only at the national level, but at the international level as well.

78. Six key strengths were identified that have contributed to the present success of the Project:

- A creative design that includes core personnel in every natural protected area paid by the GOM; a seed capital administered by the FMCN, which generates income to cover basic costs of operation for the long-term management of the areas;
- Vision, leadership, capacity, constant support and cooperation between the decision levels of the participating institutions;
- Quality, dedication, creativity and technical capacity (know-how) of the personnel at the natural PAs, especially their Directors;
- Diverse and creative processes of local interaction that have achieved a high level of social participation and interinstitutional cooperation;
- An attitude of solidarity of the PAs personnel towards the communities within and around the reserves to search together for long-term solutions to their basic needs that have to yet be satisfied; and
- Excellent systems to use and control the budget of the Project.

79. The evaluation also identified aspects that can be improved, emphasizing that these are not areas of concern so much as aspects that could be transformed into best practice with additional atttention. They are:

- Norms, criteria and national standards could be increased to define with greater precision the good management of a protected area, and to identify indicators that can be verified for these norms;
- Supervision processes of the Project could benefit from greater continuity and relevance, as well as from personal attitudes of greater mutual respect;
- Procedures in financial management could achieve greater stability in the long term with a more realistic planning of costs, investment diversification, and better local mechanisms to raise and administer funds;
- The labor situation of the personnel in the PAs, which is hired under different schemes (GOM, NGOs, donors, etc) could improve through a process of homogenization and definition of career paths;

- Incipient common learning processes on management of PAs could be strengthened and improved;
- The perception of the public visit as a threat could be transformed to be seen as an opportunity;
- A segmented vision of the natural and human systems of the natural PAs, as well as sporadic use of the ecosystem focus and social analysis applied to management, could be changed;
- Rudimentary infrastructure that does not provide sufficient support to field work should be improved;
- Diversified mechanisms to certify compliance with World Bank social safeguard requirements in terms of social participation and indigenous peoples should be explored; and,
- Economic and fiscal alternatives for the owners of the land (*elides*, community and private owners) should be developed to serve as an incentive to conserve natural ecosystems, especially the core areas of the natural PAs.

80. All of these aspects have been taken into consideration in the design of the present project.

Lessons identified in the ICR and Evaluation of Trust Funds

81. *Supervision and monitoring*. Very clear, tangible and quantifiable development objectives and indicators are needed to avoid dispersing the project into activities with little overall impact on the status of the environment. FANP and the National Commission for Protected Areas have applied this lesson in the current proposal and have made significant advances in identifying planned impacts and monitoring according to consistent program-wide indicators. Staffing and training at the Commission Coordinating Program and protected area levels will take into account the need for increased attention to management practices and outcomes in overall supervision.

82. *Finances And Fund-Raising*. One lesson that emerged from the GEF trust fund evaluation as a challenge was the possibility that government funding of conservation would actually decrease (by substituting trust fund financing). The FANP program was cited as a premier example of a government/fund partnership that has actually leveraged increased government funding to PAs. The GEF evaluation concluded that endowment funds are an appropriate response to conservation threats and needs that require sustained, relatively low level inputs. Where the problem is immediate and the need for resources to address it in the short term is large, other mechanisms, such as a traditional project approach, are often preferable. The Mexican experience has confirmed the need to combine both traditional project and endowment funds. While endowment funds are essential to provide the basis for permanent management in the areas, funding mechanisms (including sinking funds) are also important to address specific short and medium term needs. The GEF trust fund evaluation recommended that GEF support should be structured to provide incentives to encourage raising additional capital and developing innovative capitalization approaches. "Ultimately, a trust fund' s best fundraising tool is a record of success with its initial project cycles" (GEF 1999). These lessons have been taken into account by a structured approach to endowment building as described in Annex 6.

4. Indications of Recipient Commitment and Ownership

83. Policy and institutional framework

- Evidence of serious commitment to conservation legislation includes the LGEEPA (1998), which is the basis for a public policy with roots in sustainable development (CONABIO 1998). This law has been modified to promote social participation in functions the government formerly executed without any type of public consultation.
- The right to sustainable development has been elevated to the level of a constitutional right for all Mexicans.

- Both the National Development Plan 1995-2000 and the National Environment Program 1995-2000 for the first time emphasize the importance of conserving PAs.

84. SEMARNAP/National Commission for Protected Areas commitment

- For the first time, PAs are a national priority, and have received more than a tenfold budgetary increase during the current Zedillo administration.
- The National Commission for Protected Areas has built a team of committed and professional protected area managers, constituting a new generation of leadership for the system.
- The GOM's "Program for Natural Protected Areas in Mexico 1995-2000" was the first coherent strategy for protecting Mexico' s rich biological resources in consultation with the national community of scientists, conservationists, and indigenous peoples.
- In June 2000, SEMARNAP published the "Balance of the National Program of Natural Protected Areas 1995-2000", which will serve for the continuity of programs and processes between different Administrations in the GOM.
- SEMARNAP has established a "transition team" with the aid of UNDP to ensure continuity between Administrations, and elaborated a document that describes all present programs and their international commitments, as a legacy and guide to the coming Administration.
- Inter-institutional agreements and coordinating bodies have been established to identify common goals and rationalize investments in and around PAs, These include the Technical Council for the National Commission for Protected Areas, and project-specific agreements, such as for the Mesoamerican Biological Corridor.

85. GOM Financial Commitment

- In the context of the Programmatic Framework for GEF support to Mexico, the Government of Mexico' s commitment to designate between a quarter and a third of the total resources available to a privately managed fund, when it could have programmed all funds for public programs, must be seen as a major financial commitment to the public-private partnership and the proposed project.
- The Government has increased annual fiscal support to the SINAP system from US$ 360,000 in 1994 to US$ 5 million in 1999. Nearly two million hectares have been added to the system since 1994.
- The Government has made, as a result of high-level negotiations related to this proposal, an "extraordinary" appropriation of US$ 9 million to the SINAP system in 2000. The continuation of this level of support, above and beyond the baseline, could significantly accelerate the rate at which PAs are integrated to the system and receive in-situ protection. Negotiations are currently under way to institutionalize an increased baseline for fiscal support.
- As explained in Annex 6, SEMARNAP will contribute directly to the program endowment through (a) a contribution of US$1.5 million from SEMARNAP´s 2000 budget; and (b) an agreement, which would be signed by the incoming Administration, to continue annual contributions of US$ 1 million to FMCN throughout the next six years (these annual payments to date have been designated as match to the USAID-funded endowment).

86. FMCN commitment and ownership

- The FMCN structure includes two main programs: the conservation grants program and the natural PAs program. The grants program has supported projects in natural PAs since the beginning. 64 of the 274 projects have supported PAs to a total of US$ 1.75 million, or nearly 30 percent of the total funds granted. FMCN has raised more than US$ 9 million for natural PAs since 1998. This includes support to fire prevention in nine reserves (USAID funds for US$5.75 million), support to conservation activities in Ría Celestún reserve (a total of US$ 1.25 million from AES company, matching funds from FMCN and

Pronatura), support from the European Community to develop financial self-sufficiency in four marine reserves (US$ 700,0000), support from the Spanish Agency for International Cooperation for conservation and sustainable use activities in the Vizcaíno reserve (US$ 1.5 million).

- FMCN´s strategic plan identifies the protection of PAs as one of the institutional pillars of conservation in parallel to the country strategy and SEMARNAP strategy.

87. SEMARNAP-FMCN commitment to quick project start-up.
To demonstrate the feasibility of implementing the ambitious fund-raising strategy underpinning this proposal, SEMARNAP and FMCN committed to raise an initial $7.5 million match for the proposed first tranche of capital contribution prior to submission for WP entry. This collaboration has been successful and the matching funds are composed of the following elements:

- establishment of the Fund for the Conservation of the Monarch Butterfly within FANP, which will support the communities with properties included in the core area under the new decree of the Monarch Butterfly reserve, in order to ensure the conservation of their forests. WWF, SEMARNAP and FMCN have collaborated to secure a US$ 5 million endowment contribution from a private U.S. Foundation. These funds have already been deposited.
- establishment of an endowment (US $1 million) within FANP for the Los Ajos-Bavispe-San Pedro reserve. The collaboration of SEMARNAP with the U.S. Ministry of the Interior, FMCN, the National Fish and Wildlife Foundation (NFWF) and WWF has resulted in financial support from two private US foundations. These funds have already been deposited.
- fiscal contribution in unrestricted funds (US $ 1.5 million) for expansion of the endowment are programmed into the 2000 SEMARNAP budget. These funds will be released following GEF Council approval of the SINAP 2 proposal for WP entry.

5. Value added of Bank and Global support in this project

88. The following are some of the key aspects of the World Bank' s value added:

(i) The Bank is in a position to use its influence in other sectors (social development, agriculture, etc.) to support the "biodiversity mainstreaming" component by assuring that projects and agencies receiving funding in those sectors include biodiversity conservation criteria and actions.
(ii) The Bank is well positioned to catalyze additional support over the long term given its role in aid to Mexico, and to convince donors to support trust funds;
(iii) The Bank has several years of experience in supervising similar projects in many other Latin American countries with similar ecological and political realities;

89. The value added to the GEF relates to:
(i) Its ability to commit permanent endowment fund resources;
(ii) Its ability to act as catalyst for the mobilization of additional resources and to disseminate lessons learned.

90. Without GEF involvement, it would not be possible to consolidate the SINAP system within the proposed time frame.

E. ISSUES REQUIRING SPECIAL ATTENTION

1. Economic

91. The proposed project has been evaluated using GEF Incremental Cost methodology. The baseline scenario, in which basic ecosystem services are maintained, protecting some biodiversity of global significance and continuing the present level of social participation efforts, amounts to US$ 59.8 million. The expanded GEF Alternative program, assuring a fully representative selection of priority ecosystems and biodiversity under protection, is estimated to cost $106.4 million. The incremental cost of achieving global biodiversity benefits is therefore estimated at $46.6 million. However, financial leveraging from public and private sources is an integral feature of project design, and the agreed incremental cost support requested from GEF is $31.1 million. Details of the incremental cost analysis are presented in Annex 2.

2. Financial

92. *Fundraising SINAP 2*. The GEF Evaluation of Experience with Conservation Trust Funds documented the difficulties that most funds have encountered in raising additional endowment capital: to date, governments have been unwilling or unable to appropriate funds to private endowments; bilateral donors generally have policies favoring short to medium-term projects and sinking funds; private donors have to date contributed only small amounts of funding, and generally these, too are for specific programs and activities rather than endowment capital. Only one fund (Bhutan) succeeded in raising substantial endowment capital, due to its special relationship with several European donors.

93. Some funds have developed innovative approaches to capital fundraising, including special management agreements with donors of sinking funds that allow interest to be captured and converted to endowment, substitution of short-term funding for regularly programmed expenditures, thus allowing endowment earnings to be "plowed back," recurrent income from various sources (fees and levies, voluntary surcharges and contributions), and other sources. Mexico has, in fact, been a leader among countries with environmental funds in meeting institutional challenges (FMCN is the only fund to have received a governmental endowment contribution from appropriated funds) and welcomes the challenge of the ambitious match set forth in this proposal.

94. However, the level of additional capital funds foreseen in this project, together with FMCN' s overall capital fundraising goals (both USAID and GEF-supported endowments) represents almost an order of magnitude increase in challenge. Capital fundraising is a specialized field. It must be recognized that the proven techniques and approaches – including but not limited to planned giving, solicitation of unrestricted contributions (usually private individual donations), and establishment of mechanisms for collecting recurrent income (fees, surcharges, memberships, cause-related marketing, event-based fundraising) – all have significant costs up front, and often require several years to achieve their goals. (The normal time frame for a "capital campaign" in the US is three to five years.) FMCN has secured the assistance of both WWF and The Nature Conservancy, organizations with a successful track record in capital fundraising, and will be launching a campaign in 2001. To aid in this endeavor, FMCN has already allocated $300,000 given by the MacArthur Foundation. Fundraising goals and plans are included in Annex 6.

95. *Fundraising FANP 1*. During the remainder of preparation, GOM and FMCN will concentrate fund-raising efforts towards meeting the target, established during the 1997 re-structuring of the GEF Pilot Phase project, of raising $5 million for the existing FANP fund. Consultations are well advanced with several donors: firm commitments for some $3 million are expected to materialize during the fall of 2000; sources for the remaining $ 2 million have been identified, and discussions are under way. CEO endorsement of this new Consolidation of Protected Areas Program proposal will be conditional on securing the full $5 million fund-raising target for FANP I.

96. *Symmetry of GOM-FMCN relationship*. Concerns have been reaised in some quarters about possible asymmetry in financial relationhips between the Commission and FMCN. However, this is not considered to be a serious concern by the project team. GOM will contribute $19.4 million to reserve management programs during the life of the project to cover the core personnel (the most expensive salaries) at the PAs, as well as related operational expenditures. The positions of these core personnel are now included within the formal structure of SEMARNAP starting from year 2000 on. This represents a great success in terms of permanence and commitment of fiscal resources. Moreover, experience shows that it is essential that top officials at the PAs be invested with authority, which can only be achieved when GOM hires these professionals as employees. Consequently, annual disbursement of fiscal funds by the GOM and the administration of a capital fund for 22 PAs by the FMCN make for institutional symmetry in the support for natural PAs. The desire to keep the relationship symmetrical can serve as an incentive for the GOM to increase its budget in relation to that managed by FMCN, while keeping flexibility to address eventual strategic actions.

3. Technical

97. *Coordination of basic conservation activities*. While the independent evaluation counted effective administrative oversight as one of the original FANP project' s notable achievements, it also cited a "missing level" in the supervision and evaluation of protected area conservation, between the very specific objectives and indicators established at each protected area, and the very broad general objective of conservation of the system' s biodiversity. The evaluation recommends attention to developing consistent norms, standards, and best practices for defining good management of a protected area. As noted above, these issues will be addressed in the design of the M&E framework for this project.

4. Institutional

98. *The Fund/Government partnership*. The partnership has been extremely successful in making possible a level of protected area management and conservation not achievable before, and validates the emphasis on the government/civil society relationship in the management of the program. Nevertheless, the "mixed management" structure leaves certain key questions unanswered, including (i) who is responsible for fomenting sustainability at the protected area level rather than perpetual dependence on FANP; (ii) career development of the protected area staff – some of whom work for the National Commission for Protected Areas, some for NGOs or others, with corresponding differences in salaries, benefits, opportunities for training and promotion, and (iii) concerns about the value added at each level of participation. Human resources being the greatest asset of the system, the partnership needs to focus on developing the field team and making sure that career opportunities are equitably available. These issues will be addressed in ongoing negotiations and updating of the subsidiary agreement for implementation of the project.

5. ***Social***

99. *Social Assessment*. The process of social assessment and participation, including indigenous peoples, is currently under way. Progress to date include:

- Analysis of existing basic socio-economic information (from institutional and academic sources, as well as relevant consulting reports)
- Consultations undertaken by protected area staffs in most of the 12 areas, including with members of Technical Advisory Committees
- Analysis of immediate, intermediate, and ultimate socio-economic causes of biodiversity loss via two project design and logframe workshop (January and June 2000)

- Consultation of a qualified social analysis team for planning follow-on detailed field work

100. On the basis of these activities, key social issues have been identified and preliminarily analyzed: main stakeholders, main productive activities, socioeconomic factors affecting conservation, strategies to deal with them, and recommended activities to be carried out by the participant local communities. These are illustrated in further detail in Annex 5. During the remainder of preparation, the social assessment will be completed by means of detailed fieldwork to be carried out by local NGOs and expert social consultants. For each reserve, completion of the social assessment will generate the following products:

- Formulation of a framework for social participation and specific plans for each protected area, focusing on indigenous and marginalized peoples;

- Definition of the forms and forums for promoting participation and co-responsibility better suited to the specific social reality of each protected area;

- Identification of specific institutional strengthening and capacity building needs at the individual reserve level, to enhance reserve staff ability to deal with the social dimension of conservation and promote conflict resolution;

- Recommendations for promoting sustainable use management options, including technical advice and support for communities for accessing development programs compatible with conservation objectives.

101. *Need to improve representativity and functions of technical advisory committees*. A recent SEMARNAP report on the institutional experience of social participation, including both CONANP and the TACs (SEMARNAP 1999) made recommendations to improve mechanisms for social participation that will be incorporated in the future annual operating plans of the PAs, as well as in the SINAP strategy.

102. *Equity for non-indigenous groups*. The independent evaluation raised the question whether the particular attention given in World Bank projects to the needs of indigenous groups, including Indigenous Peoples Development Plans, might constitute a form of discrimination against equally marginalized groups of mestizo heritage. Seeking to create a program, which distributes its benefits in an equitable manner, the design team has given equal emphasis to the needs of marginal communities regardless of ethnic composition. Data from the National Program for Attention to Priority Regions indicates communities with a very high level of marginalization in and around Tehuacán-Cuicatlán and La Encrucijada. Project mainstreaming activities will coincide with development programs in these areas.

6. *Environmental*

103. The project components are not expected to have any significant negative impacts on the environment. However, there may be low-impact activities related to productive activities and rural development in the buffer zones, in-park infrastructure, and projects brought on line through the mainstreaming component. To ensure that the impacts of these activities are fully mitigated, protected area personnel will ensure that they comply with the Management Program of the specific protected area. Appropriate impact assessments will be prepared and reviewed in accordance with LGEEPA.

7. *Participatory Approach*

a. Primary beneficiaries and other affected groups:

104. The primary beneficiaries at the national and international level are the global beneficiaries of the value of long-term conservation of Mexico' s biodiversity. While all-inclusive, this group has been represented in identification and initial preparation of the project by:

- Mexico' s National Council on Protected Areas (CONANP), which includes representation of the governmental, civil society, academic, and business sectors, has participated in the Design Committee, officially reviewed drafts of all proposals, and provided guidance and input through meetings and consultations.
- Leading experts in biodiversity and conservation, including representatives of the institutions listed in the table, who participated in (1) the identification workshop of January 1999, described in Annex 4, (2) the design workshop of January 2000 and (3) consultations throughout design. The logical framework (Annex 1) is the result of this consultation process.
- Representatives of organizations listed below have participated in workshops and consultations:

Academia:	**NGOs:**	**Private sector:**	**International:**	**Grassroots organizations:**
UNAM; ITESM; Instituto de Ecología, A. C.; Centro de Invest. Cient. De Yucatán (CICY); CECARENA ITESM-Guaymas;	Conservation International; WWF; CIPAMEX; TNC; Pronatura Península de Yucatán, A. C.; FMCN; Espacios Naturales y Desarrollo Sustentable, A. C.; Naturalia; Pronatura; PROFAUNA	CONDUMEX; Comercializadora Veracruzana	Mexico-Germany Agreement; UK Department for International Development	Yum Balam, A. C.; Los Talleres de Solaris, S. C.; Instituto de la Naturaleza y la Sociedad de Oaxaca, S.C.; Ecosta 5

105. At the local level, the primary beneficiaries are the residents of the PAs and their surrounding zones, including indigenous and mestizo populations. These groups have been represented in identification and initial preparation of the project by:

- TACs of 11 of the 12 PAs (Sierra de Álamos has not established its TAC yet). These committees regularly provide input to the protected area director and staff, who transmitted this input via three formal workshops (protected area identification, root cause analysis, and project design) and numerous informal consultations.
- Local and national NGOs working in the PAs and their surrounding zones.

Detailed information on the project participation strategy is presented in Annex 5.

8. ***Checklist of Bank Policies***

This project involves (check applicable items):

[X]	Indigenous peoples (OD 4.20)	[ ]	Riparian water rights (OP 7.50) (BP 7.50) (GP 7.50)
[ ]	Cultural property (OPN 11.03)	[ ]	Financial management (OP 10.02) (BP 10.02)
[X]	Environmental impacts (OP 4.01) (BP 4.01) (GP 4.01)	[ ]	Financing of recurrent costs (OMS 1.21)
[X]	Natural habitats (OP 4.01) (BP 4.01) (GP 4.01)	[ ]	Local cost sharing (OP 6.30) (BP 6.30) (GP 6.30)
[ ]	Gender issues (OP 4.20)	[ ]	Cost-sharing above country three-year average (GP 6.30) (OP 6.30) (BP 6.30)
[ ]	Involuntary resettlement (OD 4.30)	[ ]	Retroactive financing above normal limit (OP 12.10)
[X]	NGO involvement (GP 14.70)	[ ]	Disputed territory (OP 7.60) (BP 7.60) (GP 7.60)
[X]	NGO involvement (OP 4.36)	[ ]	Other (provide necessary details)

F. SUSTAINABILITY AND RISKS

1. ***Sustainability***

106. Sustainability will be achieved through:

(i) The independent and accountable private trust fund (FANP, within the institutional context of FMCN) will manage capital funds in such a way as to provide assured, long-term flows of resources to the PAs, in accordance with Bank-approved investment guidelines;

(ii) At the protected area level, identification of cost recovery and financing mechanisms which will be used to augment FANP support and government budgetary allocations;

(iv) The adoption of participatory planning mechanisms and strategic partnerships with stakeholders, as well as social assessments and monitoring of conditions affecting social sustainability;

(v) Building a strong management capacity in the National Commission for Protected Areas;

(vi) Specific project components addressing biodiversity mainstreaming, building partnerships with civil society, together with other national and international institutions, to assure a more comprehensive approach to the root causes of biodiversity loss.

2. ***Critical Risks (reflecting assumptions in the fourth column of Annex 1)***

107. Risks refer to the possibility that assumptions defined in the logical framework may not hold. For reading convenience, these (and the corresponding risk minimization measures) have been clustered in five main groups in the table below.

Risk	Risk Rating	Risk Minimization Measure
• Insufficient government support (financial and incentives).	M	SINAP strategy and related budget is being documented and submitted to the new Administration with backing of discussion end endorsement from scientific, civil society and international circles, in order to provide the best case for continuity.
• Obstacles to mainstreaming (re- subsidies and sectoral programs incompatible with protected areas)	M	The Technical Committee within the National Commission will promote political and policy dialogue between the relevant government agencies at the federal level.
• Social conflicts (poverty, migration) affects project performance	S	The social participation strategy is designed to take into account the legitimate interests of the owners and users of the lands and resources protected under the federal decree, strengthening their organizations and institutions to empower them in the process of developing contractual arrangements and partnerships with the reserves management.
• Constraints to sustainable use (options, capacity, markets, support)	M	The sustainable use component is complemented by mainstreaming efforts. The institutional support at the central and reserve level where social and productive expertise will be integrated into the reserve team, is designed with the participation of the beneficiaries in order to guarantee that their knowledge is taken into account in the selection of technologies, products and market strategies. Additional efforts by both executing agencies will be complement with support from international agencies assistance in the field.
• Fiscal crisis affects project execution	N	Impacts of fiscal crisis should be limited as the endowment is a long-term instrument and could bridge periods of occasional financial shortfalls.
• Instability in financial markets could limit endowment earnings	M	Diversified, risk-managed investment portfolio
Overall Risk Rating	M	

Risk Rating: H (High risk), S (Substantial risk), M (Modest risk), N (Negligible or Low risk)

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Annex 1. Project Design Summary

MEXICO - CONSOLIDATION OF THE PROTECTED AREAS PROGRAM

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
a. Sector-related CAS goals * institutional development and decentralization of environmental management * improved management of natural resources * assistance in the design of sector policies b. GEF Operational Program OP1, arid and semi-arid zone ecosystems OP2, coastal, marine, and freshwater ecosystems OP3, forest ecosystems OP4, mountain ecosystems c. Project global objective Consolidate the conservation of biodiversity in Mexico's natural protected areas.	Trends in the rate of habitat conversion in protected areas included in the project. (Hectares/year in Year 5) (Hectares/year in Year 0) Trends in the frequency of observations of indicator species selected for each area.	Baseline data Monitoring on regular schedule of FANP project Midterm evaluation 2005 Final evaluation 2008	*Continuation of governmental support for conservation and sustainable use of natural resources in the new and subsequent administrations. *Responsible agencies and organizations address problems having negative effects in protected areas. *Elimination of government programs that generate or promote migration into protected areas.

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
Project development objectives:			
1. Conserve globally important biodiversity in selected areas of the National System of Protected Natural Areas (SINAP)	• Frequency of observations of selected indicator species • Rate of habitat conversion in each area.	• Reports of protected area directors.	• There will not be extreme climate conditions ("El Niño" years). • Government programs do not generate or promote migration into protected areas. • Government support to the project is maintained or increased after the change of government
2. Promote sustainability of productive activities in the selected areas (economically, socially, and environmentally).	• Proportion/ Rate of change in the area under sustainable management • Proportion/ Rate of change in the number of land users applying sustainable practices after 3 years. • Proportion of land users/ land area practicing sustainable technologies after 3 years from their introduction • Proportion of land users adopting sustainable practices without continued reliance on direct training from the project.	• Reports from protected area directors • Selected socio-economic surveys	• Sustainable productive practices generate equal or greater economic value in comparison with unsustainable practices • National and international demand for products generated by environmentally sustainable projects is stable or increasing. • There are no major subsidies for practices not compatible with conservation.
3. Promote social co-responsibility for conservation.	• Number of participatory forums functioning effectively after 3 years from their establishment • Number of conservation initiatives where local communities participates in the design and/or execution	• Directors of protected areas • Selected reserve-level studies on social participation	• Government support to social participation for biodiversity conservation and sustainable uses is maintained or increased

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
4. Promote the inclusion of biodiversity conservation and sustainable use criteria in development projects and other practices affecting the selected protected areas.	• Proportion of protected areas with multisectoral Advisory Committees (CAMs) and other mechanisms for participation established. • Proportion of development projects incorporating biodiversity-friendly criteria • Number of contracts and agreements among protected areas and other agencies signed • Number of consultations and agreement between National Commission for Protected Areas and Development Agencies at the Municipal, State and Federal level	• Community records • Development project documents • Ejido authorities • Protected area directors • Agreements and minutes of meetings	• No negative fiscal incentives for unsustainable production • International aid supports sustainable uses of biodiversity • The macro-economic context is favorable and does not cause increases in poverty levels
Products and Results			
1.1 The selected protected areas achieve the objectives of their respective management programs, short and medium term.	• Rate of compliance with objectives programmed by protected area, with assigned budget.	• Annual reports of protected area directors • Financial records of protected areas.	
1.2 Resources available at local levels for management of selected protected areas are increased	• Percentage of resources for conservation mobilized at the protected area level • Actual rate of increase in resources per area, per year	• Financial records of protected areas.	• Increases in the private sector's interest in conservation. • Approval of fiscal incentives for the private sector to promote permanent participation. • Information on local contribution to protected areas is readily available

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
1.3 Capital resources for biodiversity conservation and sustainable use increase	• Central level: percentage increase of FANP resources • Local level: proportion of protected areas with local capital endowment	• Financial records of protected areas.	
2.1 Area under sustainable use is increased or maintained	• Proportion of areas under sustainable management, in the buffer zones and zones of influence of the project	• Records of the protected areas. • Project management information system (SII)	• Maintenance or increase in government support for activities that avoid unsustainable uses of soil and water.
2.2 Protected areas, public and private institutions, and social organizations have more personnel trained in planning, design and implementation of sustainable projects.	• Number of persons who participate in training and are applying it. • Number of projects successfully implemented, per year, following training • Percent of projects that continue operating after the third year.	• Protected area records. • Project management information system (SII)	• Climatic and social conditions appropriate for training programs.
2.3 Appropriate technologies (including indigenous knowledge) for sustainable production are made available for exchange, dissemination replication and adoption by producers.	• Number of persons who apply appropriate technology without receiving direct training each year. • Number of projects implemented per year, per area, incorporating sustainable technologies, without direct financing from the project. • Number of projects still succeeding after the third year.	• Protected area records • Project management information system (SII)	• Government agencies, businesses, and business organizations provide additional assistance. • Economic conditions in Mexico are maintained or improved after the change of government. • Resources generated by improved technology will be used in socially and environmentally acceptable ways. • Qualified providers of training and technical assistance, or resources for their development, are available.

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
2.4 Knowledge about markets for sustainable products and/or services is disseminated	• Proportion of producers informed of market opportunities for sustainable products	• Selected protected area level surveys	• Markets exist for products and services generated in/around/by protected areas.
3.1 Opportunities for social participation in conservation and sustainable use and biodiversity are increased	• Degree of attendance to participatory forums • Annual change in the number of agreements of collaboration for management or environmental aspects between protected areas and NGOs, universities, research centers, the social sector, etc.	• Protected area records • SII • Number of agreements	• Political conditions in the region permit social participation in conservation and sustainable use.
3.2 Principles and objectives of conservation and sustainable use of biodiversity are gradually adopted by inhabitants of the Protected Areas.	• Proportion of the components in the management plan where communities participated in design and implementation • Number of agreements negotiated and approved by users and protected area personnel each year. • Percent of projects initiated continuing three years after termination of financial support.	• Protected area records • SII • Community / elides minutes and records	• No major social conflicts prevent dialogue and agreement with social actorst

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
4.1 Objectives and practices of development agencies are made gradually more compatible with conservation and sustainable use of protected areas (via reorientation of public investment)	• Proportion of relevant programs affecting protected area that incorporate criteria of compatibility with objectives of biodiversity conservation and sustainable use	• Annual reports of involved government agencies	• Government agencies not responsible for the environment have political willingness to increase their knowledge and support of environmental protection needs. • Government commitment to biodiversity conservation and sustainable development is maintained or increased. • No major social conflict in the areas beyond the scope of the social participation sub-component
4.2 Financing from institutions other than the Protected Areas Commission, directed toward conservation and sustainable use in the protected areas is increased	• Percentage of annual increase in additional support, in cash or in kind, coming from institutions other than the protected areas commission. • Number of agencies not focused on environment, that provide support relevant to the project, per year. • Proportion of local producers obtaining access to sustainable use programs financed by development agencies	• Annual reports of government agencies (sums in cash or equivalent) • Protected area directors	• The allocation of additional resources to sustainable development and conservation is maintained or increased.

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
Components and Sub-components (Component 1, 2 and 3 contribute to objectives 1, 2 and 3; Component 4 contributes to all objectives; Component 5 contributes to objective 4)			
1: Expansion of FANP		Financial report (asset manager report, reports documenting fund raising campaign)	Matching funds available according to predetermined schedule
1.1 Endowment of capital • Permanent endowment for protected areas	US$ 45 million in endowment funds (Total $ 45.00 M; GEF $ 22.50 M)		
1.2 Fundraising • Consultancies, studies on the donor markets, travel, membership campaigns, dissemination and outreach	Total $ 2.40 M; GEF $ 1.20 M		
2: Protected Areas Conservation Management		FANP quarterly report, fiscal budget report, disbursement report	Fiscal counterparts funds available, FANP funds disbursedreguraly
2.1 Implementation of Protected Areas Management Plans • Staffing, development of management programs, and provision of basic infrastructure and recurrent costs to protected areas	Total $ 31.0 M; GEF $1.9 M		
2.2 Increased knowledge of protected areas • Targeted, applied research, including inventories, for M&E purposes	Total $ 2.80 M; GEF $0.0 M		

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
3: National Commission for Protected Areas Coordination Program • Capacity building and technical assistance to the protected areas • Strengthening and operation of the monitoring and evaluation system • Social participation in the protected areas program: studies and consultations to evaluate relationship local stakeholders and protected areas • Training in conflict resolution for staff of CTAs and protected areas	Total $ 5.40 M; GEF $ 0.20 M	FANP reports, disbursement reports	
4: Institutional Strengthening • Government institutional strengthening (studies to define detailed functions of the National Commissions department, human resources and staffing plans, etc.) • Consolidation of CONANP (consultations with protected areas participatory forums; travel expenses for visits to protected areas) • CSOs/ NGOs institutional strengthening (web sites, workshops, training, publications to establish the Mexican conservation learning network)	Total $2.50 M; GEF $0.00 M	Disbursement reports, supervision reports	

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
5: Mainstreaming Conservation and Sustainable Use Policies Protected area-level: • Mainstreaming strategies (studies, consultations, workshops) • Training of staff and community representative to improve access to sustainable development programs • Local community planning (workshops, smallconsultancies, studies) National level • Studies to assess impacts on biodiversity of national development programs and to propose alternative design • Workshops and consultations to facilitate dialogue between the National Protected Area commission and Federal/ State development agencies	Total $17.30 M; GEF $5.30 M	Disbursement reports, supervision reports	

The specific activities of each protected area (components) to achieve the projected results, will be designed by the technical team for the area, maintaining the logic of the process, for medium term and final outcomes.

Annex 2 - Incremental Cost Analysis

Overview

The project's general objective is to increase the permanent protection of the globally significant biodiversity of a mega-diversity country. The project would contribute to the conservation of Mexico's highly diverse biota by establishing a reliable basis for sustainability of its protected area system. The GEF alternative would achieve these outputs at a total incremental cost of US$46.60 million, of which GEF would contribute US$31.1 million and the Government of Mexico and others would contribute US$15.5 million. Total project costs are US$106.40 million, of which US$ 44.6million is to be provided by the Government of Mexico, US$ 30.7 million by private and bilateral donors, and US$ 31.1 million by GEF.

Context and Broad Development Goals

Estimates suggest that Mexico harbors more than 10% of the biological diversity of the planet (Toledo and Ordóñez 1993), making it one of the 12 megadiverse countries in the world. Mexico is the country with the highest ecological diversity in the Americas (Dinerstein *et al* 1995), and a key center of origin of agricultural crops (Ramamoorthy *et al* 1993). Mexico has already lost more than 95% of its humid tropical forests and more than half of its temperate forests (Dirzo 1992). The percentage of arid regions lost is difficult to quantify, but it certainly amounts to more than half of the original cover (CONABIO 1998). Conversion of natural habitats has been dramatic in this century. Although decrees on protected areas date back to 1876, it has only been in the last two decades that both GOM and broad sectors of society have become involved in their protection. Until 1994, most of the protected areas lacked management programs, personnel and a basic operating budget (SEMARNAP 1996). Significant changes have occurred in the last five years, thanks to the mobilization of Mexican civil society and of the international community in support of conservation. However, this still does not guarantee the long-term global biodiversity benefits from conservation of Mexico's ecosystems and habitats.

Over the past five years, the Government of Mexico has dramatically increased its support for protected areas, increasing the total number of protected areas from 99 in 1994 to 119 in 2000 and the total budget from less than half a million dollars in 1994 to $5 million in 1999. As of early 2000, 52 areas have a "core team" of basic personnel -- director, administrator, and two project directors, as well as some level of basic recurrent costs (office, equipment, coordination and administration). Ten of these also have assured basic "resource security" for operating, conservation, and community activities via the FANP program endowed by a $16.48 million contribution in the 1996 restructuring of the pilot phase GEF Mexico Environmental Project.

Most of the protected areas have additional support from a variety of academic, NGO, and private sector sources, as well as international public and private sources. A study of 24 priority areas (beyond the 10 covered by the FANP endowment) commissioned for the preparation of this project shows that they depend on public sources for nearly 80 percent of their income (of which one-third comes from international sources and two-thirds from national sources). Another 10 percent is provided by national and international NGOs, 4 percent comes from the academic sector, and the remainder from others. (Perez Gil 2000) The figures must be regarded as approximate because they do not take into account the

value of in-kind services provided by various organizations and because complete financial data was not available in all cases. On average, however, the level of investment per year in each of the 12 areas selected as priority for this project was slightly less than US$ 106,000 and less than $20,000 from other sources (national, bilateral and private) over the past three years. Perhaps not surprisingly, assistance from international sources is concentrated in the northern part of the country, and assistance from the private sector is concentrated in two areas: Cuatro Ciénegas and Banco Chinchorro. These funds all contribute to a baseline of protection for Mexico's biodiversity but more resources are needed to assure the long-term protection of these globally significant resources.

The broad development goals of this project are to extend the concept of basic "resource security" achieved in the 10 areas supported by the first GEF project, to an additional 12 protected areas over an eight-year period, and as additional capital is raised, to still more of the areas identified as of highest priority for conservation. These development goals also include the long-term certainty of global biodiversity protection in the SINAP. The project would:

a. Conserve globally important biodiversity in selected areas of the National System of Protected Natural Areas (SINAP).
b. Promote and implement sustainable productive processes in the protected areas' buffer zones, to achieve conservation in collaboration with the communities and stakeholders,
c. Consolidate social support for conservation by enhancing opportunities and local capacities for participation.
d. Promote the inclusion of biodiversity conservation criteria in development projects and other practices affecting the selected protected areas.
e. Mainstream biodiversity conservation into development programs and practices affecting protected areas, thereby helping to address the root causes of biodiversity loss.

Baseline

Under the *Baseline* scenario, Mexico will be able to manage a sub-set of its protected areas, (including those that received support through the restructured GEF Pilot Phase Project that enabled the creation of FANP) as well as to maintain an adequate level of central support to the system. The 12 additional priority areas would continue to receive basic level of operational funding. SEMARNAP would provide funds for supervision, management planning, and some monitoring as well as coordination from the central office. However, the baseline scenario resources are not adequate to assure permanent conservation of the global biodiversity benefits of the SINAP. The estimated detailed baseline by component is as follows.

1. <u>Expansion of the Fund for Natural Protected Areas</u>

Fund raising for the FANP endowment would be constrained by the dearth of donors willing to fund basic conservation and/or to contribute resources to a capital endowment, and would concentrate on meeting the US$ 5m target established under the existing project. Considering that in addition to that target, other funds are being raised to support conservation at the reserve level (e.g. San Pedro reserve), the baseline is set here at US $ 7m. Resources to aid fund raising would be limited to the $1.2m obtained by FMCN from the McArthur foundation.

<u>2.Protected area conservation programs</u>

Reserve managers would engage in some level of public-private partnerships but would be extremely limited in what they could accomplish in conservation because of the pressures of assuring a minimal level of external support for basic operations, equipment, and community activities. Implementation of this scenario would result in:

a. development of basic management programs for each area and some protection of biodiversity of global significance
b. some level of basic conservation programs and community outreach
c. some level of inter-institutional coordination to identify alternate sources of support for productive sustainable development projects in buffer zones
d. limited generation of revenue from additional sources to cover other recurrent costs

Under the baseline scenario, fiscal resources for basic personnel in the 12 priority areas (estimated here at $ 19.4 million over eight years) would be made available, but their conservation effectiveness would be limited by the lack of additional resources to finance additional conservation costs (community participation, training, etc.). Contributions by private and bilateral donors are expected to amount to US$9.7 million over eight years based on studies of the pattern and level of contributions in the past. In terms of knowledge management activities, these would be financed by private contributions leveraged by CONABIO and academic institutions for an estimated amount of US$ 2.8 million over eight years. Total component cost under the baseline scenario would be $31.9

3.Commission Coordination Program

Under the baseline scenario, the National Commission would support system-wide conservation activities benefiting 12 priority reserves, but it would not be able to finance improvements at the reserve level of its M&E system. Taking 2000 as the reference point, the baseline is estimated as the pro-rated costs of central support to 12 reserves: this is an appropriation of US$ 5.2 million over eight years.

4. Institutional strengthening

The National Commission would pursue its objective of consolidating itself from the institutional standpoint, and to implement its strategic and operational plans. In addition, FMCN would continue its partnership with PACT and TNC to create a Mexican Conservation Learning Network (MCLN). Total estimate for the baseline is $2.5m

5. Mainstreaming Conservation and Sustainable Use Policies

Data from the study of financial support to thePAs proposed for inclusion in this project indicate that the 12 priority areas received some $1.5 million per year from Mexican agencies (municipal, state, national) other than INE in 1999 (PerezGil andJaramillo 2000). On this basis, it is expected that baseline counterpart funds for the 12 reserves in eight years will reach at least US$12 million. However, it is unlikely that in the absence of efforts to re-orient, prioritize, and up-scale them, these activities would make a lasting difference onbiodiversity conservation and sustainable use.

The total estimated cost of the baseline scenario is US$ 59.8 million. Budget tables with additional information on the sources of these figures are presented in Annex 6.

Global Environmental Objectives

A consolidated and sustainable protected area system will help conserve a large proportion of Mexico's rich and uniquebiodiversity and to maintain ecological and evolutionary processes of unique global importance. The global objective of this project is to consolidate the conservation of globally significant biodiversity in protected areas in Mexico, guaranteeing conservation and maintenance of global biodiversity benefits over the long term. Without the GEF contribution, these benefits would not be realized.

GEF Alternative

Under the *GEF Alternative* scenario, Mexico will be able to set the basis for sustainability of its SINAP and maximization of the global benefits of a mega-biodiversity country based on long-term planning, comprehensive social participation programs, inter-institutional coordination at local, intermediate and national levels to "mainstream" biodiversity concerns with state and national government and development agencies and to direct appropriate sustainable social development to zones around the protected areas. In addition to basic personnel, the protected areas will be able to count on adequate basic funding for conservation and community outreach programs, enhanced biological and social monitoring, pilot funding for programs to address the root causes of biodiversity loss, and effectively combat threats to globally critical habitat. Specific components of the GEF alternative include:

1. Expansion of the Fund for Natural Protected Areas

US$45 million would be provided in equal parts by the GEF and other donors for increased capitalization of the endowment, thereby promoting long-term conservation of protected areas and permanent protection of globally significant biodiversity.

In addition, fund-raising activities would be upscaled and expanded to a total of $ 2.4m to meet the challenge of increasing the FANP endowment.

The total alternative cost for this component is $47.4 million

2. Protected area conservation programs

The GEF alternative would permit full implementation of management programs, including more effective social participation mechanisms, via the additional resources obtained from FANP interest, which would complement the fiscal allocation of GOM, and contributions from private and bilateral sources ($29.1 million). In addition, GEF bridge financing of $1.9m would be provided (US $159,085 per-reserve added to the endowment) to avoid the need for waiting one year until interests are accrued. These funds would finance reserve operation upon their inclusion in the program during the initial start-up year during which interest income is being earned. Baseline expenditures for knowledge management would be unchanged under the GEF Alternative.

Total cost for this component under the GEF Alternative is estimated at $33.8 million.

3. Commission Coordination Program

In addition to regular central coordination activities, the alternative would finance comprehensive monitoring of biological and social indicators in the 12 priority reserves. Costs of this component are estimated at a total of US$ 5.4m

4. Institutional strengthening

The alternative encompasses the same activities of National Commission, NGO and CONANP strengthening described in the baseline. However it is plausible that the same resources of $2.5m would

have larger biodiversity benefits than in the baseline because of the synergies with the GEF-financed activities.

5. Mainstreaming Conservation and Sustainable Use Policies

The alternative entails promoting a coordinated approach to regional development that would minimize impacts of development on protected areas and maximize benefits of development in ways that address root causes of biodiversity loss . The GEF alternative would complement baseline resources by financing protected area-level mainstreaming strategies, sub-grants to mainstreaming activities, and inter-agency coordination at the national level, for a total of $ 17.3m

Total expenditures under the GEF Alternative scenario are estimated at US$ 106.4 million.

Incremental Costs

Total expenditures under the Baseline scenario are estimated at $59.8 million, while the total estimated costs of the GEF Alternative are estimated at $106.4 million. The difference between the cost of the Baseline Scenario and the cost of the GEF Alternative is US$ 46.6 million. This represents the incremental cost for achieving global environmental benefits. US$ 31.1 million is requested from the GEF, and the balance of $15.5m will come from other sources, representing a significant leveraging of GEF resources.

Process of Negotiation: The agreed incremental cost of the project and GEF contribution have been the subject of intensive discussion between the project team, WB staff, and the GEF Secretariat during project preparation. The proposed contribution to incremental costs from non-GEF sources is viewed as ambitious, but the national focal point and responsible ministry (SEMARNAP) have agreed to this cost-sharing ratio in view of the significant commitment of scarce GEF resources.

Incremental Cost Matrix

Component	Cost Category	Cost (US$ million)	Domestic Benefit	Global Benefit
1. Expansion of the Fund for Natural Protected Areas				
1.1 Endowment capital	Baseline	$7.00 M	Basic level of ecosystem services maintained	Some protection of biodiversity of global importance
	GEF Alternative	$45.00 M	Enhanced level of ecosystem services maintained	Fully representative selection of priority ecosystems and biodiversity under effective long term protection
	Increment	$38.00 M		
1.2 Fundraising	Baseline	$1.20 M	Endowment funds for some areas/activities	Some protection of biodiversity of global significance
	GEF Alternative	$2.40 M	Endowment funds for highest priority areas/activities	Protection of priority ecosystems under effective long-term management programs
	Increment	$1.20 M		
2.Protected area conservation programs				
2.1 Implementation of Management Programs	Baseline	$29.10 M	Basic level of ecosystem services maintained	Some protection of biodiversity of global importance in the short term
	GEF Alternative	$31.00 M	Basic level of ecosystem services maintained	Effective implementation of management programs resulting in protection of biodiversity of global significance in selected protected areas.
	Increment	$1.90 M		
2.2 Increased knowledge on PAs	Baseline	$2.80 M		Improved knowledge on genetic species and ecosystem diversity in protected areas
	GEF Alternative	$2.80 M		Improved knowledge with additional benefits on PA management
	Increment	$.00 M		
3.Commission Coordination Program	Baseline	$5.20 M	Coordination of PA program in 12 priority areas	
	GEF Alternative	$5.40 M		Effective coordination of domestic and global objectives, including strengthened SINAP monitoring and evaluation system
	Increment	$.20 M		

Component	Cost Category	Cost (US$ million)	Domestic Benefit	Global Benefit
4. Institutional strengthening	Baseline	$2.50 M	Improved capacity to carry out programs	
	GEF Alternative	$2.50 M	Same as baseline	Synergy with expanded FANP-supported activities may result in increased institutional effectiveness.
	Increment	$.00 M	.	.
5. Mainstreaming Conservation and Sustainable Use Policies	Baseline	$12.00 M	Some economic alternatives developed for marginalized populations	Some potential for threat reduction in the short term
	GEF Alternative	$17.30 M	Improved access to alternatives of sustainable use of biodiversity	Economic alternatives developed and selected in accordance with priorities and criteria linked to reduction of threats. Sustainable finance available due to mainstreaming/reorientation of regular development programs
	Increment	$5.30 M		

Total	Baseline	$59.80 M		
.	GEF Alternative	$106.40 M		
.	Incremental Cost	$46.60 M		
.	**Financing Plan:**			
.	GEF	$31.10 M		
.	GOM, other sources	$15.50 M		

ANNEX 3. STAP REVIEW

STAP REVIEWER: DR. JOHN RAPPOLE

This annex contains documents which illustrates the process followed for the STAP review of the project, including both a version of the project brief prepared in March 2000, as well as the current version (September 2000) of the project brief. The documents are the following:

March 2000 project brief:

a) Initial comments provided by the STAP reviewer

b) World Bank's response to the comments

c) Observations of the reviewer on the World Bank response

September 2000 project brief:

d) STAP reviewer's comments and Bank reply, consolidated in one documents, with STAP reviewer's text in *italics*. (NOTE: references to page and paragraph numbering in the reviewer's comments may not always correspond to the document presently submitted, due to final editing/ formatting).

e) Asked for feedback on the Bank's reply (illustrated in section d) of this annex), the STAP reviewer indicated in a separate e-mail that "The responses answer all of my questions on the proposal, and I have no further comment. In my opinion, the proposal is sound, and requires no additional modification".

Independent Technical Review of the Project Concept Document entitled

"Mexico Consolidation of the Protected Areas Program"

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3 March 2000

1. Global Priority of the Proposal in the Area of Biodiversity Protection :

The "Global Significance of Biodiversity Protection in Mexico" is well-documented in the proposal. The proposed project should be at the top of the list of global priorities for biodiversity protection for three reasons:

a. ***Mexico is one of the most biologically diverse regions in the world***. (Ramos, 1988, Dinerstein et al. 1995).

1) Mexico has been ranked fourth among the countries of the world in terms of overall biodiversity, after only Brazil, Colombia, and Indonesia.

1). The Biodiversity Support Program identified 4 Major Habitats of Global Significance for the country: Tropical Moist Lowland Forest; Tropical Moist Montane Forest; Mexican Dry Forest; and Mexican Xeric (USAID, 1995).

2) BirdLife International (formerly the International Council for Bird Preservation) identified 14 endemic bird areas for the country, which together hold 102 species of restricted-range birds (ICBP 1992).

3) Mexico contains areas ranked "Regionally Outstanding" in terms of Western Hemisphere biodiversity for plants, mammals, birds, insects, fish, reptiles, and amphibians (USAID 1995).

3) 90% of North America's 350 species of long distance migratory birds spend some portion of their life cycle in Mexico (Rappole et al. 1983).

4) 1,070 species of birds are found in the country, more than any other country in North America (Howell and Webb 1995).

b. ***Mexico's natural habitats are among the most threatened in the world.***

1) Less than 5% of Mexico's native humid tropical forests remain (Dirzo 1992).

2) Among countries in the Western Hemisphere, Mexico has the highest number of threatened amphibian and reptile species, and only Peru ranks higher in terms of number of threatened mammal species (World Resources Institute 1992:304).

3) Mexico's 4 Major Habitats of Global Significance are all considered "Endangered" or "Vulnerable" (USAID 1995).

c. ***Threats to human physical and economic well-being result from destruction of biodiversity***. Recent flooding and mud-slide events in Mexico, Venezuela, Guatemala, and Honduras have demonstrated the potentially catastrophic effects on human life and livelihood that can result from removal of tropical forests from steep slopes and watersheds. These events make clear that preservation and/or restoration of biodiversity are not altruistic endeavors. Rather, they are critical to the long-term well-being of human populations in the region. In terms of the immensity of such threats, Mexico ranks quite high globally because of the extent of its deforestation, the frequency of intense precipitation events in certain areas (e.g., the Tuxtla Mountains, Lacandon, Chimalapas/Uxpanapa, and portions of the Sierra Madre Oriental), the steepness of the slopes in these same areas, and the exposure of human populations to the effects of these threats.

2. Cost-Effectiveness of the Proposal in Achieving Biodiversity Conservation in Selected Protected Areas:

Cost effectiveness will depend upon:

a. ***Government commitment in terms of both funds and human resources***. Ultimately, the actual work of coordination, implementation, enforcement, and evaluation of any management plan must be done by the Mexican government. Other organizations and individuals can provide advice, guidance, funds, and oversight, but the principal responsibilities for action rest on the government. No other institution can or should take on these responsibilities. If the government does not back the project's goals, little can be accomplished. Therefore, government representatives should be intimately involved in their construction. The proposal documents that the Mexican government, at least since 1994, has lent considerable support towards achieving important goals in preservation of biodiversity. Nevertheless, with elections coming in July of this year, there are reasons for concern regarding the future of the programs. The elections place a critical element of time for approval and implementation of this project. The Mexican political process is in the midst of significant change, the results of which cannot be foreseen. Given the political environment, it seems probable that the best hope for maintenance of government environmental programs is rapid construction of a sound bureaucratic infrastructure, which is, in turn, dependent in part on funding of this program. The degree to which programs are in place and well-established may determine the likelihood of their survival during the change-over and beyond. Considerable momentum has been developed to date, and every effort should be made to build on that momentum.

b. ***Existing infrastructure for conservation planning***. The current organization looks sound, although I have some questions regarding composition of controlling and oversight bodies such as the FMCN board. How many representatives of government agencies and administration are included on the FMCN board? Are there people who know and have influence over the various environmental responsibilities and programs at various level of the government's conservation and development agencies? Are there people familiar with or who have influence over the politics of

conservation at the highest government levels? Is there representation of local community values, questions, and needs by one or more persons who actually live in such communities? Is there anyone expert in the field of trust investment and administration?

c. ***Existing infrastructure for conservation management implementation*** This aspect must come largely from SEMARNAP, but what role do the FMCN or CONANP play in advice or oversight.

d. ***Enforcement.*** The sections explaining what has been done by the government to improve enforcement of environmental regulations are impressive. They represent a considerable improvement on earlier efforts. Nevertheless, there is a great deal of information available on how to structure enforcement by involving local people, not only as advisors, but as implementers. This information should be used to create enforcement systems that are effective in making certain that regulations are complied with while maintaining a good working relationship with local people.

e. ***Mechanisms for public involvement and support in achieving management goals*** Several such mechanisms are suggested in the proposal. Others could be included, based on ideas used elsewhere to raise public funds for support of national conservation initiatives, such as: 1) Voluntary tax check-offs, with funds earmarked for the Conservation Program; 2) Conservation license plates available for small, additional fees; 3) Public service announcements on television, radio, or newspapers; 4) Incentives, mitigation, trade-offs, and payments for natural resource users and polluters; 5) Web sites with different emphases, e.g., research, land use planning, biodiversity, ecotourism, economic options for local people, and social issues.

f. ***Professional monitoring and advising for the trust investments to achieve the optimum balance between safety and return.*** Given the size of the endowment, very significant differences in amounts of annual funds available to support activities can be realized depending on how the funds are invested. At present, 7.8% on the 45 million dollar endowment is projected, for a 3.5 million dollar annual return (details in Annex 6). Investment specialists should be consulted to see whether this rate can be improved upon. All investments, of course, bear a certain level of risk, and given the urgency of current environmental needs, and the already significant risks regarding long-term government support for the program, perhaps a somewhat higher level of risk is warranted for higher returns. More money spent sooner may be a risk worth taking. Also, the current level of returns, while decent based on US inflation rates over the past few years, could be hurt significantly by a year or two of higher inflation rates (5-10%), which would see the size of the endowment dwindling in purchasing power. In any event, the FMCN should, perhaps, include one or more board members from the financial community to provide advice on this aspect of the project.

3. Adequacy of the Project Design

The project design has been well-thought out with obvious input from experts in a broad array of disciplines pertinent to management of protected areas for biodiversity as well as those involved with balancing biodiversity and sustainable development. There are two key, related issues that are not clear in the present design: flexibility and ultimate responsibility.

a. ***Flexibility*** Flexibility should be built into the program from the start so that, if the political, economic, or social conditions and assumptions under which the program was developed change, then alternative objectives and procedures can be pursued to keep moving forward toward the ultimate goal

of protecting biodiversity while sustaining development. The key to such flexibility is the FMCN and similar oversight units. They must have the mandate and authority to develop and implement alternative priorities to meet changing circumstances. Without such flexibility built into the plan, there is a danger that the program will falter when the first signs of change occur. Examples of such flexibility might include: 1) change in the number or location of selected areas, 2) modification of programmatic content, 3) alteration of funding priorities from land acquisition to infrastructure or vice versa.

b. ***Lines of authority*** It is not clear what the various lines of authority and responsibility are within the institutional framework of the organizations involved. For instance, who ultimately responsible for project oversight and implementation among the three partners: the FMCN board as those holding and disbursing the funds?, CONANP as an outside advisory group, SEMARNAP as the chief coordinator and implementer? These roles should be very clear from the outset. An overview identifying the principal administration entities is provided on pp. 30-33 of the Project Concept Document, but this does not make clear how major programmatic decisions will be made and what entity holds overall responsibility for project implementation. Also, it is not clear who makes up each of these units in terms of background, expertise, and professional affiliation (i.e., are they academics, politicians, bureaucrats, businessmen, ngo representatives, local functionaries, international consultants, or who?). A Table of Organization spreadsheet showing who is in charge of what aspects, and who answers to whom, would be very helpful.

c. ***Monitoring and evaluation*** - Monitoring and evaluation are described in detail on pp.32-33 where it is explained that the "*monitoring and evaluation system for this project ...[is].. based on general indicators for the whole program as well as indicators for each area that summarize the status of each aspect of the program.*" Further along, however, a system is explained that establishes only 5 indicators: 1) rate of habitat conversion, 2) frequency of indicator species, 3) # of people involved in sustainable use projects, 4) hectares under various types of management, and 5) population size in buffer and core areas. These factors seem fine for evaluating progress at the level of the protected areas. But what about overall progress of the program. The PCD states, *The independent evaluation noted that while administrative and financial supervision in the FANP project is generally excellent, and the logical framework represents a significant advance, there is lack of consistent national standards and norms for monitoring at the intermediate level..." (PCD, p. 38).* So an independent evaluation states that the administrative and financial supervision is excellent, but what criteria are used, and who does the evaluation? For instance, who examines the following kinds of aspects and how often: 1) coordination efficiency between the partners (FMCN, the Mexican government, CONANP, and local communities), 2) rate of protected area establishment, 3) accountability for budgets and expenditures at all levels, including FMCN, 5) return rates on endowment fund investments, 6) success rates in locating funds from the private sector and bilaterals, 7) success in establishment of "mainstream" collaborative projects between SEMARNAP and sister development agencies.

d. ***Community involvement*** The "Executive Summary of the Interim Project Evaluation" states, "[*There are] few economic and fiscal alternatives for the owners of the land (ejidos, community and private owners) that could serve as an incentive to conserve natural ecosystems,*

especially the core of the natural protected areas." This problem is critical. Establishment and maintenance of a positive dialog and relationship between local people and protected area managers begins with obtaining the land for the protected area. Care must be taken so that those who own or occupy the land are fairly compensated. Otherwise you lay the groundwork for bitterness that will last quite literally for generations (Reeder and Reeder 1978). This problem is mentioned on in the PCD on p. 38, but no specific guidelines are given to explain exactly how lands will be procured.

Investment in creating ecologically suitable, sustainable economic efforts in the local community and "mainstream activities" also were not explained in detail. However, they should involve programs such as administration of low-cost loans; formation of cooperatives; agricultural, forestry, and husbandry extension activities; etc. The present idea is to pay for these efforts with a 6.5 million dollar sinking fund instead of an endowment, based on the reasoning that these project should become self-sustaining. Extensive experience with various sustainable development projects has shown The World Bank, USAID, and other agencies that the "sustainable" part is often quite difficult to achieve (Wells and Brandon 1992). Yet, the long-term success of any protected area depends on successful maintenance of good relations with the local people. More thought should be put into development and implementation of mainstream activities, and they should be stimulated by endowment funding for as long as they are necessary. Once projects in a particular area are judged self-sustaining, the funding could be withdrawn for use elsewhere.

e. ***Research*** Research is given short shrift in the PCD (2 paragraphs on p. 20), which states, while research is important, it will be CONABIO's responsibility and no GEF funds will be used for this purpose. Three reasons are mentioned for why research is important: 1) Knowledge is useful for protected area management ("vital" would be a better descriptor); 2) Data generated permit improved understanding of complex ecosystem functions; and 3) The information can be used to value ecological goods and services. These three seem pretty valuable in themselves, but there are other reasons why research is a vitally important and sound investment: 1) Establishment of protected areas often is insufficient to reverse the deterioration and disappearance of the ecological values that make a site important. Research can identify the needs and corrective measures for those values deemed most critical; 2) Students who will become the country's leading scientists, environmental activists, teachers, and conservation managers get their training, and build their own values, doing research on biodiversity topics in protected areas; 3) Research support is a low risk-high return investment. The amount of funds required to support a project on a protected area amount to only a few thousand dollars a year, while the returns in terms of useful information and student training are considerable. In short, the project should do more to encourage research on its sites than simply to allow CONABIO access. The program will profit in the long run.

4. Feasibility of Implementation:

It is obvious that implementation of the project, although challenging, is feasible. The plan is based on an extension of structures already in place, which have been tested and used successfully for 10 existing areas. The current plan takes the modified design of the original and attempts to improve upon it based on experiences gained in the previous efforts at implementation, as well as additional advice garnered from workshops and program review by outside experts. It is clear from the depth and

breadth of the present plan that few details have gone unexamined. Nevertheless, there are significant challenges to successful implementation:

a. ***Mexican government support*** The Mexican government will make the lion's share of the support for the program with 22.5 million in endowment funds and 22.5 million in other support (presumably "In Kind" as salaries, infrastructure, etc.). This factor is certainly the most critical aspect of the project, and, unfortunately, the most challenging. Perhaps the best way to develop and maintain such support is to involve as many decision-makers for environmental policy as possible into the process as soon as possible. I do not know the current make-up of the FMCN board or other oversight bodies, but they should include several representatives from various levels of the new government. The sooner these people are brought into the process, the better. Otherwise, these new people are likely to feel that the entire program is a doubtful legacy of the former government or, worse still, a group of agitators attempting to use international funds and influence to dictate internal policy. The new government has to be thoroughly integrated into the program to become part of the process, not just the recipient of instructions and funds.

b. ***Support for and by local people***. The most difficult aspect of management of any protected area is dealing with the local people. The Project Concept Document acknowledges this situation, addressing in general terms the kinds of approaches that have been used and are planned. Primarily, these involve developing various committees, workshops, and environmental education to make local people at least aware of what the goals of the protected area are. The proposal also mentions various long-term strategic benefits, e.g., air quality improvement, water supply protection, erosion reduction, etc. However, these conceptual, hypothetical, and theoretical approaches often do not achieve the goal of convincing local people, who are concerned over whether their next crop is going to support their family, to buy into the idea of a protected area. Too often the people are right in believing that protected area establishment is not going to help them, and will probably hurt them economically, at least in the short run. Therefore it is an important part of protected area establishment to provide specific forms of involvement and economic incentives for the local people up front. These can be in the form of low-interest loans with guidelines as to what they can be used for; advice on agro-economic and marketing issues; formation of cooperatives, school construction and staffing, health clinics, etc. There is considerable mention of "mainstreaming" biodiversity programs in the proposal, but it would be helpful if provision were made for concrete initiatives or partnerships with specific kinds of development organizations were incorporated - at least as model programs at one or two of the proposed protected areas. Perhaps the involvement of development agencies from within the Mexican government in partnerships with FMCN and SEMARNAP could be included as part of the government's "In Kind" financial contribution.

5. Summary I have made several comments and suggestions on specific aspects of the program. However, I did not see any major flaws in the program's goals, objectives, or design. My overall opinion of this document is that it presents a strong, reasonable, and realistic approach to establishing one of the most ambitious conservation programs in the world. The stakes are high in Mexico, and the problems are enormous. These factors make action daunting, and perhaps explain the hesitancy that characterized earlier phases of the program. Nevertheless, there are many reasons to move toward full

funding and implementation as quickly as possible, including the increasing costs of environmental degradation, not only to biodiversity, but to the human community as well. The funds proposed represent a vital investment in the future of the country and the region.

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7. Signature

I certify that the above statements represent my views on the global significance, science, and technical merits of the Project Concept Document entitled, "Mexico Consolidation of the Protected Areas Program."

Signed: _____ Date: 3 March 2000

John H. Rappole

Annex 3 – Part B: Response to the Independent Technical STAP Review of the Project Concept Document entitled "Mexico Consolidation of the Protected Areas Program"
(March 2000 version of the project brief)

Response to the Independent Technical STAP Review of the Project Concept Document entitled "Mexico Consolidation of the Protected Areas Program"

The World Bank team along with its counterpart institutions in Mexico (INE/ SEMARNAP and FMCN) wishes to thank the STAP reviewer for the very insightful and helpful comments provided on the project proposal. In consultation with the Mexican team, the following observations have been prepared on how the issues raised by the reviewer are being addressed during preparation.

Cost-Effectiveness of the Proposal in AchievingBiodiversity Conservation in Selected Protected Areas

a) Government commitment in terms of both funds and human resources

The present Administration is involved in numerous efforts to ensure the continuity to the present programs in conservation. Among these efforts the following are noteworthy:

a) The establishment of the Commission of Natural Protected Areas,
b) Coordinating mechanisms with other Ministries at the highest level,
c) The establishment of a "transition team" in SEMARNAP with the aid of UNDP to ensure continuity between Administrations,
d) Elaboration of a document that describes all the present programs in SEMARNAP and their international commitments, as a legacy and useful guide to the coming Administration.

b) Existing infrastructure for conservation planning

Composition of FMCN board

The FMCN structure (an organigram is cotaied in the project files and is available upon request) is based on an Assembly formed by present and past board members, a board of directors and four committees. In addition, a General Director and four area directors compose the staff. The staff reports to the committees and these in turn report to the board. In the particular case of the Fund for Natural Protected Areas (FANP), the staff reports to the Technical Committee of the FANP (CTFANP) and CTFANP reports to the board.

The board in the FMCN is composed of 20 members that respond to the following areas of expertise:

Area	**Percentage of the FMCN board**
1. Scientific, conservationist	20%
2. Financial, administrative	20%
3. Fundraising	20%
4. Legal (environmental law)	10%
5. Communities (native groups and indigenous cultures)	10%

6. Business, national and international	10%
7. Education, training	10%
Total	100%

According to the FMCN by-laws, members of the board are selected for their high commitment to conservation and moral authority. Only three of the members represent institutions, the rest are selected as individuals. One of these institutional members is the Minister of the Environment (SEMARNAP). A brief description of each of the members is also contained in the project file and is available upon request. As can be observed from the description of the members, they are people with great knowledge on their respective fields with high influence on the conservation world in Mexico at the highest levels.

c) Existing infrastructure for conservation management implementation

While FMCN shares the oversight of the program, CONAP acts only as an advisory board. The following paragraphs describe the mechanisms for oversight in the case of the FMCN, and the mechanisms for providing advice in the case of CONAP:

FMCN

Reports

Within the FANP, financial and administrative controls are contained in the Operations Manual. They involve the monthly review of administrative reports and the four-monthly review of technical reports. The latter have to be first cleared by the central coordination unit within the National Institute for Ecology (INE). Once the monthly administrative reports and the four-monthly technical reports are approved, the next four-monthly disbursement takes place.

Annual Programs

Every August, the directors of the natural protected areas, the central coordinator and the director of the FANP present their Annual Operating Programs. In September, these programs are reviewed together with representatives of World Bank. Once approved by INE, the final version of these Programs is presented to the CTFANP as an Annual Spending Plan and Consolidated Budget. Once approved by the CTFANP, the non-objection from the World Bank is requested. Finally, in December, the FMCN board approves this Plan.

Financial oversight

Every month the financial agent in charge of the investment of the trust fund reports to the FMCN and to a financial expert hired by the FMCN and recommended by the World Bank. The financial expert sends every month an analysis of the investment report to the Director of Finances and Operational Support. Under the supervision of the General Director, the analysis is presented to the Committee of Administration and Finances within the FMCN, which examines the reports and recommends changes in the investment strategy, which are reported to the World Bank. Usually at the beginning of each year, the financial agent, the financial expert and the members of the Committee of Administration and Finances meet to examine and determine the most adequate investment strategy for the year. The conclusions of every meeting from the Committee of Administration and Finances are presented to the FMCN Board, which meets three times per year.

CONANP

CONANP meets at least every four months during the year. At these meetings, both INE and FMCN report on the implementation of the program of natural protected areas financed by GEF. Recommendations and

suggestions are gathered, followed-up and advances are presented in the following meetings. All representatives of the CTFANP are CONANP members, which ensures continuity in the oversight. In addition, one of these CTFANP members is the Chief of the Coordinating Unit of Natural Protected Areas within INE.

d) Enforcement

Since mid-1997 INE has worked very closely with PROFEPA to design and implement supervision and enforcement measures (which include prevention) in protected areas. Along this line, mixed supervision committees (*Comités Mixtos de Inspección y Vigilancia*) have been integrated by representatives of local NGOs, land-owners and community members of a given protected area. Each member has to be carefully selected on his moral background and acceptance of his/her peers. After the selection process is cleared, PROFEPA, in coordination with the protected area director provides a training course, which is obligatory for the members of the supervision committees. This course includes topics like environmental legislation, structure of PROFEPA and INE, and what to do in case an illegal activity is detected. An added plus to the course is that the concept on sustainable development is presented, so that people link their daily activities to conservation of natural resources. Each member has to approve the course in order to be enabled by PROFEPA to undertake enforcement activities. The next step for the committee is to design internal regulations, to establish an annual operating plan, and to determine bi-monthly meetings as well as follow-up mechanisms, so that PROFEPA will continue to give support and guidance on this difficult task. One of the difficulties encountered in establishing the committees is the danger involved for the members and their families undertaking these activities. However, indicators have been established (i.e. the number of illegal activities identified, changes in the types of activities (from non-sustainable to. sustainable)) and results show a significant decrease in the number of illegal activities, which is very encouraging. Presently ten of these committees have been established in protected areas (sometimes more the one committee is established per protected area) and forty new committees in different protected areas are in the process of being established. The activities will be monitored to evaluate the medium- and long-term effect of this enforcement mechanism.

e) Mechanisms for public involvement and support in achieving management

Tax write-offs do not exist at this point in Mexico, but SEMARNAP is working with the Finance Ministry to explore fiscal incentives in the near future. As a first step, tax exemption has already been obtained for those NGOs that work in natural protected areas. Conservation license plates are being explored. National TV already presents spots on the program of natural protected areas and fire prevention in the reserves. Additionally public service announcements already take place in a few natural protected areas in local radio and TV stations. SEMARNAP and several NGOs are working on incentives, mitigation, trade-offs, and payments for natural resources users and polluters. Within the areas, extractive activities are under the regulations of environmental impact, which determine the mitigation that is necessary under the different uses. INE has a web page with basic information on each natural protected area, which is linked to the CONABIO homepage, where additional information on fauna and flora can be obtained. Additionally, some natural protected areas have their own homepages.

f) Professional monitoring and advising for the trust investments to achieve the optimum balance between safety and return

Preparation activities include an evaluation of investment performance of the endowment and the corresponding recommendations. As a result of a January videoconference on the financial aspects of the current program, the financial agent in charge of the investment and the financial expert are preparing different investment scenarios for the current and the new program. The financial agent has also been instructed to issue his recommendation given the present conditions of the market. These different scenarios and proposal to modify the investment guidelines (as suggested by the recent independent evaluation) will be analyzed by a group of financial experts on a World Bank mission next April. Leading

experts from the financial community that form the Committee on Administration and Finances will be involved in all stages of this process to ensure the optimum balance between safety and return.

Adequacy of project design

a) Flexibility

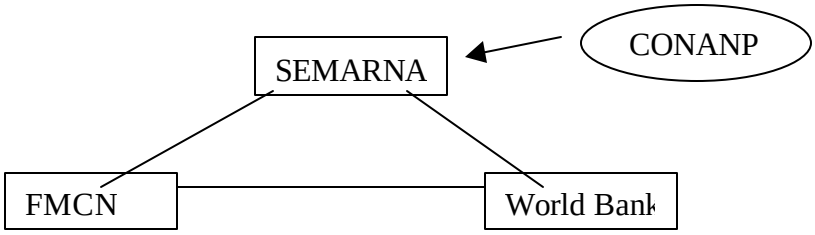
As stated by the independent evaluation, flexibility in the current program has been one of the key to its success, since it allows for adaptive management. The evaluation mentions several examples of this flexibility, which include the relationship between the reserve staff and the residents in the area, institutional support provided in interinstitutional coordination, the relationship between INE and FMCN, and the different mechanisms that have been designed to hire staff in the natural protected areas. Such flexibility is built into the program, which incorporates mechanisms to treat extraordinary circumstances on a case by case basis. Changes to the program usually stem from a request from INE, endorsed by CTFANP and approved by World Bank. So far, changes have been generally granted whenever solid justification has been provided.

In terms of specific changes in the natural protected areas supported by the program, CONANP has played a leading role in determining the areas that are considered priority. Changes in the areas protected would have to be the result of a request from INE, reviewed by CONANP and endorsed by CTFANP, before the authorization from the World Bank. The expansion to other areas (for example due to financial independence acquired by present reserves) and the specific budgets per area (whether infrastructure or other eligible activities are emphasized) are reviewed by CTFANP in collaboration with INE (represented in the CTFANP). Modifications to the programmatic content have taken place to a limited extent in the current program. The possibility of their explicit incorporation to the program will be reviewed in collaboration with representatives from the World Bank during the mid-term review of the current program. This review will serve as a mechanism to incorporate the lessons learned into the current and the next program.

Flexibility should be maintained through official institutional channels within the mandate and roles of the institutions.

b) Lines of authority

In this unprecedented partnership, SEMARNAP is in charge of the implementation of the program and is responsible for the management of the reserves through the INE. FMCN is responsible for the adequate management of the funds. Together INE and FMCN work to ensure that the project cycle is completed on time, and that additional funds are raised for the natural protected areas. CONANP acts as an independent advisory body to SEMARNAP, providing recommendations on the management of natural protected areas, including those supported with GEF funds.



The three institutions (World Bank, SEMARNAP and FMCN) are related to each other in terms of specific roles and functions through the Global Environment Facility Trust Fund Agreement TF028678. This agreement specifies the responsibilities of the FMCN as the Recipient and SEMARNAP as the Guarantor in the program. Further, a detailed explanation of the functions of INE and FMCN is found in the "Subsidiary Agreement" between SEMARNAP and FMCN signed on July 2, 1997. These documents will serve as a base for further definition of roles and functions

during the mid-term revision of the current program planned for June 2000, which will consider the current institutional arrangements.

Within SEMARNAP, UCANP is part of INE and INE reports to SEMARNAP. Within FMCN, the staff in the FANP reports to CTFANP and CTFANP reports to the FMCN Board.

The representation of all sectors of society is ensured at the national level, at the program level and at the reserve level. At the national level, CONANP is composed of members of all sectors of society. The President is a recognized academic with enormous experience on natural protected areas in Mexico. Other members include representatives of communities,NGOs, academia, public and private sector recognized for their expertise in natural protected areas. At the program level, seven members of CONANP form the CTFANP within the FMCN. They include one businessman, two community representatives, two academics (one from CONABIO), one representative from the NGO community and the Chief of the Coordinating Unit for Natural Protected Areas at INE. At the reserve level, the Technical Advisory Councils include also representatives from the private, public, academic, NGO and social sectors.

Regarding the staff currently involved in the program, diverse backgrounds are found in the different institutions. Within INE, CONANP is involved in the selection process of the reserve directors, proposing the three candidates with highest qualifications (considering academic, social, administrative and field background) to the Minister of the Environment. The field staff and personnel at INE central offices have worked in NGOs, academia, in the field and have diverse backgrounds. As an example, the Chief of the Coordinating Unit is a biologist, while the central coordinator is anoceanologist. The latter relies on the coordination with different directors within the unit that include a director on fundraising with a financial background, a director on social participation with expertise in anthropology, a director in management with a biology background and an expert of international relations with a background on social issues. Within the FMCN, the director of the Fund for Natural Protected Areas is an ecologist assisted by an accountant and an institutional developer. This director reports to the CTFANP.

c) Monitoring and evaluation

The program includes indicators at the program and at the reserve level. Indicators at the program level measure impact (such as rate of habitat conversion) and performance (program overall progress). The overall progress of the program is monitored through indicators that measure aspects such as the following (contained in the logical framework of the proposal):

a) efficient management of the resources in the program.
   Indicator: timely disbursement of resources every four months according to the guidelines established in the Operations Manual
b) coordination between the different program components.
   Indicator: the delay in the project cycle does not surpass one month.
c) Increase in financial support to the areas.
   Indicator: additional resources that are channeled to the trust fund, additional resources channeled to the natural protected areas.

Every four months, a report on these indicators is prepared by the FANP and sent to the World Bank, accompanied by the administrative and technical reports from the central coordination and the reserves. Under the current program, the different components (reserves, central coordination and the unit within FMCN, the FANP) report on the basis of indicators.

Expenditures by the different components are monitored on a monthly basis by the FANP within the FMCN. The FANP provides to the World Bank an account of the expenditures in relation to the

budget every four months. The FMCN independent audit takes place yearly and results are reported to the World Bank. As explained in the section 2 (c) of the present document on financial oversight, the financial agent and the financial consultant report the return rates on the endowment to the FMCN every month. The Committee of Administration and Finances, who reports to the FMCN board, reviews these reports every three months. Return rates are reported to the World Bank every year and during the supervision missions, which take place at least three times per year.

In addition to reporting on the above-mentioned indicators, additional measures of program advance are being considered and will be defined during the mid-term review. Examples will be drawn from indicators used by UCANP logical framework, which was developed at the beginning of the Administration and upon which bi-yearly reports are prepared to the corresponding authorities in SEMARNAP. Other measures include aspects included in the reports from UCANP to CONANP on the advances of the National System of Natural Protected Areas.

d) Community involvement

Lands will not be procured under the current program. Natural protected areas in Mexico are found in community and private land (very little in national area), and thus rely on mechanisms that foster sustainable use of natural resources and protection to ensure the conservation of biodiversity. As the independent evaluation has documented, one of the main successes in the program is the relationship that reserve personnel have developed with the communities, since they have accompanied communities in the search for solutions and access to programs from different government entities and from NGOs. FMCN has as one of its institutional objectives institutional strengthening of local NGOs and grassroots organizations in the reserves. While reserve staff will work with communities to ensure their organization, FMCN will provide training and resources to strengthen the capacities of these communities. FMCN is exploring through programs outside of the current proposal community access to financing mechanisms, such as the "Fondo Peninsular" currently implemented by FONAES, the Swiss Government and GEF through UNDP.

b) Research

Synergies to increase research in natural protected areas are being sought in collaboration with CONABIO, different academic institutions and CONACYT. This objective was discussed in the last CONANP meeting, where a committee was formed, which included representatives from different academic institutions, CONABIO and FMCN. An initial step in this collaboration has centered on the monitoring and evaluation system of the program of natural protected areas. It is expected that this system will lead to partnerships with research institutions that will be involved in training reserve personnel and analyzing the monitoring data through the involvement of students that work in natural protected areas. As part of the preparation activities to the current proposal, World Bank will seek funds to establish a project management information system. INE and CONABIO have already discussed the initial steps of this process. In addition, FMCN has signed an agreement with CONACYT, where projects selected by CONACYT on biotechnologies can access additional funds from FMCN to make these technologies accessible to communities.

Feasibility of Implementation

a) Mexican Government Support

As explained earlier, Government support in the present project is ensured through:

a) The presence of the Minister of the Environment in the FMCN Board;
b) The presence of the Chief of the Coordinating Unit of Natural Protected Areas in the CTFANP;
c) The grant agreement and the subsidiary agreement, which commits SEMARNAP to its role as a Guarantor in the program.

b) Support for and by local people

The STAP reviewer is absolutely right in highlighting the critical importance for the success of the project of securing the consensus and support of local people. The reviewer is also correct in observing that in many cases such a support will be conditional on local communities' ability to meet basic needs such as health, education, nutrition, etc. As most if of these development objectives are outside of the scope of the project (and outside of GEF eligibility criteria), the proposed project would concentrate efforts ad scarce resource available (under the mainstreaming component) in facilitating access of communities to development programs and projects provided by other organizations, as a way to mitigate social pressure on reserve conservation.

The reviewer also highlights the importance of actual examples or models which could be followed in developing the mainstreaming component. To be sure, examples abound, of partnerships already established between reserves' staff and development agencies, as reported by the Independent Evaluation, and as documented by the proceedings of the project's inception workshop in Xochitla. These range from technical assistance to communities for developing funding proposals, to brokering resource pooling among different donors to finance sustainable use projects in buffer zones. The project will assist in replicating, systematizing, and scaling up this existing experience in institutional coordination for protected areas management and conservation.

Annex 3 – Part C: Observation of the STAP reviewer on the World Bank response
(March 2000 version of the project brief)

Comments on the Response to Independent Technical Review

for the Project Concept Document entitled

"Mexico Consolidation of the Protected Areas Program"

by John H. Rappole

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8 March 2000

1. Cost-Effectiveness of the Proposal in Achieving Biodiversity Conservation in Selected Protected Areas:

a. ***Government commitment in terms of both funds and human resources***

RESPONSE: The present Administration is involved in numerous efforts to ensure program continuity. Four specific areas are cited as examples: 1) establishment of CONANP; 2) setup of coordinating mechanisms with other ministries; 3) formation of a transition team in SEMARNAP to assure program continuity during the changeover in administrations; and 4) drafting of a log of all existing programs and commitments in SEMARNAP.

COMMENT: The program administrators are well aware of the dangers posed by the coming elections, and have done what they could, in cooperation with the current Administration, to prepare for them.

b. ***Existing infrastructure for conservation planning*** .

RESPONSE: The principal oversight board, FMCN, has 20 members including scientists, conservationists, financial experts, administrative people, fundraisers, lawyers, businessmen, educators, and people representing local communities all of whom are selected based on their knowledge, integrity, and commitment to conservation. The only representative from the government is the Minister of the Environment (SEMARNAP).

COMMENT: 1) Perhaps addition of a board member who is a mid-level SEMARNAP conservation manager would provide a programimplementer's perspective as well as additional ties with the next government. 2) What provisions are there for turnover of board members (e.g., 3-year staggered terms)? 3) It sounds as though being a board member requires a high level of commitment and energy. Are there provisions in the by-laws for retiring a board member if they miss a certain number of meetings or otherwise fail in their duties?

c. ***Existing infrastructure for conservation management implementation***

RESPONSE: The various roles played within the program by FMCN, CONANP, INE, FANP, World Bank, etc. are clarified.

COMMENT: The arrangement appears extraordinarily detailed and thorough, with a number of checks and balances. This program should serve as an outstanding model for future projects in other countries. As in any good form of government, it is the structure that must carry the program, no matter what people are involved.

d. ***Enforcement.***

RESPONSE: Details of enforcement recruitment, training, and implementation are provided.

COMMENT: The protocol is sound and based on best principles of conservation enforcement developed over many years and in many different countries.

e. ***Mechanisms for public involvement and support in achieving management goals***

RESPONSE: Several of the suggestions presented are already being explored or implemented. Others are not feasible in Mexico (e.g., tax check-offs).

COMMENTS: Fine.

f. ***Professional monitoring and advising for the trust investments to achieve the optimum balance between safety and return.***

RESPONSE: The system used to make decisions regarding the endowment is explained.

COMMENTS: The arguments are convincing.

2. Adequacy of the Project Design

a. ***Flexibility***

RESPONSE: Several examples of the adaptive management aspects of the program are given.

COMMENTS: The examples document that there are excellent mechanisms in place to allow for considered change in response to altered circumstances.

b. ***Lines of authority***

RESPONSE: The roles, relationships, and responsibilities for the principal partners are explained. In addition, the background and training for members of the major advisory and oversight bodies are detailed.

COMMENTS: The administrative structure for the program is remarkably well-organized, and staffed by an impressive group of individuals with backgrounds that should cover the broad range of experience and expertise required.

c. ***Monitoring and evaluation***

RESPONSE: Measures of accountability at both the "programmatic" and "protected area" level are explained.

COMMENTS: In earlier reviews of GEF programs, monitoring and evaluation were a significant problem. The processes described herein are exemplary, and should help to assure long-term success.

d. ***Community involvement***

RESPONSE: No lands will be procured under the current program. Reserves are established mostly in community (ejidos and colonias?) and private land through cooperative programs with landowners. FMCN is trying to locate funds to support loan programs.

COMMENT: This part of the program does not seem to be as rigorously planned and organized as the other parts, which is not surprising. Often the aims of conservation are in conflict with those of local people, or at least that is their general perception. Furthermore, true "sustainable development" that does not have negative effects on the environment has proven to be an elusive goal in many parts of the world. Nevertheless, given the extraordinary intelligence and expertise with which other parts of the project have been addressed, I don't doubt that ground-breaking community development partnerships could be put in place if they were given a higher level of priority. Problems with the TACs were mentioned in the PCD. Perhaps there would be fewer problems if the TACs could be focussed less on conservation issues, for which they have little understanding, and more on such issues as developing guidelines for conservation-friendly loan programs, formation of cooperatives, investigation of markets, implementation of health and clean water programs, and solicitation of training by agricultural, forestry, and husbandry extension agents.

e. ***Research***

RESPONSE: Research is recognized as being important, and efforts are being made to attract partnerships with research institutions, especially for training refuge personnel in monitoring.

COMMENT: Encouragement of basic ecological research should be an integral component of the Protected Areas program. Monitoring is fine, but too often it just generates reams of data that are never used because no one understands what kinds of questions should be asked with them. Someone has to provide the intellectual framework for monitoring design, periodic analysis, interpretation, and re-design. Also, it is through conduct of basic, on-site research that your future conservation leaders are trained. The protected areas program should be a training ground for the Sarukhans, Gomez-Pompas, Bernardo Villas, and Rodolfo Dirzos of tomorrow.

3. Feasibility of Implementation:

a. ***Mexican government support***

RESPONSE: The respondents reiterate that several safeguards have been implemented to assure the long-term support of the Mexican government.

COMMENT: It would seem that what could be done in this regard, has been done.

b. ***Support for and by local people***.

RESPONSE: The respondents note that much of what is suggested as possible methods for working with local people in the Protected Areas program is outside the GEF eligibility criteria and scope of the project.

COMMENT: Clearly, the Protected Areas program is not the same as a forestry program, dam construction, road-building, or any of the other development initiatives for which the World Bank provides actual loans. Nevertheless, the success of this program hinges, in part, on ability to work with the local people, and if the program is to succeed as a model for others, it will have to incorporate some forms of conservation-friendly community development, perhaps in collaboration with NGO's or government agencies other than SEMARNAP.

4. Signature

I certify that the above statements represent my comments on the responses to my review of the Project Concept Document entitled, "Mexico Consolidation of the Protected Areas Program."

Signed: _____ Date: 9 March 2000

John H. Rappole

Annex 3 – Part D: STAP review and World Bank response
(September 2000 version of the project brief)

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1. *Those involved directly with the intensive negotiations between GEF and the Mexican Government are certainly aware of the formal and informal commitments made by the new Mexican Government to assure the continuity and long-term success of the program. However, the nature of these commitments will be the first question in the minds of those not directly involved in these negotiations. Private donors, for instance, are likely to want solid assurances of the long-term commitment and support of the government. Therefore, some statement should be added to the proposal at the very beginning, or some document attached up front, that makes explicit mention of the guarantees provided by the new government.*

Response : We agree with the importance of this commitment. As stated in the proposal, the commitment of the present administration to support the natural protected areas needs to be evaluated in light of the exponential increase in fiscal resources observed in the last six years. Starting in 1994, less than US$0.5 million was channeled to protected areas in Mexico by the Government. Today the budget for year 2000 is US$15.47 million dollars. High-level negotiations are currently underway to ensure that the coming Administration (which will take office in December 2000) recognizes US$15.47 as a baseline budget for the next six years, which will provide not only permanence of support but continued increase in budgetary allocation. The observed fiscal support means that the legal commitments acquired by SEMARNAP under the current protected areas project supported by GEF were surpassed. The salaries of the core personnel in the ten protected areas were not only covered, but more than five people per area were hired, 52 reserves have now core personnel and the permanence of these positions as federal employees has been ensured after long negotiations with the federal personnel office of the Finance Ministry

For the coming project SEMARNAP is taking a lead to continue and increase this commitment. Already in 1999, SEMARNAP included in its 2000 budget a contribution of US$1 million to FANP as matching funds to the first GEF endowment disbursement. This allocation will be deposited in the FMCN before the change of Administration. Further, a similar contribution has been budgeted for 2001 (the present Administration still prepares the budget for 2001together with the transition team of the new Administration). This contribution in 2001 will be the first of six contributions from the coming Administration (2001 to 2006). The importance of the protected areas program has already been stressed in conversations between the Minister of the Environment and the next President, who has recognized that the protection of natural resources is an issue of national security. EnvironmentaNGOs have also met with the future President and stressed the importance of this program. The future President has ensured that all international commitments will be respected. It is expected that the agreement of the yearly endowment contributions will be finalized during the transition months (November to December 2000).

2. *Item #19, p.9 - The document states, "The Technical Council and CONANP will likely have cross-representation and other means to ensure coordination of their efforts..." This statement sounds vague. The procedures for making arrangements between local people and CONANP should be formalized so that coordination is assured.*

Response: In its new structure, the National Commission for Protected Areas has two advising bodies: the Technical Council and the National Council for Protected Areas (CONANP). Members of six different ministries constitute the former, which ensures that development programs designed by the different public sectors do not enter in conflict with environmental programs. The focus of the Technical Council is to ensure coherence of public programs and promote cross-disciplinary synergies. Members of the different ministries have been meeting for the last year before the formal constitution of the Technical Council of the National Commission, which they consider an important step towards mainstreaming biodiversity into public policy.

CONANP, on the other hand, is a specialized advisory body in which representatives of all sectors of society participate. Members are selected based on their knowledge and dedication to protected areas. CONANP members participated in the design of the National Commission for Protected Areas. The creation of the Technical Council with the representation of the different ministries is considered a great advance, as CONANP members area aware of the frequent conflicts that arise between opposing public programs that often meet in protected areas. Currently, the mechanism of cross-representation between the two advising bodies is being analyzed. Most likely, a chair in the Technical Council will be occupied by CONANP, while a chair in CONANP will be offered to a representative of the Technical Council.

Another related and important issue, as Dr.Rappole mentions, is the link between CONANP and the Technical Advisory Councils (TACs) of the protected areas. This has been a topic often discussed within CONANP and has been recognized as of the first steps to take next (SEMARNAP 1999. An experience underway. Social participation at SEMARNAP, SEMARNAP, Mexico City). In addition to CONANP, SEMARNAP relies on a network of 23 advising bodies comprised by all sectors of society, which link government actions with more than five thousand representatives of social, academic, private and civil society sectors in the whole country. These networks of social participation operate at the national (as CONANP), macro-regional (as the Councils on Sustainable Use and the Watershed Councils), state (as the Regional Forestry Councils), micro-regional (as the TACs in the protected areas) and municipal levels. Following the experience in the sustainable use area of SEMARNAP, it is expected that as the TACs of the protected areas gain institutional strength, regional advising bodies will develop, which will provide a natural link with CONANP, thus ensuring feedback between the national and local needs in protected areas. As a first step, presidents of diverse TACs have already begun to participate in CONAP meetings.

3. *Item#28, p.11 - The document states, "The response to issues (h) and (i) is the program of inter-institutional coordination (biodiversity mainstreaming). This will include, for example, inter-institutional coordination at the protected area level to identify and promote local access to sources of financial and technical assistance with alternative livelihood activities." These activities must come from existing government programs, I*

suppose, and thus the statement would be greatly strengthened by the addition of specific "sources of financial and technical assistance" and "alternative activities."

A study conducted by Pérez Gil and Jaramillo in 1999 identified that in the 12 reserves proposed to be supported by the GEF endowment, public programs already channel an average of US$1.5 million dollar per year to activities compatible with the Management Programs of the protected areas. Naturally, these are the financial sources that will be explored first followed by related public programs. The Technical Council in the new National Commission for Protected Areas will aid further in the identification of those public programs where technical assistance from the protected areas or directed interventions can ensure that these programs are not only compatible with the environment but can further help in its protection. Specific activities have been added to the logical framework (annex 1) and to the description of the "mainstreaming component" in the proposal.

4. *Item#39b, p. 20 - The document states, "The PAs, in partnership with NGOs, would submit plans/proposals for mainstreaming activities consistent with annual operating plans and mainstreaming frameworks." Presumably most mainstreaming activities derive from government programs. How will the PAs and NGOs obtain information on these programs? It seems as though government representatives will have to be involved, at least in an advisory capacity.*

The mainstreaming component has three sub-components: (a) development of protected area-level mainstreaming strategies; (b) sub-grants to mainstreaming activities and (c) inter-agency coordination at the national level. The latter sub-component will ensure that protected areas and NGOs obtain the relevant information on public programs that require mainstreaming according to the needs of the protected areas. Through workshops, seminars and publications, as well as the help from the Technical Council at the National Commission for Protected Areas, it is expected that personnel from the areas and NGOs voice their needs and obtain information on public programs that urgently require mainstreaming. It is expected that this mechanism will provide a "bottom-up" influence toward inter-agency coordination at the national level, so that information on public programs will then permeate to the protected areas and the NGOs working with them. Since the mainstreaming component will be administered fully by the National Commission the flow of information between its sub-components will be facilitated. The personnel of the protected areas are expected to be strengthened through the hiring of anthropologists, sociologists, economists and other specialized staff in order to better conduct mainstreaming activities.

5. *Item #53, p. 22 - The document states that "Implementation at the protected area level is the responsibility of the Protected Area Director, in collaboration with local stakeholders through TACs and other mechanisms." What "other mechanism" will be used?*

Response: Social assessment studies conducted in two reserves, Ría Lagartos and Montes Azules, have indicated the need to expand the concept of social participation beyond the Technical Advisory Council. Specifically, it is recognized that other social participatory forums exist that can provide important feedback to the reserve personnel on the use of natural resources in protected areas. Such forums include ejido assemblies and sector or regional forums already functional in the protected area. For large reserves, such as Montes Azules, it may be

more convenient to find local mechanisms of participation, such as ejido assemblies, than one monolithic group, which may gather political leaders that do not necessarily represent the needs of the communities. In areas where many different productive sectors coincide, such as Ría Lagartos, it may be more effective for the reserve personnel to work on marine issues with the fishermen cooperatives and on land issues with the union of cattle ranchers. As the myriad of social participation possibilities expands, adaptation to local conditions is facilitated allowing for more effective participation. In this respect, more project flexibility is considered an advantage.

6. *Item #78b, p. 30 - The document states, " For the first time, PAs are a national priority, and have received more than a tenfold budgetary increase during the current administration." Does "current administration" mean the Fox administration? If not, then this should be changed to read "..., and received more than a tenfold budgetary increase during the previous administration."*

Response: President-elect Fox will take office in December of 2000 to govern the country until December 2006. Thus, current Administration still means the government under President Zedillo.

7. *Item #78c, P. 30, etc. - Similarly, other references to commitment by the Government of Mexico should be qualified according to whether or not they refer to the present or previous government.*

Response: Same as above.

8. *The document lists a number of plans for studies and analyses to help alleviate the social conflicts occurring at the various protected area sites. It would be more convincing if some specific kinds of actions that have been taken or are planned were included as well. Those listed under Item 10, p. 86, are at least a start. Are there others? What specific actions have been taken?*

Response : The specific actions that take place to help alleviate social conflicts vary according to the reserve. As protected areas personnel have taken permanent residence in the reserves, their everyday interaction with stakeholders has eventually lead to collaboration and assistance to alleviate social conflicts, as the independent evaluation indicates. Two good examples can be found in El Triunfo and Calakmul. In the former, the personnel in the area have incorporated into their functions the regulation of irregular settlements. The reserve personnel report that there are 120 private properties, four population centers and one common property whose property rights are to be defined. Seventy of the private properties are in process of acquiring their legal rights, and the personnel are providing help in 25 of these cases. In the case of the reserve Calakmul, a formal service of consulting has been established, where residents in the area obtain advise from the reserve personnel on how to prepare proposals to obtain funding from the FMCN grants program and from other funding sources, including public programs in the area. In other cases, social conflict is directly tied to the use of natural resources. At the Vizcaíno reserve, pirates in the area were seriously affecting local oyster fishermen. Between the fishermen communities, the reserve and inspectors from the Enforcement for Environmental Protection Agency social surveillance teams were organized, which have resulted in the elimination of illegal fishing and a threefold increase in oyster extraction by the local fishermen.

9. *In general, since this document must necessarily be both a report on successes obtained, as well as a proposal for additional efforts, the more specific it can be with regard to achievements and planned actions, the more convincing it will be.*

Response: The successes and lessons learned are presented under section "D. Project Rationale, 3.Lessons learned and reflected in proposed project design". We agree that planned actions need to be more specific. The logical framework (annex 1) and description of the project components has been revised in an attempt to make this definition more specific.

Overall, the document represents an excellent effort in responding to the points raised during initial review and comment.

Annex 4 – Information on Protected Areas Included in the Project

This annex contains the following material:

a) A description of the process/methodology followed for their selection;
b) a matrix summary of the key characteristics of protected areas included in the project (24 priority areas as selected according to procedures described in this annex);
c) a map with the location of the areas

Protected Areas Selection Process

1. The selection of the Natural Protected Areas (PAs) for inclusion in this project must be seen in the context of a larger process of transformation in the entire SINAP system, and indeed, in Mexico's approach to conservation and protected areas in general. Under the direction of the National Commission for Protected Areas and with guidance from the National Council for Protected Areas (CONANP), a protected area system that until a few years ago had been dominated by sites selected for scenic and recreational value has evolved to a system with a primary focus on conservation of the nation's significant biological diversity. Since 1994, 18 ecologically significant new sites have been added, and the existing sites are in a process of re-evaluation, with those meeting new criteria being formally registered as part of SINAP and others being transferred to other networks of protected areas, including networks of areas managed by states and other jurisdictions. Thus there is a distinct hierarchy of conservation, with SINAP coming to represent the "crown jewels" of national and international ecological significance, and other networks of areas managed by states, communities, and indigenous peoples, protecting areas of regional and local, recreational and cultural significance. In their entirety, these networks represent a coherent national program of conservation, consistent with the Mexican biodiversity strategy as well as local and regional priorities.

2. The selection of priority areas within SINAP is the result of an interactive process including academic groups, NGOs and official agencies as well as the direct participation of CONANP. The process began in December 1998 with an analysis of the entire system – 114 areas at that time – focusing on obtaining benefits for the protected area system as a whole and not on any isolated PA. An initial selection process identified those areas meeting a threshold of ecological significance and management criteria. Subsequent phases of the process narrowed the list and developed an order of priority.

3. The four stages of the process are summarized below and described in detail in the following sections.

I. From the total number of existing protected areas (114) an initial universe of 49 areas was determined to meet criteria of ecological significance, current conservation status, management priority and financial need.

II. In January 1999 a workshop, "Selection of criteria and NPA" gathered 34 experts from different sectors (NGO, academic, government, social) and regions of the country. The workshop began by defining 8 criteria and used those criteria to prioritize areas in the initial universe.

III. The priority list developed by the workshop was further analyzed to take into account criteria of global significance (degree of relevance and degree of conservation according toDinerstein and other studies) and criteria defined by the National Commission for Protected Areas/SEMARNAP related to the level of consolidation of a protected area. This led to a priority list of 24 protected areas, leaving space to add two areas to the list due to under-representation of key ecosystems, especially dry deciduous forest.

IV. The final step was to update information on each of the 24 protected areas and assign values (points) to each criteria used since stage II. At this point it had been decided that the proposal to the GEF would support an initial group of 12 areas, and those receiving the highest scores were selected for inclusion.

I. Selecting an initial universe of 49 areas

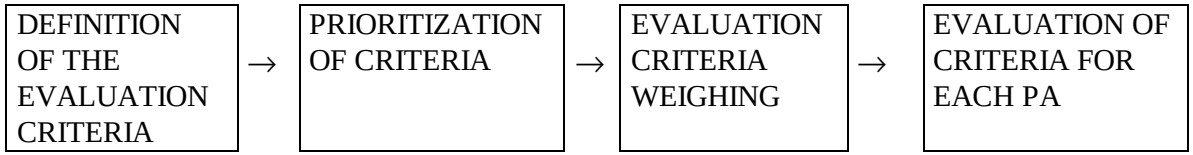
4. Beginning with the entire system of 114 areas, it was important to identify areas meeting minimum requirements of significance and conservation status. Many protected areas were decreed in the 1930´s when the GOM' s priorities were scenic values and recreation, and as a consequence, national parks tended to be areas near cities, for families to visit during holidays, not necessarily protecting values like biological richness or other ecological criteria. Another priority of the time was to protect watersheds -- an initiative carried out without a logical plan, leading to absurdities such as whole cities being included in protected areas. In both situations the areas remained as "paper-parks" since no effective protection programs (personnel, budget, regulations, etc) were established. In consequence, a large proportion of the areas have lost biological value and thus national relevance. Modifications in 1996 to the General Law of Ecological Equilibrium and Environmental Protection (LGEEPA) required the past Coordinating Unit for Protected Areas (UCANP) with the input of CONANP to review each of the protected areas according to criteria of national relevance (Art. 76). These criteria were developed by CONANP, which has carried out a process of defining and registering into SINAP those areas meeting criteria, and proposing to revoke decrees or transferring to other jurisdictions (state governments, academic institutions, NGOs) areas that do not.

5. A total of 49 areas from the 114 existing in December 1998 remained as the initial universe after elimination of those that:
(a) already had financial support from GEF;
(b) are being transferred to the corresponding states, since they do not comply with the requirements of national relevance described in LGEEPA Article 76 Section IV, but are of local importance;
(c) are administered by an institution other than the National Commission for Protected Areas (such as academic institutions or non-governmental organizations) through an agreement signed with SEMARNAP;
(d) show a high level of ecological disturbance, have low viability to establish conservation programs and/or have a very small surface area;
(e) are in the process of having their decree repealed, due to complete degradation of the natural resources and/or lack of compliance with legal requirements;
(f) have present or potential financial support to cover their basic costs.

II. Workshop to prioritize the initial universe

6. The workshop conducted in January 1999 had as an objective to "Identify, select and apply evaluation criteria to establish a ranking order of importance of the protected areas that require financial support".

7. A general scheme of the workshop is as follows:



8. The methodology started with the question, "What evaluation criteria should be used to assign an order of importance of protected areas where financial support could best lead to conservation ofbiodiversity?" The 34 experts that participated in the workshop proposed three categories for the selection of these criteria:

a. Socioeconomic
b. Environmental
c. Threats

9. The participants proposed criteria in each category. Those that obtained the highest number of votes were selected for each category. Further, values were given to each criterion to assign weights to them. Each of the 49 natural protected areas was evaluated according to the criteria that obtained the highest number of votes. This process allowed a ranking in importance of the 49 areas.

10. The criteria proposed for the socioeconomic category were the following:

    a. Environmental services and functions
    b. Recognition by other priority exercises
    c. Socioeconomic feasibility for a conservation project
    d. Productive potential for sustainability
    e. Historic and cultural importance
    f. Presence of resources of genetic diversity of cultivated species and related

11. The criteria that obtained the highest number of votes within this category were:
    a. Environmental services and functions
    b. Socioeconomic feasibility for a conservation project

12. The criteria proposed for the environmental category were the following:
    a. Species richness

b. Endemism content
c. Size
d. Representativity ofecoregions (biogeographic regions)
e. Number and type of ecosystems (gradients)
f. Suitability for the establishment of biological corridors
g. Existence of special biological phenomena
h. Ecological and evolutionary processes within a range of variability
i. Concentration of species at risk
j. Conservation status

13. The criteria that obtained the highest number of votes were:
a. Species richness
b. Endemism content
c. Concentration of species at risk
d. Number and type of ecosystems (gradient)
e. Representativity ofecoregions (biogeographic regions)

14. Within the category "threats" only one criteria was identified:
Type, dimension and immediacy of threats

15. In order to determine weights for each selection criterion, each participant assigned a value between 1 and 10 to each of the eight criteria that obtained the highest number of votes. The average and standard deviation obtained for the weights indicate no significant difference between the weights assigned for criteria. The average weight per criteria obtained were the following:

Criteria	*Average*
1. Type, dimension and immediacy of threats.	8.46
2. Number and type of ecosystems (gradient)	7.92
3. Species richness	7.72
4. Endemism	7.68
5. Socioeconomic availability for a conservation project	7.52
6. Services and environmental functions	7.44
7. At risk species concentration	7.00
8. Eco-region representativity	6.80

16. The next step was for each participant to issue his/her score for each PA on all criteria. A rule for voting was that only those participants who felt they had enough information and/or experience in each specific PA should issue a vote; and those lacking experience and knowledge of that PA would abstain. The criteria were scored according to the following scale:

Very high	(VH)	=	5
High	(H)	=	4
Medium	(M)	=	3
Low	(L)	=	2
Very Low	(VL)	=	1

17. According to the weight of each criterion and the average value obtained, a grade (weighted average) was given to each natural protected area. Outcomes of the ranking were as follows:

TABLE 1. GRADE RANKING FOR 49 AREAS

	Protected area	**Opinions**	**Average**	**Grade**
1	***Tehuacán-Cuicatlán***	100	4.22	4.21
2	Alto Golfo de California y Delta del Río Colorado	106	4.08	4.07
3	Los Tuxtlas	94	4.06	4.07
4	Cuatro Ciénagas	87	4.10	4.07
5	Corredor Zempoala Chichinautzin	93	4.01	4.01
6	Sierra de Alamos	46	4.02	4.01
7	Sierra Gorda	68	3.96	3.95
8	Huatulco	84	3.92	3.92
9	El Ocote	95	3.87	3.87
10	Abra Tanchipa	16	3.88	3.86
11	La Encrucijada	53	3.89	3.86
12	Pantanos de Centla	74	3.84	3.79
13	Banco Chinchorro	74	3.82	3.77
14	Laguna de Términos	48	3.81	3.76

	Protected area	Opinions	Average	Grade
15	Ría Celestún	56	3.75	3.76
16	Los Ajos Buenos Aires	31	3.77	3.75
17	Sistema Arrecifal Veracruzano	38	3.74	3.73
18	La Sepultura	37	3.70	3.68
19	Bonampak	63	3.67	3.65
20	Yaxchilán	47	3.66	3.65
21	Pinacate	103	3.66	3.65
22	Lacantún	52	3.65	3.63
23	Montebello	46	3.63	3.62
24	Cumbres Monterrey	46	3.61	3.61
25	Sierra de la Laguna	54	3.61	3.60
26	Maderas del Carmen	80	3.60	3.59
27	Laguna de Chacahua	46	3.59	3.57
28	Papigochic	8	3.63	3.56
29	Cuenca del Río Necaxa	8	3.50	3.53
30	Bahía de Loreto	55	3.53	3.53
31	Valle de los Cirios	48	3.54	3.53
32	Metzabok	40	3.53	3.52
33	Puerto Morelos	69	3.57	3.51
34	Los mármoles	8	3.50	3.49
35	Yum-Balam	59	3.46	3.45
36	Naha	32	3.47	3.45
37	Izta-popo	63	3.41	3.42
38	Canón de Santa Elena	38	3.37	3.35
39	Cañón del Sumidero	47	3.26	3.27
40	San Pedro Mártir	111	3.29	3.24
41	Mapimí	103	3.25	3.23
42	Palenque	69	3.22	3.22
43	Zoquiapan y anexas	56	3.16	3.17
44	Cofre de Perote	39	3.13	3.13
45	Cascada de Basaseachic	38	3.11	3.10
46	La Michilía	57	3.14	3.10

	Protected area	Opinions	Average	Grade
47	Constitución de 1857	40	3.08	3.07
48	Campo Verde	0	0	0
49	Filo Mayor	0	0	0

18. Each area obtained a different number of votes, depending on the amount of participants that were acquainted with the particular reserve. Since the areas that obtained the highest values did not correspond with those with the highest number of opinions, it can be concluded that familiarity with the reserve did not result in higher values being assigned.

19. The list of the 49 PAs was reduced to 45 due to the grouping suggested by the participants in the workshop of Bonampak-Yaxchilán-La Cojolita, Metzabok-Naha and San Pedro Martir-Constitución of 1857.

III. Analysis of global and institutional criteria

20. The third phase began with the results from the workshop and added criteria of global significance (Dinerstein *et al.* 1995), took into account the criteria of GEF Operational Programs, and also added the National Commission for Protected Areas criteria for consolidation of PAs.

21. Various studies identify areas that could be considered priorities for conservation at a global scale. Dinerstein *et al.* (1995) identifies areas in terms of their conservation state and biological distinctiveness, in accordance with 55 eco-regions of top regional priority (Level 1) and 19 additional eco-regions, with an extensive geographical representation (Level 1a). Mexico has 14 eco-regions of these categories (See Dinerstein *et al.*, frame 7-1). On the other hand, Olson *et al.*, (1995) identifies 117 aquatic eco-regions as regions of high conservation priority. Of these, 14 occur in Mexico (See Olson *et al.*, 1995, frames 4 and B). Mexico is outstanding in Latin America with a total of 28 eco-regions included in the maximum regional priority category.

22. This phase of the selection process assessed whether the 45 PAs listed in the workshop belonged to an eco-region of global, regional, bioregional or local relevance according to Dinerstein, *et al.* (1995). This was accomplished by the superposition of the 45 selected PAs and the eco-regional map, according to Dinerstein, *et. al.* (1995).

23. Eco-regions, with a *critical, endangered, vulnerable or relatively stable* classification were identified in each of the 45 priority PAs. It is important to underline that within the 45 priority PAs, 9 (20%) are classified as globally significant, 13 (30%) regionally significant, 15 (33%) to bio-regionally significant, 7 (15%) locally significant and 1 (2%) without classification. At the same time the PAs contain 18 (40%) eco-regions classified as endangered, 8 (18%) vulnerable, 6 (13%) stable, 4 (9%) critical and 9 (20%) unclassified.

24. Level I refers to eco-regions in which biological distinctiveness falls within the category "outstanding at global level" with a conservation degree of *critical, endangered, vulnerable or relatively stable,* and "outstanding at regional level", with a degree of conservation of *critical, endangered or vulnerable* (Dinerstein *et*

al., 1995). Level Ia refers to the inclusion, within each bio-region, of an eco-region classified as top regional priority. Level II refers to eco-region of a high priority in the regional scale, Level III refers to a moderated priority in a regional scale and Level IV to a national priority (Dinerstein *et al.*, 1995).

25. Of the 45 PAs 21 (47%) belong to Level I and I a, 5 (11%) to Level II, 5 (11%) to Level III, 3 (7%) to Level IV regarding terrestrial eco-regions (Dinerstein *et al.*, 1995). According to the representativity of the aquatic marine eco-regions, the 45 PAs included 1 of global priority, 3 of regional priority and 2 of high marine priority respectively (Olson *et al.*, 1995; BSP, TNC/USAID in press). This prioritization of the PAs is consistent with criteria and ranking established by other conservation agencies such as World Wildlife Fund (WWF Global 200), Sullivan, TNC and BirdLife International.

26. The National Commission for Protected Areas/SEMARNAP has defined certain basic characteristics for a PA to be considered as viable in the long term and thus consolidated. This was defined in the publication of the Protected Area Program for Mexico 1995- 2000. The criteria include existence of professional field personnel, basic operation financial resources, field offices or infrastructure, field equipment, Management Program and a diversified financial strategy, among others. It is also important to consider that the consolidation state of each PA is part of a long process with different speeds according to specific threats, social-political and economical conditions, etc.

27. For example, an essential element for consolidation is the presence of professional field staff whose responsibility is to manage, operate and coordinate administrative and conservation activities. The basic personnel concept is that it must center attention on being managers, obtaining support from many institutions and becoming coordination units where diverse institutions and groups agree to carry out different conservation efforts and sustainable development projects in and around the PA.

28. Application of these criteria by the National Commission for Protected Areas identified 24 of the 45 listed areas as having the highest priority for inclusion in the GEF project (included in the matrix). This list was presented to CONANP in their meeting in April 1999, who ratified the selection. The list includes the following areas:

1) Tehuacán-Cuicatlán
2) Alto Golfo y Delta del Río Colorado
3) Los Tuxtlas
4) Cuatro Ciénegas
5) Corredor Chichinautzin-Zempoala
6) Sierra de Álamos
7) Sierra Gorda
8) Huatulco
9) El Ocote
10) La Encrucijada
11) Pantanos de Centla
12) Banco Chinchorro
13) Los Ajos-Buenos Aires
14) La Sepultura
15) Bonampak-Yaxchilán-La Cojolita

16) Pinacate y Gran Desierto del Altar
17) Lacantún-Chan Kin
18) Sierra de la Laguna
19) Maderas del Carmen
20) Metzabok-Naha
21) Cañón de Santa Elena
22) San Pedro Mártir – Constitución 1857
23) Mapimí

IV. Scoring and Ranking the 23 areas, s election of the initial 12 to be included

29. The final stage was an analysis conducted by the National Commission for Protected Areas (through an independent consultant). This analysis determined a "priority value" per area based on: (a) grade from the workshop, (b) biological distinctiveness according to Dinerstein *et al* (1995), (c) degree of consolidation of the Protected Area defined by the personnel in the area, fiscal support, other financial support, the existence of a Management Program, the establishment of a Technical Advisory Council and the participation of other institutions in the PA.

30. To obtain the "priority value":

(a) the grade for the workshop was assigned the following points:
3 points where the grade was larger than 4.00
2 points where the grade was 4.0 or larger than 3.60
1 point where the grade was 3.60 or less
(b) biological distinctiveness was assigned the following points according to the categories by Dinerstein et at:

4 points for "global" priority for conservation
3 points for "regional" priority for conservation
2 points for "bio-regional" priority for conservation
1 point for "local" priority for conservation
(c) 1 point was assigned for the existence of any of the following elements considered important for the consolidation of the management of a natural protected area:

- personnel in the area
- fiscal support
- other financial support
- Management Program (in existence or in preparation)

- Technical Advisory Council
- Participation of institutions other than the National Commission for Protected Areas

31. The " global priority grade" per reserve is shown in the following table:

Table 2 "Global Priority Value"

Protected Area	Grade	Priority	Priorities	Priority
		Dinerstein	other studies	Value
Tehuacán-Cuicatlán	4,21	Regional	G2000,CI-HS	11
Alto Golfo y Delta del RC	4,07	Regional	G2000,GRSMPA	11
Los Tuxtlas	4,07	Bio-reg	CI-HS,EBA	11
Cuatro Ciénegas	4,07	Global	G2000	13
Corredor Chichin-Zemp.	4,01	Regional	G2000,CI-HS	11
Sierra de Alamos	4,01	Global	G2000,CI-HS,EBA	11
Sierra Gorda	3,95	Regional	G2000,CI-HS,EBA	11
Huatulco	3,92	Regional	G2000,CI-HS	8
Sierra de Huautla **	**	Regional		10
El Ocote	3,87	Regional	CI-HS,EBA	11
Abra Tanchipa	3,86	Local		3
La Encrucijada	3,86	Bio-reg	CI-HS,GRSPA,EBA	10
Pantanos de Centla	3,79	Bio-reg	CI-HS	10
Banco Chinchorro	3,77	Bio-reg	G2000,GRSMPA,EBA	10
Laguna de Términos	3,76	Bio-reg	CI-HS	9
Ría Celestún	3,76	Local		9
Los Ajos Buenos Aires	3,75	Global	G2000,EBA	11
Sistema arrecifal veracruzano	3,73	Bio-reg		6
La Sepultura	3,68	Global	CI-HS,EBA	12
Bonampak-Yaxchilan-Cojolita	3,65	Bio-reg	CI-HS	7
Pinacate y Gran Desierto	3,65	Regional	G2000	11
Lacantún-Chan Kin	3,63	Bio-reg	CI-HS	8

Protected Area	Grade	Priority	Priorities	Priority
		Dinerstein	other studies	Value
Montebello	3,62	Bio-reg		6
Cumbres Monterrey	3,61	Regional		8
Sierra de la Laguna	3,60	Global	G2000,EBA	10
Maderas del Carmen	3,59	Local	G2000,EBA	5
Laguna de Chacahua	3,57	Regional		8
Papigochic	3,56	Global		5
Cuenca del Río Necaxa	3,54			2
Bahía de Loreto	3,53	Regional		9
Valle de los Cirios	3,53	Bio-reg		5
Metzabok-Naha	3,52	Bio-reg	CI-HS	6
Puerto Morelos	3,51	Bio-reg		6
Los mármoles	3,49	Regional		4
Yum-Balam	3,45	Bio-reg		6
Izta-Popo	3,42	Regional	G2000, EBA	4
Cañón de Sta. Elena	3,35	Local	G2000	5
Cañón del Sumidero	3,27	Bio-reg		5
San Pedro Mártir-Constit. 1857	3,24	Global		10
Mapimí	3,23	Local		4
Palenque	3,22	Bio-reg		5
Zoquiapan y anexas	3,17	Regional		7
Cofre de Perote	3,13	Local		2
Cascada de Basaseachic	3,10	Global		5
La Michilía	3,10	Global	G2000, EBA	7
Campo Verde	0,00	Global		5

* for year 2000, to be confirmed by the Financial Ministry

** Not included at the workshop, decree occurred after Jan 99

CA Technical Advisory Council established

G2000	WWF Global 200
CI-HS	Conservation International Hot Spots
GRSMPA	Marine Priority
EBA	Birdlife International - Endemic Bird Area

32. From the table where the "priority value" is shown, the reserves that obtained the highest values were considered to be in the top priorities. All of the reserves selected for the proposal obtained "priority values" equal or higher than 10 points and a grade (from the workshop) higher than 3,5. Based on these results the following 12 protected areas are included in the present proposal:

1) Tehuacán-Cuicatlán
2) Alto Golfo y Delta del Río Colorado
3) Cuatro Ciénegas
4) Corredor Chichinautzin-Zempoala
5) Sierra de Álamos
6) Sierra de Huautla
7) La Encrucijada
8) Pantanos de Centla
9) Banco Chinchorro
10) La Sepultura
11) El Pinacate y Gran Desierto del Altar
12) Sierra de La Laguna

The final selection of the 12 PAs included in the present proposal was presented to CONANP on February 24, 2000, receiving the corresponding approval.

33. In reaching this list, some modifications have been made to the absolute ranking of the individual areas as follows: (i) Huatulco was substituted by Sierra de Huautla, which was decreed after the January 1999 workshop. As is the case for Huatulco, Sierra de Huautla represents dry deciduous forest, which the experts at the workshop considered an under-represented ecosystem in SINAP. In comparison with Huatulco, Sierra de Huautla has a higher "priority value", has a surface area almost five times larger and encompasses a larger gradient of ecosystems. (Sierra de Huautla has an area of 59,031 ha whereas Huatulco has an area of 11,890 ha.) (ii) La Sepultura substitute del Ocote, since an assessment of the impacts of fires in 1998 in El Ocote indicates high damage. The effect of the fires has resulted in the inclusion of El Ocote reserve into an ecological restoration program. (iii) Los Tuxtlas and Sierra Gorda are reserves with 11 points each; however, they were not included in the present program, since they are seeking GEF funds through other means. Los Tuxtlas is included in the SEMARNAP/UNDP proposal for Priority Regions, where the funds obtained for the region will be under the coordination of the reserve Director with other participants in the project. Funds for Sierra Gorda are being solicited through the local NGO and UNDP, it has also been agreed that these funds will be executed in coordination with the reserve director. In both instances the funds are directed towards objectives compatible with the existing Management Programs. They were substituted by El Pinacate y Gran Desierto del Altar and Sierra de la Laguna because they obtained the highest scores down the list. (iv) Los Ajos-Buenos Aires (with a score of 11 points) was not included since it is in the process of obtaining long-term financial support through funds raised by SEMARNAP and FMCN (in collaboration with NFWF and WWF).

General review and notes

35. In each of the stages previously described, CONANP participated and approved the steps taken. Several of its members participated in the workshop and in later stages assisted the National Commission for Protected Areas.

36. The methodology developed to identify selection criteria, the evaluation and the prioritization of the PA constitutes a great step in the development and establishment of policies focused to the country' s biodiversity conservation. The workshop organized by FMCN and the National Commission for Protected Areas, with the participation of 34 NPA experts, including academic, official agencies, NGOs and social groups representatives, allowed the identification to proceed objectively and quantitatively, based on 8 selection criteria.

37. The detailed selection of PA with additional criteria suggested by GEF, with intense work by consultancy with the National Commission for Protected Areas, and with the reviewing and endorsing by CONANP, resulted in the list of the 12 priority PAs to be included in the proposal. It is important to note that the sequence of the selected priority PAs, must be susceptible to future changes. Due to a high rate of environmental changes, a high growth of the agrarian limits (Toledo *et al.*, 1989) and a fast modification of the rural and urban geography in Mexico, it is plausible that the given grades to the PAs in this selection exercise might be different in the short term. For example, the selected PAs as priority due to their high grade of vulnerability and deforestation threats, might become in a few years, not suitable to establish conservation programs of its biota. At the same time, PAs that were not selected in this exercise due to their apparent low level of biodiversity might obtain higher scores as a result of increased knowledge in the future. These examples give us the idea of the possibility spectra in which PAs that were not included at this time, might be included under the same methodology, when executed in a few years and vice versa.

38. In conclusion the 12 PAs selected for the present proposal has taken into consideration the protected areas system (SINAP) focusing on how to obtain the most benefits for the system as a whole. With the 12 areas the SINAP benefits by:

- Increasing the number of PAs under effective protection
- Increasing the number of hectares (by 3,313,417 ha) under effective protection
- Increasing the representation of ecosystems under effective protection

39. Additionally the group of 12 PAs represents every globally critical ecosystem, contributing substantially to long term global conservation.

40. Progress within the project will contribute to the overarching SINAP strategy of Mexico where among other benefits are that the investments in these 12 areas will leverage additional activities and additional areas becoming a win-win situation for Mexico and its participation in global conservation.

Table 3. Key Characteristics for 24 Priority NPA (In descending order according to the grade ranking table)

NPA	LOCATION	SIZE (Has)	HABITATS	MANAGEMENT STATUS	POP. IN RESERVE	POP. IN ADJACENT AREAS	IMPORTANT SPECIES	ENDEMISM	LAND USE	DEGREE OF THREAT*	ROOT CAUSES	SUSTAINABILITY OF FUNDING EFFORTS	PRODERS

NPA	LOCATION	SIZE (Has)	HABITATS	MANAGEMENT STATUS	POP. IN RESERVE	POP. IN ADJACENT AREAS	IMPORTANT SPECIES	ENDEMISM	LAND USE	DEGREE OF THREAT*	ROOT CAUSES	SUSTAINABILITY OF FUNDING EFFORTS	PRODERS
Tehuacán-Cuicatlán	Oaxaca, Puebla	490,186	Deciduous forest, pine-oak forest, cloud forest, arid scrub	Management published, staffed, TAC	626,814	232,000	*Polaskia chende, Oaxacania malvifolia, Beucarnea gracilis*	Largest area in Mexico with endemic cacti	Agriculture, wood exploitation, cattle grazing, mining, rural and urban	1.85	Illegal expl. of flora and fauna, cattle grazing	UAP, Alternativas y Procesos de Partic. Soc. A.C., UNAM, UAM, INI, INAH, ASPRO, SERBO, IMECADE, CODE	Mixteca, Tehuacán-Cuicatlán
Alto Golfo y Delta del Rio Colorado	Baja California, Sonora	934,756	Arid scrub, marine and estuarine, coastal dunes	Management published, staffed, TAC	4,464	65,764	*Batis maritima, Salicornia bigelovii, S. subterminalis*	1 marine mammal, 1 fish species	Agriculture, fishing, tourism	1.5	Less quality and quantity of water from the US, fertilizers, water retention, agriculture, population growth and non controlled tourism.	CEDO A.C.,DICTUS, IMADES, ITESM, CICESE, CIAD, DUMAC, CI, UABC,CIBNOR, CIRIO,	
Cuatro Ciénegas	Coahuila	84,347	Desert, arid scrub, halophyte, grasslands	Management published, staffed, TAC	267	11,329	*Fams: Streptocephalidae, Stenaselledae, Percidae, Cyprinodontidae, Testudines*	Moluscs, crustaceans and fish	Agriculture, wood exploitation, mining	2	Water extraction and pollution, flora and fauna exploitation, cattle grazing, agriculture, tourism infrastructure	WWF, TNC, PROFAUNA, PRONATURA,Museo de las Aves, UANL	
Chichinautzin-Zempoala	Distrito Federal, Edo. De Mexico, Morelos	65,971	Pine-oak forest, arid scrub, decidious forest	Management program in process, staffed, TAC	50,000	800,000	*Romerolagus diazi, Amazilia beryllina, Falco sparverius, Lynx rufus*	1 mammal, 1 amphibian species	Agriculture, wood exploitation, cattle grazing, urban	1.58	Agriculture, urban settlements, pollution	Ford Mo. Co.,GEMA, Univers. Aut. Morelos, GALIA A.C.	Sur del D.F.

NPA	LOCATION	SIZE (Has)	HABITATS	MANAGEMENT STATUS	POP. IN RESERVE	POP. IN ADJACENT AREAS	IMPORTANT SPECIES	ENDEMISM	LAND USE	DEGREE OF THREAT*	ROOT CAUSES	SUSTAINABILITY OF FUNDING EFFORTS	PRODERS
Sierra de Alamos	Sonora	92,889	Thorn forest, pine-oak forest	Staffed	432	Around 10,000	*Panthera onca, Felis wiedii, Ara militaris*	N/A*	Cattle grazing, agriculture, wood expl., tourism	2	Wood expl., ilegal hunting, agriculture, cattle grazing, tourism	IMADES, FMCN, U.S. Fish and Wildlife, Pronatura	
Sierra de Huautla	Morelos	59,030	Deciduous forest, pine-oak forest	Management program in process, staffed	3,300	16,339	*Bursera sp., Brongniartia vazquezii, Leopardus pardalis, Herpailurus yagouaroundi*	High rates	Agriculture, cattle grazing, tourism		Agriculture, cattle grazing, fertilizers, exotic species, flora and fauna exploitation	CEAMISH, INIFAP, UNAM, IPN,CIDHAL, Comunidad A.C.	
La Encrucijada	Chiapas	144,868	Marine, estuarine, mangrove, deciduous forest, thorn forest, coastal dunes	Management program in process, staffed, TAC	29,000	450,000	*Rhizophora mangle, Panthera onca,Ateles geofroyii*	1 bird, 1 ecosystem (zapotonal)	Agriculture, wood exploitation, cattle grazing	2	Cattle grazing, agriculture, wood expl., fire, human settlements.	UNAM, UAM, TNC, USAID, IHN, ECOSUR, UNACH, UNICACH, Chapingo, WWF, Packard Found, NAUCA, FMCN, RAMSAR, ISMAM, IDESMAC.	Costa de Chiapas
Pantanos de Centla	Tabasco	302,707	Mangrove, halophyte	Management published, staffed, TAC	16,293	Around 10,000	*Rhizophora mangle, Panthera onca,Ateles geofroyii, Alouatta palliata*	3 bird species, 5 mammal species, 5 reptile and amphibian species and 2 fish species	Agriculture, wood exploitation, cattle grazing, fishing	1.7	Fire, pollution, urban settlements, oil industries.	SAGAR, INI, SCT, State Government, IREBIT A.C., Chapingo	
Banco Chinchorro	Quintana Roo	144,360	Coral reefs, mangroves	Management program published, staffed, TAC	0	0	*Aporocactus flagelliformis, Thrinax radiata, Acrophora palmata, A. cervicornis, Plexaura omomalia P. dichotoma*	1 plant and 1 bird species	Fishing, tourism	2.7	Fishing and tourism	ECOSUR, CINVESTAV, Amigos de Sian Ka'an, Biocenosis, Ecociencia, GAP, Yum Balám, WWF	

NPA	LOCATION	SIZE (Has)	HABITATS	MANAGEMENT STATUS	POP. IN RESERVE	POP. IN ADJACENT AREAS	IMPORTANT SPECIES	ENDEMISM	LAND USE	DEGREE OF THREAT*	ROOT CAUSES	SUSTAINABILITY OF FUNDING EFFORTS	PRODERS
La Sepultura	Chiapas	167,310	Thorn forest, pine-oak forest, deciduous forest, cloud forest, chaparral, savannah	Management program published, staffed, TAC	23,145	355,116	*Ceratozamia alvarezzi, Dioon merolae, Panthera onca*	3 plants, 4 amphibians, 8 reptiles, 8 bird, 1 mammal species	Agriculture, wood exploitation, cattle grazing	2.4	Agriculture, cattle grazing, fire, wood expl., fertilizers, hunting, tourism, coffee growth, fishing.	UNAM, PRONATURA, TNC, WWF, BSP, FORD, USAID, IHN, IDESMAC	Costa de Chiapas
Pinacate y Gran Desierto de Altar	Sonora	714,556	Desert, chaparral, arid scrub.	Management published, staffed, TAC	200	146,883	*Heterotheca thinniicola, Chamaesyce platysperma, Croton wigginsii,Dimorphocarpa pinnatifida, Puma concolor, Ovis canadensis*	20% of plant species	Agriculture, cattle grazing	3.23	Mining,ilegal hunting, cactacean expl., wood expl., water expl.	IMADES, UCSD, TNC, Pinacate A.C.	
Sierra de la Laguna	Baja California Sur	112,437	Pine-oak forest, deciduous forest, chaparral, grassland,	Staffed, TAC	800	369,200	*Scaphiopus counchi, Melanerpes formicivorus, Sitta carolinensis lagunae*	12 bird species	Agriculture, wood exploitation, cattle grazing	3.17	Agriculture, wood expl., fishing, mining, tourism	CIR, SRA, SECTUR	
Los Tuxtlas	Veracruz	155,122	Rain forest, tropical evergreen forest, cloud forest, deciduous forest, pine-oak forest, coastal, mangrove, savanna	Management program in process, staffed, TAC	26,000	307,937	*Panthera onca, Herpailurus yagouaroundi, Cocodrylus moreleti*	1 bird species, 6 bird subspecies	Agriculture, wood exploitation, cattle grazing, fishing and urban	1.08	Cattle grazing, agriculture, wood expl., fire, human settlements, water exploitation	UNAM, UV, SAGDR, INAH, Sierra Sta. Martha,Inst. Ecología A.C.,Pronatura, EDUCE A.C.	Tuxtlas

NPA	LOCATION	SIZE (Has)	HABITATS	MANAGEMENT STATUS	POP. IN RESERVE	POP. IN ADJACENT AREAS	IMPORTANT SPECIES	ENDEMISM	LAND USE	DEGREE OF THREAT*	ROOT CAUSES	SUSTAINABILITY OF FUNDING EFFORTS	PRODERS
Sierra Gorda	Queretaro	383,567	Pine-oak forest, cloud forest, arid scrub, tropical evergreen forest, grasslands	Management published, staffed, TAC	93,336	24,500	*Ara militaris, Panthera onca, Ateles geofroyii*	11 plant species	Agriculture, wood exploitation, cattle grazing, fishing, rural and urban	2.56	Wood expl., ilegal hunting, agriculture, cattle grazing, tourism, water pollution	Sierra Gorda IAP, ACREAC, SAGAR, SEDENA, SEDESOL	
Huatulco	Oaxaca	11,890	Deciduous forest, coastal dunes, mangroves, marine grass, coral reefs	Management program in process	12,645	25,093	*Puma concolor, Herpailurus yagouaroundii, Rhizophora mangle*	4 plant and 11 bird species	Agriculture, wood exploitation, cattle grazing	2.09	Wood expl., ilegal hunting, agriculture, cattle, tourism, water pollution	INAH, SERBO, UNAM, FONATUR	
El Ocote	Chiapas	48,140	Rain forest, tropical evergreen forest, palms	Management program in process, staffed, TAC	8,000	149,293	*Swietenia macrophylla, Ateles geofroyii, Panthera onca*	1 bird and 4 mammal species	Agriculture, cattle grazing	1.5	Peasant invations	ECOSFERA, PRONATURA, TNC, SAGAR	
Los Ajos-Buenos Aires-Bavispe	Sonora	184,776.41	Montane grassland, prairie, pine-oak forest, arid scrub, chaparral, riparian forest	Staffed, TAC	0	84,820	*Juglans major, Abies concolor, Erethizon dorsatum, Aquila chrysaetos*	40 bird	Wood exploitation	2.75	Mining, agriculture, wood expl., exotic species, narcotics, ilegal hunting	SARH, IMADES, USAID, FORD, U.S. Fish and Wildlife, TNC, FMCN, National Park Service, BLM, Audubon Soc.	
Bonampak-Yaxchilan-La Cojolita	Chiapas	6,500	Rain forest	Staffed, Management program in process	0	10,300	*Harpya harpya, Panthera onca, Lutra anectens, Palma chaemadora, Ateles geoffroyii, Ramphastos sulfuratus*	N/A*	Tourism	2.46	Tourism growth	NABOLOM, CI, INI,SEDETUR	Comunidad Lacandona

NPA	LOCATION	SIZE (Has)	HABITATS	MANAGEMENT STATUS	POP. IN RESERVE	POP. IN ADJACENT AREAS	IMPORTANT SPECIES	ENDEMISM	LAND USE	DEGREE OF THREAT*	ROOT CAUSES	SUSTAINABILITY OF FUNDING EFFORTS	PRODERS
Lacantún-Chan Kin	Chiapas	86,200	Rain forest	Staffed, management program in process	0	9,900	*Harpya harpya, Panthera onca, Lutra anectens, Palma chaemadora, Ara macao*	1 plant, 4 reptiles, 1 bird and 4 mammal species	Non timber products	2.43	Fire, overexploitation	NABOLOM, CI, INI	Comunidad Lacandona
Maderas del Carmen	Coahuila	208,381	Desert, grassland, pine-oak forest, riparian	Management program published, staffed	85	735	*Scalopus montanus, Eutamias dorsalis, Erethizon dorsatum, Ursus americanus*	4 mammal species, 10 plant species	Agriculture, wood exploitation, mining, cattle grazing	3.3	Mining, hunting, cattle grazing, exotic species	UAAAN, UANL, PROFAUNA, NGOs	
Metzabok-Naha	Chiapas	7,215	Rain forest	Staffed, management program in process	480	2,500	*Harpya harpya, Panthera onca, Lutra anectens, Palma chaemadora, Tapirus bairdii*	30 plant species	Agriculture	2.35	Invasions	NABOLOM, CI, INI	Comunidad Lacandona
Cañón de Santa Elena	Chihuahua	277,209	Desert, chaparral, arid scrub, grassland, riparian, pine-oak forest	Management program published, staffed	2,578	500	*Falco peregrinus, Aquila chrysaetos, Felis rufus*	0	Agriculture, cattle grazing	3.4	Agriculture, cattle grazing, mining	SAGAR, SEP, INAH, FONATUR	
San Pedro Martir	Baja California	63,000	Pine-oak forest, chaparral	Management program in process, staffed, TAC	0	500	*Puma concolor, Ovis canadensis, Aquila chrysaetos*	1 plant, 2 mammals	Wood exploitation, cattle grazing	3.57	Fire, hunting, cattle grazing	CICESE, UNAM, UABC, Espacios Naturales A.C.	

NPA	LOCATION	SIZE (Has)	HABITATS	MANAGEMENT STATUS	POP. IN RESERVE	POP. IN ADJACENT AREAS	IMPORTANT SPECIES	ENDEMISM	LAND USE	DEGREE OF THREAT*	ROOT CAUSES	SUSTAINABILITY OF FUNDING EFFORTS	PRODERS
Mapimí	Durango	20,000	Arid scrub, grassland	Will be staffed on 2000	Around 500	700,000	*Opuntia violacea, Ariocarpus fisuratus, Amathacactus sp., Epithelantha albispina*	Several cacti species	Tourism, mining, cattle grazing	3.08	Cacti expl., cattle grazing, water extraction, urban growth.	US Fish and Wildlife, UNAM, WWF, IE	

Degree of threat: 1- Very high; 5- Very low
N/A*: info. Not available


COMISION NACIONAL DE AREAS NATURALES PROTEGIDAS
SEMARNAP
NATURAL PROTECTED AREAS OF MEXICO
SYMBOLS
Natural Protected Areas
Areas under existing GEF Project
Other priority areas
New areas in need of immediate attention
Kilometers
0 250 500
N
United States of America
Gulf of Mexico
Pacific Ocean
Caribbean Sea
Guatemala
Belize
Baja California
Baja California Sur
Sonora
Chihuahua
Coahuila
Durango
Sinaloa
Nayarit
Jalisco
Colima
Michoacán
Guerrero
Oaxaca
Chiapas
Tamaulipas
Nuevo Leon
Zacatecas
San Luis Potosí
Guanajuato
Qro
Hgo
Edo Mex
Morelos
Puebla
Veracruz
Tabasco
Campeche
Yucatán
Q. Roo
1. El Vizcaino
2. Islas del Golfo de California
3. Sierra de Manantlan
4. Mariposa Monarca
5. El Triunfo
6. Montes Azules
7. Calakmul
8. Ria Lagartos
9. Sian Ka'an
10. Isla Contoy
11. Tehuacán-Cuicatlán
12. Alto Golfo y Delta del Rio Colorado
13. Cuatro Ciénegas
14. Corredor Chichinautzin-Zempoala
15. Sierra de Alamos
16. Sierra de Huautla
17. La Encrucijada
18. Pantanos de Centla
19. Banco Chinchorro
20. La Sepultura
21. Pinacate y Gran Desierto de Altar
22. Sierra de la Laguna
23. Los Tuxtlas
24. Sierra Gorda
25. Huatulco
26. El Ocote
27. Los Ajos-Buenos Aires
28. Bonampak-Yaxchilan-La Cojolita
29. Lacantún-CHan-Kin
30. Maderas del Carmen
31. Metzabok-Naha
32. Cañon de Santa Elena
33. San Pedro Mártir-Constitución de 1857
34. Mapimi

Annex 5 - Social Assessment and Participation Strategy

1. This Annex provides background information on the social context of protected areas in Mexico; outlines the approach developed at the SINAP-wide level to address social dimension of protected areas; presents the social strategy proposed by the present project; and summarizes progress to date in the project' s social assessment.

Background and Context

2. Protected areas are geographic spaces in which many groups, institutions and authorities converge at different levels. This is a basic fact that needs to be taken into account when evaluating the social context and designing and implementing a participation strategy.

3. In the protected areas there are instances of conflicts among the objectives of conservation of natural resources and the development objectives of the populations living inside or near the areas. In other cases the deterioration of natural resources has a direct negative impact on local residents and induce them to look for new approaches more compatible with conservation and sustainability.

4. The policy instruments and guidelines governing management of natural resources recognize that one of the fundamental dimensions -- both a challenge and a tool for sustainability -- is the development of strategies responding to human needs as well as ecological processes. Residents in and around the protected areas are, in many cases, the legitimate owners of the areas under protection. Thus their cooperation and consensus is a key element in any management regime. However, the level of participation has been limited. Landowners and inhabitants generally do not see direct benefits from the existence of protected areas, and would prefer to convert and use resources rather than participate actively in their conservation. On the one hand, local residents have the potential capacity to organize, manage, promote new and traditional good practices, and give them legitimacy. On the other hand institutional programs seldom have developed knowledge of the specific sociocultural and economic characteristics of local communities and adequate strategies for promotion of sustainable socioeconomic development. The program of activities proposed here would build social support for conservation by enhancing opportunities and local capacities for stakeholder participation. This consists mainly of rural communities, whose members are both indigenous and mestizo peoples.

5. The cultural diversity of the 12 protected areas selected for this project is very high. Five of the 12 reserves are inhabited by or traditionally used by various ethnic groups. Municipalities in and around some of the 12 areas are classified as highly marginalized. The table 1 below shows the distribution and populations of indigenous groups and other populations of special concern because of their high degree of marginalization.

Protected Area	# municipalities	State(s)	Population (inside PA)	Indigenous groups	Level of marginalization
Alto Golfo de California y Delta del Río Colorado	3	BAJA CALIFORNIA / SONORA	4,464	Cucapás and Tonho O'odham.	Very low
Banco Chinchorro*	1	QUINTANA ROO			
Corridor Chichinautzin-Zempoala	11	MORELOS / MÉXICO	50,000	Nahua	Medium
Cuatrociénegas	1	COAHUILA	1,329 ~~267~~		Medium
La Encrucijada	6	CHIAPAS	29,000		Medium-high
Pantanos de Centla	3	TABASCO	16,293	Chontal	Medium
La Sepultura	6	CHIAPAS	23,145		Medium
Sierra de Alamos - Río Cuchujaqui	2	SONORA	432		Medium
Sierra de Huautla	5	MORELOS	3,300		Medium
Tehuacán-Cuicatlán	50	PUEBLA / OAXACA	626,814	Mixteco, mazateco, cuicateco and others ~~popoloca~~	High
El Pinacate y Gran Desierto de Altar	3	SONORA	200	Tohono O'odham (papagos)	Medium
Sierra de la Laguna	2	BJA CALIFORNIA SUR	800		High

Source: National Commission for Protected Areas

** Although this marine protected area is not inhabited, it is highly influenced by fishermen living*

promote biodiversity conservation as well as academic and research institutions. There are also private landowners and groups providing services, for example, in the tourism sector. Numerous agencies of the federal, state and local governments are also important actors in the development process.

Social Participation in Protected Areas: Advances to Date

7. During the past five years, since the creation of SEMARNAP and the development of the Natural Protected Areas Program 1995-2000, there have been significant advances in the establishment of mechanisms for social participation in the management of protected areas, and the concepts of sustainable development have been adopted at various levels of government. 32 areas now have Technical Advisory Councils (TACs), and at the national level, the National Council on Natural Protected Areas provides a forum for input and participation by representatives of diverse stakeholder groups: government, academia, NGOs, and the private sector. The National Commission for Protected Areas has established a Social Participation Unit to design and carry out strategies to enhance social participation in the protected areas. This Unit has recently completed studies of social participation in two of the areas included in the first phase GEF project, Ría Lagartos and Montes Azules , as well as a survey in the performance of TACs.

8. The experience so far with TACs has been overall positive. In the survey conducted in 1999 by the social unit within the National Commission a total of 567 CTA members were interviewed. On average, every Council has 21 participants, and they have had 185 meetings since their establishment. In addition, several subcommittees have evolved around specific themes or regions, which ensures that the Councils meet at least three times per year to discuss with the reserve personnel the sustainable use and conservation of natural resources in the protected areas. These Councils have played a significant role in the elaboration of the Management Programs. The composition by sector of these 26 councils is the following: private 8%, NGOs 12%, academic 20%, social 27% and public 33%.

9. Some specific examples of important agreements promoted by the CTAs can be found in the experience of some of the reserves proposed for financing under the present project. These include:

Cuatro Ciénegas:

- Permanent monitoring of the reserves watershed levels.
- Development and application of the "exotic flora and fauna project" by the University of Nuevo León.

- Establishment of the commissions to develop and apply sustainability projects and to address social issues.

- Establishment of an ecoturism commission.

Corredor Chichinautzin:

- Inclusion of the Tepozteco National Park to the reserve area.

- Service reorganization of the Lagunas de Zempoala recreation area.

- Reserve' s signs placement in the east part of the reserve.

- Establishment of civic groups to watch the east part of the reserve. These groups are formed in coordination with PROFEPA.

- Creation of a promotion program for the corredor Chichinautzin.

Tehuacán – Cuicatlán:

- Elaboration of an assessment project to establish the limits of the protected area.

- Elaboration of feasible projects to promote sustainable development in the reserve.

- Legislation review about protection to the reserves genetic pool and biodiversity richness.

10. Along with achievements, TACs still face constraints in terms of their ability to promote consensus on conservation objectives and protected area management. One the findings of the studies mentioned above in Ria Lagartos, Montes Azules, and the TAC survey is that TACs are not always the ideal (or the only) vehicle for adequate participation in every protected area. Additional forms of social participation are being explored (and will be included in the final design of the project). Suggestions already on the table include establishment of sub-committees (thematic or geographic) and different forms of supporting local groups to organize themselves for effective participation.

Social participation: Toward a New Concept

12. At the same time, the vision of local communities as threats or , in the best cases, "users" or "clients," has changed to an appreciation of their role as owners and fundamental actors in the tasks of conservation. Local populations now are beginning to be seen not only in terms of problems -- demographic growth, unsustainable use of resources, environmental impact, conflicts -- but as a resource -- of organization, of administration, of knowledge, experience and capacity, of promotion, of demand, of adoption and dissemination of sustainable practices. The participation of the people forms the backbone of the conservation program. On the other hand, the communities have begun to incorporate or recognize conservation objectives in their own interests, and they have begun, though slowly, to develop the technological processes, financial and legal instruments, and organizations that will result in transformation of productive activities in sustainable directions.

13. With the objective of strengthening the full participation of the society in the tasks of sustainable development, the design of the Technical Advisory Committees will be revised, establishing their functions according to the specific situation of each protected area, strengthening their role as consultants in technical aspects, as well as creating spaces for participation at the local level, such as local committees, regional committees, and committees representing existing associations of producers, ethnnic groups, communities and other localCSOs.

14. It is very difficult for communities to fully adopt conservation objectives and demand actions of this type, if conservation activities constitute a net cost or burden to the communities, with no mechanisms for compensation or development alternatives permitting the transformation of productive activities toward sustainability. In order to reduce the pressure on the natural resources by offering alternative ways to the improvement of production and well being.

15. A fundamental component of social participation in the conservation of the protected areas should be developing and promoting sustainable alternatives for access to sources of income and well-being, appropriate in terms of the communities' own cultural and economic perspectives; alternatives that contribute to the improvement of the quality of life of the inhabitants of the protected areas and their surrounding zones with the achievement of tangible, concrete social benefits via participation in productive projects. "Appropriate and feasible sustainable alternatives" refers to the necessity of beginning with the daily life, the culture, the organization and even the ways of traditional production, at the time that options are selected and actions designed, so that residents make the protection agenda their own.

16. The lack of knowledge of technological options for sustainable development, and the failure of economic and political decision makers to incorporate environmental values, are some of the underlying causes of degradation of the natural resources. Social participation in the conservation of natural resources requires a wide campaign of communication and environmental education, with appropriate formats for each protected area, recognizing that in each one of the regions, there are differingsocio-demographic, ecological, cultural and political conditions.

planning not only conservation activities but also the transformation of productive activities toward sustainable uses, as well as the design of tasks, objectives, and systems for monitoring achievements.

18. Specific objectives of the social strategy are:

(a) establishment and support offora, mechanisms and individual capacities, as well as the capacities of groups and institutions, at the local and regional level, for social participation in planning, management, implementation and evaluation of sustainable management of the protected areas' natural resources;

(b) improving capacity of protected area staffs to address social issues, by supporting additional staff, training and capacity-building (including, for example, conflict resolution, community planning, knowledge, sustainable use techniques, knowledge of institutional programs that offer opportunities for local productive and marketing projects), and special projects including public-social-private partnerships;

(c) strengthening local groups and organizations with the potential to participate and represent key constituencies;

(d) developing a broad and permanent strategy of awareness, information, communication and environmental education that promotes positive changes in the perspectives of the public and institutions with regard to the value of protected ecosystems;

(e) contributing to the improvement of the quality of life of the inhabitants of the protected areas and their surrounding zones, with the achievement of tangible social benefits by means of participation in sustainable productive projects tending to reduce pressures on natural resources;

(f) identification of internal and external conflicts that impede social participation and adoption of appropriate development models, and application of conflict resolution and mediation methods; and

(g) in an objective shared with the mainstreaming component, identification of agencies and organizations whose programs have the potential to affect local residents, and focusing resources of those agencies toward appropriate sustainable development programs addressing root causes ofbiodiversity loss.

Social Assessment

19. The process of social assessment of the protected area to be supported by the GEF project (including indigenous peoples) is under way. Progress to date include:

with them, and recommended activities to be carried out by the participant local communities. For the 12 reserves as a group, the following key social and economic root causes of biodiversity loss have been identified:

- Migration into the protected areas and surrounding zones by people who have no other options for development;
- Growing demand for land;
- Inequitable distribution of lands and lack of access to land by marginalized populations;
- Lack of access of the local produce to the national markets;
- Lack of knowledge about natural resources and ecological cycles;
- Lack of knowledge of laws and regulations governing use of natural resources;

21. Specific findings of the social assessment, related to the first four areas scheduled to receive GEF support upon project inception, are summarized below.

Alto Golfo de California y Delta del Río Colorado.

- The contamination and, most important, almost complete drying up of the river before it reaches the sea, due to agricultural use and urban development through its course, has provoked an ecological catastrophe that deeply affects traditional activities. There is need for regulation of water use among agriculture, industry (mainly fisheries), turistic services and natural systems.
- Since most of the population resorts to fishing, a resource that has noticeably diminished in the last years, (due to overexploitation and growing scarcity of non salty water in the marine life reproductive areas of the delta), it is also urgently needed a better regulation of fishing rights.
- There is already an excess of tourist impact the zone and pressures in favor of tourist megaprojects.
- Cucapás and Pápagos (O'odham) indigenous populations demand assurance that several places of religious and ceremonial significance will not be disturbed and they will keep unrestricted access.

Tehuacán-Cuicatlán

- An enormous complexity of a region that extends over 490 thousand hectares, with a long history

- Erosion and desertification caused by heavy deforestation of surrounding mountains results in decreased water infiltration for aquifer recharge, rapid runoff with erosion and flashfloods. Natural springs and groundwater levels are decreasing threatening supply to urban and rural populations and agricultural production in the valleys.

- Irregularities in land titles and exploitation rights, and disputed boundaries among communities put an obstacle to the development of a long term vision in the use of resources.

Corredor biológico Chichinautzin-Zempoala

- Is an area in the south center of the country, near the capital of the country; with an extensive grill of highways and secondary roads and subject to very intense social-urban pressures, air and waste contamination, and an excess ofturism. The creation of the Natural Protected Area is part of an effort to regulate the urban growing ofMéxico city and surrounding municipalities.

- Main threats are desertification, deforestation, erosion, urban growing and new settlements, expansion of roads, over-grazing, illegal hunting, provoked fires, lowering of water levels, illegal commercialization of flora and fauna. Some government programs have had a very negative impact on resources by promoting change of land cover, cattle expansion and allowing unregulated urbanization.

- Traditional communities and social property are subject to intense pressures from higher income settlers and new developments. There are still somenáhuatl speakers among the older generation of rural population.

Cuatro Cienegas

- The reserve is entirely on private (49.5 thousand hectares) and socialejido property (34.7 thousand hectares). The abundance of wells at ground level raises expectation for the development of agriculture, industry and recreational activities. Inadequate irrigation and use techniques, and lack of regulation, make for a very wasteful use of water that threatens to diminish water levels inbiodiversity important water ponds.

- Restrictions and prohibitions for the extraction of mineral resources; hunting and fishing of endemic species, and use of other traditional vegetation gatherings(candelilla wax,mezquite and burning woods) make it necessary for a compensation and economic activities diversification strategy; alongside with participatory defined regulation of water, land and recreational resources and protection of fossils and prehispanic sites and artifacts from looting.

22 The social component will be translated by means of the following additional steps: First, during

23. It is expected that for each reserve, completion of the social assessment will generate the following products:

- Formulation of a framework for social participation and specific plans for each protected area, focusing on indigenous and marginalized peoples.
- Definition of the forms and forums for promoting participation and co-responsibility better suited to the specific social reality of each protected area
- Identification of specific institutional strengthening and capacity building needs at the individual reserve level, to enhance reserve staff ability to deal with the social dimension of conservation and promote conflict resolution
- Recommendations for promoting sustainable use management options, including technical advice and support for communities for accessing development programs compatible with conservation objectives.

24. Because the project includes a major component dedicated to assist local communities to increase their access to existing social programs for support of appropriate productive activities linked to conservation and sustainable use, the social impacts are generally expected to be positive. However, there will be cases where the project may generate adverse impact for some social groups; completion of the social assessment will permit the development of specific plans to mitigate those impacts.

Indigenous Peoples Strategy and Action Plan

25. The social marginalization of the communities in and around protected areas can be exacerbated by their ethnic conditions (lack of recognition and respect of their knowledge, rights, differences, and cultures).

26. Some of the twelve protected areas are inhabited by several indigenous groups -mayas-chontales in Pantanos de Centla; cuicatecos, nahuas, popolocas, mixtecos, and some others in Tehuacan-Cuicatlán; Cucapa and Tohono O'odham (pápagos) in Alto Golfo y Delta del Rio Colorado; nahuas in Zempoala-Chichinautzin and Tohono O' odham (pápagos) in El Pinacate y Gran Desierto de Altar. Also, there are protected areas, although not inhabited by indigenous groups in their immediate area of influence, whose resources are used by indigenous groups, such as the Kikapús in Cuatrocienegas, where they use the tule.

difficulty, there is the problem of communities considered 'mestizas,' that do not speak indigenous languages, and suffer marginalization on the part of surrounding indigenous groups. These mestizo communities in largely indigenous municipalities frequently are even more marginal than the indigenous groups that govern them.

29. In this sense, the project proposes to include programs of development not only in municipalities clearly 'indígenous' (defining them mainly with approaches of territory and language) but also in other municipalities, equally marginalized, that conserve knowledge, beliefs and other forms of traditional culture.

30. The social assessment will identify the indigenous and/ or marginalized populations to be assisted with special programs of attention, to be developed in accordance with applicable World Bank policies (in particular, the OD. 4.20)

Conclusion

31. The process of social assessment, development of the participation strategy, and formulation of indigenous (and other marginalized) peoples development is being completed during the remainder of project preparation. It will provide (1) baseline data on current social aspects and participation status, (2) clear priorities and guidelines for project activities, and (3) identification of potential social impacts of project activities, with options for prevention and mitigation.

Annex 6 – Budget, Financial Projections and Fundraising Plan

I. Budget for Endowment Funding

The budgets for endowment funding are calculated according to the following data and assumptions.

The US$22.5 million endowment capital requested from the GEF would support basic conservation costs in the 12 initial priority protected areas (PA), generally following the criteria and formulas developed for the 10 areas supported by the first US$16.48 million FANP endowment.

The US$22.5 million in matching capital will be used:

a. To extend the endowment support for basic conservation to protected areas beyond the original 12, to the next "tier" of 12 PA, to the extent that it is given by GOM or other donors who concur with this priority either as part of the FANP endowment or in local PA endowment funds (in this case the same calculations of amount per PA would apply) (in case endowment funds for basic conservation activities are obtained for the original 12 areas proposed here, GEF endowment funds will support the areas next in priority within the 34), and/or

b. To support conservation activities above and beyond the "basics," consistent with management plans and identified threats, intermediate and root causes, in any of the 34 protected areas identified as priorities for the GEF program as part of the FANP endowment or in local PA endowment funds (10 currently receiving support, 12 to be supported by initial GEF endowment, 12 in the next tier of priority areas to be added). These activities will provide inputs, lessons and learning experience that will be serve for other protected areas within and outside of Mexico. In this case, the amount per protected area, and the selection of the areas to be included, would depend on the specific program to be supported and conditions of the donor.

Thus, the calculations for the GEF portion of the endowment proceed from the assumption that this endowment will be the total endowment support for basic conservation in the initial 12 areas. Additional endowment capital will be dedicated to (a) other areas or (b) other activities. This annex shows investment of both GEF and other donors' endowment for illustrative purposes only. This is based on the assumption that endowment donors will expect their funds to be maintained in separate accounts, and that projections for investment and use of those funds will be developed in consultation with the donors. FMCN and the GOM will oversee the funds in such a way as to maximize coherence of strategies, uses, monitoring, and reporting procedures among the funds from different donors.

Benefits for personnel (acc. Law)	19,313	231,751
NGO accounting and hiring	14,797	177,563
Comm. Coordination Program (CCP)	12,618	151,416
FANP costs	19,878	238,536
Total	**175,961**	**2,111,538**

Of the costs presented above, the tax element is distributed as follows:

Type of expenditure	Per reserve	For 12 reserves
Taxes for NPAs	12,247	146,964
Taxes for CCP and FANP	2,837	34,044
Total	**15,084**	**181,008**

The following table calculates the total endowment required for the entire group of 12 priority areas, after considering all costs to be supported, excluding non-eligible costs (taxes) to be paid by the GOM, a 3% return from local management, and assuming an 8.3 percent return on the endowment.

Funds from the endowment	1,869,029
GOM contribution	181,008
Local interest income (3%)	61,501
Total	**2,111,538**
Endowment required	**22,500,000**

II. Financial Projections (Endowment)

The following financial projection pertains both to the GEF endowment contribution and to contributions from other donors. It is assumed that donors that contribute to the endowment will request separate accounts and specific investment strategies, so that the projection will differ from the one presented here only for illustrative purposes. The projections assume that the first GEF disbursement will occur in 2001, followed by disbursements according to the amount necessary to endow one reserve (US$ 1.875 million). Although it is highly unlikely that fundraising results are linear in time, they are presented here in yearly additions of US$ 2 million for simplicity.

The current proposal assumes that the initial GEF capital contribution will occur in 2001 in the amount of 7.5 million dollars, which will generate income to cover the basic costs of four protected

fixed income securities (Eurobonds, Sovereign Debt). This strategy avoids market fluctuations that can affect the availability of the required annual cash flow. At least 10% of the endowment will be invested in equities or protected capital products. This investment should help partially offset the erosion of the real value of FANP capital with the oversight of a financial consultant and the Committee of Administration and Finances of the FMCN under the current investment guidelines approved by the World Bank.

Based on the experience of the FANP, the Emergency Fund to cover natural disaster and labor contingencies is not expected to go beyond 0.3% of the capital per year (in 1998, when fires in Mexico reached a historical record, US$64,327 were required for ten reserves). While the emergency funds will not be withdrawn from the investment on a yearly basis (if not needed they will be reinvested), they will be invested in instruments that allow their immediate withdrawal should they be needed.

SINAP II: Example of a Financial Projection (amounts in thousands of US dollars)

Year	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
GEF contributions	7,500	3,750	1,875	1,875	1,875	1,875	1,875	1,875
Matching funds contributions	9,500	2,000	2,000	2,000	2,000	2,000	2,000	1,000
Accumulated contributions	17,000	22,750	26,625	30,500	34,375	38,250	42,125	45,000
Balance of investments	17,000	22,793	26,737	30,704	34,697	38,717	42,768	45,852
Investment in Fixed Income (90%)	15,300	20,514	24,063	27,633	31,227	34,846	38,491	41,267
Investment in Equities (10%)	1,700	2,279	2,674	3,070	3,470	3,872	4,277	4,585
Growth from Fixed Income (9%)	1,377	1,846	2,166	2,487	2,810	3,136	3,464	3,714
Growth from Equities (12%)	0,204	0,274	0,321	0,368	0,416	0,465	0,513	0,550
Total Growth	1,581	2,120	2,487	2,855	3,227	3,601	3,977	4,264
Emergency Fund (0.3%)	0,051	0,068	0,080	0,092	0,104	0,116	0,128	0,138

End of year balance	17,043	22,862	26,829	30,822	34,842	38,893	42,977	46,012

(1) Fees will be negotiated between a low fixed fee plus a portion according to performance.

Total annual requirements of the program will consider offshore income derived from the endowment (except for the year 2001), a 9.7% contribution from the Mexican Government to cover the taxes in the program (including the taxes of the fundraising component) and a 3% income from local management. The latter can be obtained since disbursements to the project components will occur at four-monthly intervals, which allows for local management. Hence, the total income available to the FANP program for the portion of the GEF endowment will be the following:

Total income available to FANP program								
	2002	2003	2004	2005	2006	2007	2008	2009
Total Offshore Income	623	935	1090	1246	1402	1558	1713	1869
GOM contributions to FANP	60	91	106	121	136	151	166	181
Local Interest Income	21	31	36	41	46	51	56	62
Total	**704**	**1056**	**1232**	**1408**	**1584**	**1760**	**1936**	**2112**

III. Budgets for Traditional Project Activities (Non-Endowment) GEF Funds

The following table provides the cost assumptions behind the estimated incremental cost request for non-endowment GEF funding:

COMPONENT/SUB-COMPONENT	**COST ESTIMATES**	
1. Expansion of the Fund for Natural Protected Areas		
	Costs per year	Costs for 8 years
1.2 Fundraising Campaign (1) (disbursements starting in 2001)	**158,758**	**1,270,060**

Subtotal 2.1 (Disbursements proportional with endowment disbursements)	**159,085**		**1,909,020**
3. Commission Coordination Program (CCP)	Costs per Reserve		Total costs
M&E (22 reserves) initial costs[3]	**9,091**		**200,000**
5. Mainstreaming Conservation and sustainable use policies [4]	Costs per reserve per year	Costs for 22 reserves per year	Costs for 5 years
Mainst/social participation at reserves	40,000	880,000	4,400,000
Mainst/social participation at Comission	4,000	88,000	440,000
Admin for mainst/social participation	4,000	88,000	440,000
ubtotal 5	**48,000**	**1,056,000**	**5,280,000**
Grand total [5]			**8,659,080**

(1) Fundraising costs have been calculated according to the estimates by the "National Society for Fundraising Executives" (1998, First course, NSFRE, Alexandria, VA, USA), which recommend an investment between US$0.20 and US$0.50 for every dollar obtained from private donors, foundations, and membership campaigns. These costs are calculated for non-endowment donations, which require less investment than endowment contributions. Under the proposed fund-raising plan (See Section V below), an investment of $2.4 million is expected to generate US$9 million in endowment capital, equivalent to $0.26 per dollar raised. GEF is requested to fund half of the fund-raising expenditures, or $0.13 per dollar raised.

(2) At each disbursement of capital funds, the first year of the program will be covered with non-endowment funds, which will allow the endowment portion to accrue interests for a year. The endowment return will begin to cover the costs for the priority reserves one year after capital disbursement.

(3) The costs are based on the incremental needs for the 12 new reserves and the 10 reserves in the GEF Pilot Phase project. Disbursement is expected to occur in 2001.

(4) The costs are based on the incremental needs for the 12 new reserves and the 10 reserves in the GEF Pilot Phase project. Disbursements are expected to start in 2001.

(5) Non-eligible costs (taxes) have been excluded (these costs will be covered by GOM

for fiscal appropriations (including personnel) is US$19.4 million, and a pro-rated share of Commission's costs amounts to US$5.2 million over eight years.

Data for reserve conservation funding from other sources is derived from the study by Ramón Perez Gil and FernandoJaramillo (1999), with corrections and updates from the National Commission for Protected Areas. The total amounts for the baseline year (1999) are as follows: national public (non-Commission's) sources, US$1.5 million (under "GOM" contributions); private sources, US$1.24; and international public sources US$326,000 (referred to as "bilateral" contributions). This baseline is probably a conservative estimate, since this project includes a component specifically directed at generating funds from other sources for appropriate productive projects (mainstreaming). Taking 1999 as the baseline year, and projecting income from each source for a total of eight years produces the estimates in the following table (for comparison, GEF non-endowment contributions are included):

	GOM	**GEF**	**PRIVATE**	**BILATERAL**	**TOTAL**
1.Expansion of the FANP					
1.2 Fundraising		1.2	1.2		2.4
2. Protected area conservation programs					
2.1Implementation of Management Programs	19.4	1.9	7.1	2.6	31.0
2.3 Increased knowledge onPAs			2.8		2.8
3. Commission Coordinating Program					
M&E start-up		0.2			0.2
CNANP central costs	5.2				5.2
4. Institutional strengthening					
CNANP	0.5				0.5
NGO			2.0		2.0
5.Mainstreaming					
reserve level	12.0	4.5			16.5
central coordination		0.8			0.8
TOTAL	**37.1**	**8.6**	**13.1**	**2.6**	**61.4**

funds from international and private sources, including partnership with GOM in approaching bilateral sources.

The following text gives an overview of plans for a major capital fundraising campaign from the perspective of the GOM first, followed by the perspective of the FMCN.

The GOM

The GOM has recognized the protected areas program as a priority instrument to achieve conservation of biodiversity. This recognition has been followed by increments in the fiscal budget and support to negotiate with other ministries and authorities. The National Commission for Protected Areas is the responsible unit for all of the federal protected areas in Mexico and has created in recent years a working group oriented toward fundraising, mainly in the Mexican private sector. The results have been significant and through the present project will continue to be so. Aside from the private sector, ongoing negotiations with the Ministry of Finance (SHCP) are at hand to receive income from service fees within protected areas (tours, restaurants, environmental education, etc.) and in turn use the fees for management and operation improvements. Other incentives to invest in protected areas are being explored with SHCP.

The GEF support has been an incentive for the GOM to support the idea of diversifying funding sources for the protected areas, and the GOM sees this as an opportunity to involve different sectors of society in a co-responsibility toward conservation. Tangible examples of this teamwork include the following:

- the establishment of the Fund for the Conservation of the Monarch Butterfly within FANP in FMCN, which will support the communities with properties included in the core area under the new decree of the Monarch Butterfly reserve, in order to ensure the conservation of their forests. In this initiative, WWF, SEMARNAP and FMCN have collaborated to ensure a US$ 5 million endowment contribution from a private U.S. Foundation.
- the establishment of an endowment (US$1.0 million) for the reserve Los Ajos-Bavispe-San Pedro within FANP in FMCN, where the collaboration of SEMARNAP with the U.S. Ministry of the Interior, FMCN, the National Fish and Wildlife Foundation (NFWF) and WWF has resulted in the financial support from individuals and private foundations.
- direct US$ 1.5 million contribution to the FANP endowment for the project presented here as a result of a contribution from SEMARNAP 2000 budget .

The above mentioned contributions are already secured and amount to US$ 7.5 million, which corresponds to the match required by GEF for the first disbursement to the endowment (of these, US$ 6 million have already been deposited, and US$ 1.5 million from the government have been committed, and will be deposited following GEF Council approval in November 2000).

counterpart funds to a US$19.5 million contribution from USAID. This endowment has allowed the successful establishment, operation and growth of the Conservation Program within the FMCN.

The FMCN

The assurance of sufficient resources (both endowment and sinking funds) to achieve the objectives of the FMCN, within the framework of its mission and the context of the national strategy for the conservation of biodiversity, is a permanent task fundamental for the institution. Since the origin of FANP, the FMCN has raised US$9.3 million in sinking funds and with the support and collaboration of SEMARNAP, WWF and NFWF, and US$6.5 million (stated above) in endowment funds directed to PA.

For the match to the US$22.5 million requested from GEF in this proposal, US$ 7.5 million have been obtained (US$ 6 million already deposited, and US$ 1.5 to be deposited during the fall of 2000) and US$ 6 million will be contributed by SEMARNAP during the next Administration. The remaining US$ 9 million will be raised as a result of a team effort between FMCN, GOM and other NGOs.

The main inputs and elements that are required to implement a successful fundraising strategy to financially consolidate the National System of Natural Protected Areas (SINAP) in the country and meet the GEF matching requirement are:

1. Support and unconditional commitment of the different groups involved in the initiative, including the FMCN Board, its President, the members of the CTFANP, the Executive Director, the DFANP, the corresponding GOM sectors, in this case SEMARNAP, the Finance Ministry (SHCP), as well as the recipients or direct beneficiaries, which in this case are the protected areas and the central coordination of the program.
2. A clear vision towards the future, as well as a good Strategic Plan for the fundraising campaign, developed in a participatory manner.
3. Objectives supported in defined priorities, plans, budgets, and needs that are clearly delimited, according to the country reality.
4. Justification of the needs (Case Statement) through a convincing and attractive document for the potential donors.
5. A market study on the potential donors whose philosophy and mandate is in accordance with the institutional profile of the FMCN in the context of a developing nation.
6. Partnerships with international institutions, such as WWF and NFWF that can provide their expertise and help in these important fundraising goals.

Through a private donor, FMCN has already obtained partial resources to initiate a major fundraising campaign (US$300,000). These funds will be complemented with US$200,000 from FMCN. As a first step, the Strategic Plan developed in 1998 will be revised in September and October 2000. The presidents of the fundraising campaign have been identified, and a pilot phase of mechanisms, such as income generation through international tourist visits agrotourism operation in protected areas

An initial analysis for potential sources and mechanisms for fundraising to be considered as part of the strategy to obtain US$9 million in the next eight years include:

Private

1. Fundraising for the direct application to the endowment (foundations, bilateral and multilateral organizations, individuals, and international NGOs). A Mexican private foundation has already indicated interest.
2. Fundraising for sinking funds with the possibility to direct interests to the endowment.
3. Joint implementation (projects on carbon sequestration).
4. Co-investments and joint projects with the private sector for providing tourism services.
5. Individual membership through market campaigns.
6. Voluntary donations from the private sector present in the urban centers close to the natural protected areas.
7. Creation of local, regional or state funds (already two being established).
8. Promotion of funds linked to international tourism visits (already under design).

Public

1. Fundraising from governments for the direct application to the endowment or for sinking funds where interests can be directed to the endowment.
2. Income from services such as ethnotourism, ecotourism, and adventure tourism through the natural protected area infrastructure.
3. Entrance fees.
4. Bio-prospecting and research rights.
5. Fees for environmental services.
6. Debt swaps.
7. Fees on concession rights.
9. Commissions for privatization processes.

With respect to the possibility of the generation of resources through membership campaigns, it is suggested that this mechanism be explored as an alternative to link a greater number of individuals committed with conservation and with influence on environmental politics and ethics on the conservation of the country. While this mechanism is considered as long-term, it will ensure a public image and recognition for the GOM as well as for the private conservation sector. The financial stability for the support of SINAP requires the confluence of contributions from diverse sources and mechanisms, since this strengthens the message of commitment that favors fundraising schemes in the international arena. It is therefore strategic to link the value of the protected areas with the economic and social viability of the country.

The following table presents a summary of some of the potential sources identified, as well as their feasibility as a function of the time-frame.

8	Membership campaigns	3	-	1,000
9	Private foundations	1	500	2,000
	Total		**5,000**	**9,000**

* 1: Short-term, 1-2 years
2: Medium-term, 3-5 years
3: Long term, 6-8 years

Conclusion

US$22.5 million endowment funds area required as a match to the endowment requested from GEF. US$ 7.5 million have already been secured (US$ 5 million for the Monarch Butterfly Reserve, US$ 1.0 million for the LosAjos-Bavispe-San Pedro reserve and US$ 1.5 million as part of the 2000 SEMARNAP budget contribution to the FANP endowment) and US$ 6 million will be provided by SEMRNAP in yearly US$ 1 million contributions in the next six years. The remaining US$ 9 million will be raised using different strategies. This effort will require the coordination of a fundraising team composed of members from different institutions: the National Commission for Protected Areas, FMCN, internationalNGOs and consultants. Following table presents a projection of funds raised (as a commitment from different donors) in relation to the proposed disbursement of equivalent GEF funds:

Year	SEMARNAP contribution	Fundraising team
2001	US$ 1.0 mi	US$ 1.0 mi
2002	US$ 1.0 mi	US$ 1.0 mi
2003	US$ 1.0 mi	US$ 1.0 mi
2004	US$ 1.0 mi	US$ 1.0 mi
2005	US$ 1.0 mi	US$ 1.0 mi
2006	US$ 1.0 mi	US$ 1.0 mi
2007	-	US$ 1.0 mi
2008	-	US$ 2.0 mi
Total	**US$ 6.0 mi**	**US$9.0 mi**