

# OFFICE MEMORANDUM

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DATE: May 18, 1999

TO: Mr. Kenneth King, GEF Secretariat  
Attn: GEF Program Coordination

FROM: *K for*  
Lars Vidaeus, GEF Executive Coordinator, ENVGC

EXTENSION: 3-4188

SUBJECT: **MEXICO – Indigenous and Community Conservation of Biodiversity (Oaxaca, Michoacan, Guerrero) - PDF Block B Request**

Please find attached the above-mentioned PDF Block B request. We would appreciate receiving any comments by **Tuesday, June 1, 1999**. This proposal will be reviewed at a planned bilateral meeting with the GEF Secretariat on June 3. Best regards.

## Distribution:

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Cc: Brizzi (LCC1C); Lovejoy, Martinez, Molnar, Kimes, Abedin (LCSES); Castro, Bossard (ENVGC); IRIS1; ENVGC ISC.

**GLOBAL ENVIRONMENT FACILITY  
PROPOSAL FOR PROJECT DEVELOPMENT FUNDS (PDF)  
BLOCK B GRANT**

<b>Country:</b>	Mexico
<b>GEF Focal Area:</b>	Biodiversity
<b>Operational Program:</b>	OP# 4 and OP#3
<b>Project Title:</b>	Indigenous and Community Conservation of Biodiversity (Oaxaca, Michoacán and Guerrero)
<b>Requesting Agency:</b>	World Bank
<b>Executing Agencies:</b>	SEMARNAP
<b>Total Project Cost:</b>	\$14.0 million <sup>1</sup>
<b>Financing Plan:</b>	US\$ 7.5 million GEF US\$ 2.4 million (Government of Mexico counterpart) US\$ 2.6 million (WB-PROCyMAF) US\$ 1.5 million (in-kind from participating communities)
<b>Project Duration:</b>	2 years (initial phase); 7 year APL in three phases
<b>Preparation Costs:</b>	US\$775,000
<b>PDF Block B Funds Requested:</b>	US\$350,000
<b>PDF Co-Funding:</b>	US\$ 60,000 (in-kind: Government of Oaxaca) US\$ 60,000 (in-kind: Government of Guerrero) US\$ 60,000 (in-kind Government of Michoacán) US\$140,000 (WB-Indigenous Profiles) US\$ 60,000 (WB/WWF Alliance) US\$ 45,000 (in-kind: NGOs)
<b>Block A Grant Awarded:</b>	Yes

### **Project Objectives**

1. The overall goal of the project is to achieve more effective biodiversity conservation in the states of Oaxaca, Michoacán and Guerrero by promoting the sustainable protection and use of biodiversity by indigenous communities and ejidos. The project would be a phased adjustable program framework (APL) over a seven year period, associated with a restructured Bank-financed Community Forestry loan, and designed to establish community conservation as an effective complement to the national system of protected areas. The first phase (estimated 2 years) would finance protection activities and the establishment of key biological corridors, consolidate best practices for community conservation, test the institutional and economic framework necessary to establish community conservation as an effective strategy, and build the capacity, constituency and consensus to implement this framework effectively. Subsequent phases would replicate project experiences in additional communities in the three states and in other Pacific coast states, including the establishment of economic and institutional mechanisms to

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<sup>1</sup> All financial figures are indicative and would be revised in subsequent versions of the proposal.

compensate communities for the ecological services supplied by their community resources and ensure sustained financing for protecting community biodiversity for the long-term.

2. Specific project objectives over the life of the program would be to: (i) establish and strengthen community conservation areas on lands with high biodiversity value that are communally owned by indigenous communities and ejidos in the States of Oaxaca, Guerrero and Michoacán; (ii) promote activities that generate income by and for program participants from the sustainable use of community biodiversity in the community conservation areas, as well as in adjacent forestry and multiple use lands; (iii) consolidate the institutional and technical practices for establishing community-based biological corridors and establish priority corridors within and across the three states; (iv) increase the organizational and administrative capacity of interested communities to protect and sustainably manage biodiversity on their territory both within community conservation areas and adjacent lands; (v) improve social participation in biodiversity conservation through networks of communities across the three states; (vi) identify, and to the extent feasible promote, mechanisms of sustainable financing for landscape-wide conservation, including markets for ecological services and for financing recurrent costs of protecting the internationally significant biological resources owned by the communities; and (vii) strengthen the capacity of state SEMARNAP delegations to promote community conservation and the establishment of biological corridors and coordinate efforts to achieve the above objectives.

### **Background and Overall Strategic Approach**

3. Mexico is home to approximately 10 percent of the world's biodiversity and is ranked fourth among the world's "megadiversity" countries. However, the country's diverse ecosystems and biodiversity are threatened by deforestation, over-exploitation, poorly regulated tourism, accelerated economic development, and arbitrary settlement policies. In response to these threats, the Government of Mexico (GoM) has prioritized biodiversity protection and has developed a national strategy for protecting critical natural habitats and biodiversity.<sup>2</sup> The cornerstone of the GoM strategy is the National System of Protected Natural Areas (SINAP). This system is based on a process of identifying critical areas, promulgating decrees that declaring them a national public good, and limiting use on these lands (whether or not the land is in the federal domain), and then providing management authority to the National Institute of Ecology. The system entails about 66 national protected areas covering only 3 percent of national territory.

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<sup>2</sup> Mexico's *National Development Plan* and *National Environment Program 1995-2000* both emphasize the importance of protecting biodiversity and conserving national protected areas. In May 1996 the Government of Mexico (GoM) issued a *Program for Natural Protected Areas in Mexico 1995-2000* which was the first coherent attempt to develop a strategy for protecting Mexico's rich biological resources in consultation with the national community of scientists, conservationists, and indigenous peoples. The GoM is currently in the process of preparing its *National Biodiversity Protection Strategy and Action Plan*.

4. The states of Oaxaca, Guerrero and Michoacán contain a significant concentration of biodiversity in Mexico, with almost all of Mexico's ecosystems represented within them. The GoM has identified these three states as a major conservation priority because of their extensive and diverse natural habitats with high species richness and endemism. These natural habitats also provide critical environmental services, including carbon sequestration and water, and help to maintain the economies of local communities and of important downstream areas within Oaxaca, Michoacán, Guerrero. While much of the natural habitat in these states is rich in biodiversity, little of it is under official, federal protection, with only 3.8 percent of Oaxaca within the National Protected Area System, as well as a similar amount of area in the states of Michoacán and Guerrero. This number is greater than the national average for areas under conservation. However, the national and state areas under conservation are inadequate. A recent study conducted by the Oaxaca delegation of SEMARNAP found that approximately 26 percent of the state's territory merited permanent conservation to ensure adequate biodiversity protection. Similar figures are probable for Michoacán and Guerrero.
5. The GoM and the community of NGOs, researchers and community groups active in biodiversity protection and protected area management have reached the conclusion that, while the preeminent national strategy of establishing national protected area management is critically important, it is clearly not sufficient, and that biodiversity conservation on community-held lands should be developed as a complementary strategy. This opinion has emerged with the realization that: (i) over 70 percent of the nation's forest is owned by indigenous and ejido communities, and these communities have inherent incentives to invest their own labor and funds to conserve and protect their forest resources; (ii) the SINAP system is relatively costly, administratively cumbersome, and can not realistically be extended to cover the amount of territory necessary to adequately protect the nation's biodiversity; (iii) although overexploitation is often the cause of biodiversity loss, loss is also often caused by underexploitation, in the sense that sustainable use of resources can raise incomes of communities and discourage the conversion of natural habitat to other, biodiversity-depleting, land uses; and (iv) there are convincing cases of community conservation, such as the Sierra Juarez of Oaxaca and San Juan Nuevo Parangaricutiro of Michoacán, and these cases appear to be replicable.
6. Initial support for indigenous community forest management has been provided in the Sierra Juarez through NGO-financed technical assistance to the forested indigenous and ejido communities in this region of Oaxaca and from the recently begun Bank-assisted Community Forestry project. The Bank-assisted project, known locally as PROCyMAF, provides technical assistance and training to indigenous and ejido communities and private sector technical service providers for the full range of skills needed for integrated forest resource management at community level within the temperate forest areas of the state of Oaxaca. In the first year of the project, training and technical assistance was provided primarily for productive and organizational activities, with some support also for conservation studies. Proposals for the second year (just starting) show a high level of awareness and interest in community conservation. The experience of the project is that

due to the restrictions on the number of proposals per community per annum, it is the more advanced communities that are requesting conservation studies, while the less advanced give priority to basic forest management plans and productive studies. PROCyMAF does not finance conservation studies in tropical forest blocks and does not provide any financing of conservation study recommendations. PROCyMAF is now being restructured to permit an expansion of coverage to include the states of Guerrero and Michoacán and to allow eligible communities to benefit from the same range of integrated technical assistance services. Oaxaca, Guerrero, and Michoacán therefore provide an excellent opportunity for implementing the proposed community conservation strategy, both expanding the range of community types interested in conservation and including tropical forest blocks that are excluded from PROCyMAF.

7. Communal areas have enjoyed higher rates of success in their conservation efforts as opposed to areas that have been created through federal decrees, because these communities can use their customary laws (such as Communal By-laws, Estatutos Comunales) to establish long-term, legally binding community conservation areas (consistent with the provisions of Article 27 of the Constitution). This community conservation strategy is being fostered within the integrated forest management strategy in the Sierra Juarez of the PROCyMAF project in Oaxaca. In addition, the Block A preparation has illustrated how communities can organize not only to protect their own lands, but to begin to form alliances across boundaries to establish biodiversity corridors. The PROCyMAF project has shown that with investments in participatory rural appraisals, participatory land use planning, community-community information sharing, forest management plans, and market studies for non-timber forest products, rational and sustainable use of biodiversity resources can be an effective protection strategy. Given appropriate support, many other communities would be able to establish community conservation areas, and achieve greater protection than would likely occur under governmental management. Moreover, this community conservation areas strategy may be an appropriate strategy for promoting biodiversity conservation in many other parts of Mexico and Latin America where indigenous peoples have title to large tracts of communally-owned lands.
8. A key component for success is to provide communities with financial incentive for conservation; not by providing unsustainable subsidies but by providing sustainable alternatives for resource use that maintain or enhance conservation. Therefore, a key component for encouraging community driven conservation would be to promote sustainable activities that provide economic benefits in conservation. Each state would be coordinated by a central body made up of representatives from federal and state entities as well as NGOs and community groups. These coordination committees would serve as advisory boards for different projects and areas under conservation in the respective states. The committees would also serve as a means for exchanging experiences and knowledge within the different communities and projects.
9. Each state would determine the leader communities and overall areas for conservation based on consultation processes with the indigenous communities as well as definition of

priority areas for conservation based on biological assessments. Oaxaca communities with the SEMARNAP delegation and NGO partners have already selected various sites for community conservation area with the GEF Block A grant. This Block B project proposal would provide the preparatory assistance to expand the scope of the Oaxaca Block A proposal and include other neighboring areas within Oaxaca as well as link up to areas in Michoacán and Guerrero.

### **National Priorities**

10. The project emerges from a commitment by the GoM to expand effective conservation in the States of Oaxaca, Guerrero and Michoacán. To accomplish this goal, the GoM is promoting a greater involvement of local communities and non-governmental organizations (particularly indigenous peoples) in the direct management of and benefits from national protected areas and is promoting a complementary strategy to establish effective conservation in community lands. Drawing on the Biodiversity Convention and on the Rio de Janeiro Declaration the GoM acknowledges that local populations play a fundamental role in the adequate zoning of environment due to their knowledge and traditional practices. Hence the need to support their interests and distinct identities allowing for their effective participation in the achievement of sustainable development.

### **Project Activities**

11. Expected project activities are the following, and are based on a preliminary logical framework (Annex 1). These activities would be revised during the preparation period to ensure technical and operational complementarity with other relevant projects in Mexico.

#### A. Creation of Community Conservation Areas (*Estimated Component Cost: \$2.5.M*)

- a) Under this component, the new communal areas and corridors (which would be identified and prioritized within and among communities through a combination of scientific and participatory processes during Block-B implementation) would be agreed upon and established. Included in this criteria of selection would be measures to define characteristics and scope of communal areas, vegetation, ecological importance as to the richness and endemism of species, and importance as part of a biological corridor. As part of the process of establishment, participatory processes would be carried out to determine the exact type of protection to be achieved in each area (i.e., management category), as well as exact boundaries. The final set of community conservation areas and corridors would be established under the technical supervision of the state delegations of SEMARNAP. As part of this component scientific information would be collected and evaluated regarding the Pacific coastal and dryforests in all states; expanding the identified exercise to the Pacific corridor.

#### B. Development of Management Plans and Biological Corridors (*Estimated Component Cost: \$3.5M*)

- b) Communities would submit proposals which would contain the area that has been approved by their general assembly for conservation purposes. In their proposal the community would provide consent to conserve the areas that have been set aside for conservation. Management plans would be developed and management responsibility transferred to communities under a *Consejo Consultivo del Sistema Estatal de Conservación de Espacios Naturales (Secen)*” which exists in Oaxaca, Guerrero and Michoacán. Plans would need to be approved by SEMARNAP. The areas would then be zoned according to the Plan, including core zones of strict protection and areas of sustainable use of biodiversity resources. These uses would be based on sustainable non-timber options. No large-scale extractive activities (oil, mining, forestry) would be allowed under these categories.

C. Development of Pilot Projects on Sustainable Use of Biodiversity and Markets for Ecological Services (Estimated Component Cost: \$3.5M)

- c) Projects for sustainable use of ecological goods and services would be financed on demand, according to clear criteria, and through participatory processes based on community interest. There are previous experiences in Mexico regarding sustainable biodiversity uses (i.e., Sierra Juarez). A few of the promising options include wildlife breeding, orchids, ecotourism, agro-forestry, and bioprospecting. It is expected that this component would result in long-term benefits accruing to communities and would be the foundation of social sustainability as well as a major impulse for conservation.
- d) This component would also finance studies, trainings and preliminary efforts to establish markets for environmental services, such as water or carbon, which derive from community lands.

D. Institutional Strengthening and Capacity Building (Estimated Component Cost: \$3.0M)

- e) Communities would be strengthened both in terms of organization as well as technical aspects for sustainable protection and use. Investment in community development projects, and biodiversity conservation would be implemented by community organizations. Activities financed under this component would include the following: the preparation of community land use plans; training on organizational, administrative and technical themes; community – community exchanges and study tours; local and regional forums for exchanging information.
- f) Institutional arrangements for project coordination and management would include the establishment of a committee for community corridor management and linkages between communities, the committee, and SEMARNAP state delegations; the project would provide technical assistance to the committee and the communities to enable them to function effectively and to ensure that funds are channelled with a minimum of bureaucracy.

#### E. Project Monitoring and Evaluation (Estimated Component Cost: \$1.5M)

- g) This component would include support for scientifically sound monitoring and evaluation of biodiversity. Collaboration with other, complementary initiatives would be sought. Baseline biological information would be determined through in-depth biological assessments.

#### **Eligibility**

- 12. Mexico ratified the Convention on Biological Diversity on March 11th, 1993. The proposed project is consistent with the GEF Operational Strategy, supporting long-term protection of globally important ecosystems. Oaxaca, Guerrero and Michoacán are the repositories of significant global biological diversity with high endemism. This project supports Operational Programs 4 (Montane Ecosystems) and 3 (Forests Ecosystems). The project is fully consistent with Mexico's first report to COP IV. The project is also fully consistent with the principles of the CBD by supporting all three levels of biodiversity (ecosystems, species, and genes) and supports COP Decisions I/8, II/8, II/9, III/9, III/10 and III/12, and SBSTTA Recommendation I/3.

#### **Coordination with WB Program in Mexico**

- 13. The proposed GEF program would be linked to the expansion of PROCyMAF activities into the neighboring states of Guerrero and Michoacán. This associated loan, Community Forestry project (Ln. 4137-ME), is the first in this new area of World Bank assistance to Mexico. The analysis of priority conservation areas through the Block B, and the subsequent project comprehensive priority setting exercise to identify high biodiversity areas of the larger Pacific coast forest, would lay the foundation for future PROCYMAF and GEF APL phasing, as well as for expansion of SINAP through other government and WB programs. The proposed community-based initiative under this project would also generate lessons that could be applied under the planned GEF Mesoamerican Biological Corridor project on the Atlantic side of Mexico.
- 14. The Project proposal is consistent with the Bank's Country Assistance Strategy (CAS) for Mexico and would contribute to the objective to reduce poverty and extreme poverty, promote the development of the indigenous peoples, and support sound environmental management. In addition, the project would contribute to the other five important strategic areas supported by the CAS: Education, Justice, Rural Development and Human Development Capital. Overall this project would help to attain a responsive and efficient public sector, improve infrastructural services and guarantee sustainable development.

#### **Coordination with other GEF IA Programs**

- 15. The proposed project would not duplicate on-going or planned GEF programs underway in Mexico through UNDP and UNEP, but would be complementary. In particular, the proposed UNDP/GEF "Conservation of Biodiversity and Sustainable Development in Three Priority Regions in Mexico" project would test a regional approach to sustainable



development which integrates biodiversity conservation considerations within a comprehensive framework (PRODERS); this approach to regional sustainable development will be tested in three sites (Los Tuxtlas/Sierra Santa Martha, Veracruz; La Chinantla, Oaxaca; and La Montana, Guerrero) where there are Natural Protected Areas with an existing or projected federal decree. This UNDP/GEF project is under preparation with GEF Block B resources. The WB/GEF Indigenous/Community Conservation preparation team will work closely with the UNDP/GEF PRODERS team to ensure that the two proposals do not support the same activities in the same areas, but that there is a clear definition of respective project areas in the case of Oaxaca and Guerrero.

### **National Level Support**

16. Commitment for the project is very high among all participating agencies and at all levels. The proposed project is consistent with the environmental goals that have been identified in national action plans and state environmental programs in Mexico. The project has been endorsed by the national GEF Steering Committee that screens all GEF proposals, by SEMARNAP, and by the national GEF Focal Point (SHCP).
17. Since management and enforcement would be the responsibility of communities, operational costs are expected to be relatively low. This assumption is based on existing cultural traditions through which community members volunteer work on a regular basis towards achieving community-level priorities. Although the true management costs do not “go away,” they can nevertheless be absorbed without representing additional burden to the central government.

### **Justification for PDF Grant**

18. Block-B funds are required to ensure full participation of local communities and other stakeholders in the identification process from the earliest stages. It is expected that social assessments and in depth consultation processes would continue during project implementation as a M&E tool.

### **Description of PDF Activities**

19. The GEF Block “B” proposal seeks to expand the initial work and scope of the Oaxaca Protected Community Areas Block “A” preparation grant and include the neighboring states of Guerrero and Michoacán, whose biodiversity and natural habitat are of equal importance to that of Oaxaca. Specific preparation activities to be financed through the PDF are described below:
  - (a) Coordination: The PDF activities and project preparation would be coordinated and administered by the Consejo Consultivo del Sistema Estatal de Conservación de Espacios Naturales (SECE) which is a committee made up of NGOs, academic

institutions, federal and state governmental organizations. The Committee would be supported by a technical coordinator based in the SEMARNAP delegation of Oaxaca who would assist the three states to design and implement their planned activities. He would also keep track of all communication among members of the Consejo. The SEMARNAP delegations in each state would provide service and assistance to the communities and ejidos involved in the project. Part of the job of the Consejo will be to help to evaluate, manage and guide state and federal policy regarding the projects and conservation within the respective states.

- (b) Site Identification: A sub-set of areas would be identified through initial consultations with communities and ejidos. This initial set would be based on the assessment to determine areas of strategic importance regarding biodiversity and endemic species as well as possibilities for linking with other nearby areas to form biological corridors. Local consultations with indigenous people would help narrow down the list based on their interest, organizational capacity, likelihood of success, as well as strategic importance for biodiversity and biological corridors. WWF-Oaxaca would take the lead on identification of priority biodiversity in the Pacific forests and in designing and overseeing monitoring of biological considerations.
- (c) Social Assessment: To evaluate the impacts of the project, social assessment would be carried out to identify the main beneficiaries and stakeholders in the project area; consultation workshops at the regional level with the Municipal Governments, NGO's and indigenous communities would discuss the project's strategies and ensure full ownership and commitment. The costs of this component include travel and workshops.
- (d) Assessment of Management Options: This would include survey and evaluation of current community development, resource use, conservation practices by customary law, and outreach and education activities in the communities and in the areas selected. These results would be subjected to further refinement during project implementations, but would provide an overview of options and allow better estimation of the actual costs to be incurred.
- (e) Monitoring and Evaluation. A monitoring and evaluation protocol would be developed based on biological, social, and institutional considerations. Secen would be an active participant and would provide technical assistance in this area, as would WWF.
- (f) Identification of co-funding Institutions and Additional Partnerships. Meetings and workshops would be organized to enhance cooperation with other initiatives under way, additional government institutions, international donors, and the private sector. Attention would be given to the identification of co-financiers and implementation partners, as well as to management arrangements for project coordination and timely flows of funds.

20. The following table summarizes the funding sources for the preparation activities:

Activity	GEF	GoM	World Bank	WB/W WF Alliance	NGOs	TOTAL
<b>Coordination</b>	80,000	90,000	20,000			190,000
<b>Site Identification</b>	120,000	45,000	10,000	15,000	20,000	210,000
<b>Social Assessment</b>	100,000	45,000	80,000	15,000	10,000	250,000
<b>Management Options</b>			20,000			20,000
<b>Monitoring and Evaluation</b>	30,000			30,000	15,000	75,000
<b>Identification of co-Funding and additional partners</b>	20,000		10,000			30,000
<b>TOTAL</b>	350,000	180,000	140,000	60,000	45,000	775,000

### Expected Outputs

21. The expected outputs from this PDF Block B grant would be:

- A full GEF Proposal for an investment package to achieve the objectives described above. It may include criteria for phasing activities within the Bank’s “adaptable program framework” if deemed appropriate.
- Full agreed-upon methodology and database for the creation of new areas.
- Prioritization of biodiversity areas within Pacific coast, including dry forest ecosystem in the three states and neighboring states in Mexico.
- Motivated indigenous communities identified and ready to participate in project implementation.
- An agreed-upon system for biodiversity M&E and establishment of partnerships.
- Identification of new partners (including-co-funders).
- Increased national awareness of the initiative and enhanced ownership by stakeholders.
- Institutional arrangements and mechanisms for flow of funds

### **Expected Date of Project Preparation Completion**

22. Significant preparation has already taken place through the on-going PROCYMAF project, IDF support and the Block A grant, with a particular emphasis on project framework, linkages to Bank co-financing , and scope of GEF activities. Detailed GEF project preparation with Block B support is expected to continue through end 1999, with final CEO/Board approval expected in early 2000. Submission of the project proposal to Council is targeted for the December 1999 meeting.

### **Implementing Agency Task Manager**

Juan Martínez, LCSES

**INITIAL PROJECT DESIGN SUMMARY (Draft to be Developed Further)**

Narrative	Performance Indicators	Means of Verification	Important Assumptions
<p>GEF and CAS Goals (CAS of June 95)</p> <p>1. Sustainable natural resource management and poverty alleviation.</p>	<p>1. Rational allocation of natural resources, including land, to balance conservation and economic needs/development.</p>		
<p><b>Project Development Objectives</b></p> <p>1. Sustainable use of biological diversity by involved communities, contributing to economic, social and cultural development.</p>	<p>1. 90 communities and organizations (30 in each state) with management plans for conservation and sustainable use of natural resources.</p>	<p>1. Study to verify sustainability of management plans. 2. Registry of communal reserves.</p>	<p>1. Reduction in levels of extreme poverty in indigenous communities. 2. Will of communities and State to use land in a sustainable manner.</p>
<p><b>Outputs</b></p> <ul style="list-style-type: none"> <li>• Sustainable use of natural resources by indigenous communities.</li> <li>• Active participation of indigenous communities in natural resource management.</li> <li>• Management of protected areas with the active participation of indigenous communities.</li> <li>• Territorial delineation of protected and communal areas</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of community initiated management plans. Elaboration of 135 (45 in each state) proposed ecological and economic zones through participatory measures.</li> <li>• Approval of 3 rules by Consejo Consultivo State wide management committees. Operational plans developed with the participation of the NPA management committees</li> <li>• 9 regional development plans approved through participatory process with communities based on territorial delineation over 3 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Directorate resolutions</li> <li>• Management Plans</li> <li>• Participatory plans and regional planning</li> </ul>	<ul style="list-style-type: none"> <li>1. Adequate control measures for verifying compliance of natural resource use norms in indigenous communities and environmental and reproductive rights.</li> <li>2. Communities and State participate in natural resource management.</li> <li>3. Financial resources to initiate regional participatory planning and development.</li> <li>4. Legislation that facilitates the use of flora and fauna</li> </ul>

Narrative	Performance Indicators	Means of Verification	Important Assumptions
<p>2. Project Components</p> <p>(1.1) Elaboration of models for sustainable natural resource use.</p> <p>(1.2) Exchange of experience between communities of successful sustainable management of biodiversity.</p> <p>(2.1) Creation of management committees for protected areas.</p> <p>(3.1) Participation by communities in territorial, economic ecological zoning of protected areas.</p> <p>(4.1) Communities develop projects that involve eco and cultural-tourism, as well as commercializing ecological products.</p> <p>(4.2) Systematization of management experiences for flora and fauna.</p> <p>(4.3) Rehabilitation of degraded areas.</p>	<p>(1.1) 300 of indigenous promoters capacitated in sustainable natural resource use.</p> <p>(1.2) Increase in the number of indigenous communities that utilize other models for sustainable management of biodiversity.</p> <p>(2.1) 9 of management committees involved in planning nature reserves.</p> <p>(3.1) 90 communities using territorial, ecological and economic zoning for the design and development in their projects.</p> <p>(4.1) 15 communities developing eco and cultural-tourism, as well as commercializing ecological projects.</p> <p>(4.2) Increase in number of animal nurseries, communities managed areas, and germplasm banks.</p> <p>(4.3) Decrease in irrational natural resource management.</p>	<p>(1.1) Register of validated experiences.</p> <p>(1.2) Register of inter-community meetings for sharing biodiversity management experiences.</p> <p>(2.1) Resolutions acknowledging protected natural areas.</p> <p>(3.1) Technical reports.</p> <p>(4.1) Reports and evaluations of financed projects.</p> <p>(4.2) Publications, memorandums and reports of indigenous communities.</p> <p>(4.3) Inventories, census evaluations of protected areas.</p>	<p>(1.1) Grassroots promoters with experience in teaching and elaborating management plans.</p> <p>(1.2) Systematization of indigenous communities experiences as well as their availability to other communities and the State.</p> <p>(2.1) By laws for Community Natural Protected Areas.</p> <p>(3.1) Existence of mechanisms for coordination between regional governments and indigenous communities for elaborating development plans.</p> <p>(4.1) Recognition by communities of the feasibility to utilize resources in a sustainable manner.</p> <p>(4.2) Availability of economic resources and willingness to share information.</p> <p>(4.3) Participatory diagnosis in critical areas.</p>

G.H.1



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DIRECCION DE ORGANISMOS FINANCIEROS  
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Subdirección de Proyectos Ambientales y de  
Desarrollo Urbano

Oficio No.- 305. VI. 4.- 104

México, D.F., a 14 de mayo de 1999.

**SR. OLIVIER LAFOURCADE**

Director para México del Banco Mundial  
Insurgentes Sur 1605, piso 24  
Colonia San José Insurgentes  
C i u d a d

Hago referencia al Proyecto "Indigenous and Community Conservation of Biodiversity in the Mexican States of Oaxaca, Michoacán y Guerrero", apoyado con recursos del Fondo para el Medio Ambiente Mundial ( GEF ), a través del Banco Mundial como Agencia Instrumentadora.

Sobre el particular, a través del presente, me permito informar a usted que el proyecto de referencia cuenta con el apoyo tanto de esta Secretaría de Hacienda y Crédito Público como Punto Focal del GEF, como de la Secretaría de Medio Ambiente, Recursos Naturales y Pesca, por lo que solicito atentamente que por su amable conducto, se inicien los trámites correspondientes ante el GEF con el objeto de contar con apoyo para el mencionado proyecto, y específicamente para el financiamiento del Bloque B.

Adicionalmente, le solicito que se realicen las gestiones pertinentes para que el Banco Mundial actúe como administrador de los recursos de la Donación de referencia, así como que durante el periodo de ejercicio de la Donación se mantenga una estrecha coordinación entre ese organismo financiero internacional y el Gobierno Federal con el objeto de que las acciones y gastos sean acordados y autorizados por ambas partes; lo anterior, con la finalidad de contar con un mejor control de los recursos disponibles y contribuir a alcanzar las metas establecidas mediante una efectiva asignación de los mismos.

Agradezco de antemano la atención que se sirva prestar al presente, y sin otro particular por el momento, me es propicia la ocasión para manifestar a Usted reiteradamente las seguridades de mi más atenta y distinguida consideración.

A t e n t a m e n t e,  
SUFRAGIO EFECTIVO. NO REELECCION.  
El Director de Organismos Financieros  
Internacionales

CAB Ricardo Ochoa



## **Mexico: Indigenous and Community Conservation of Biodiversity (Oaxaca, Michoacan, Guerrero) (World Bank)**

Operational Program: 4,3 (Biodiversity)

GEF Secretariat Review: PDF B Approval

*Financing (millions):* \$0.35

*Total (millions):* \$0.35

956

### ***Summary***

The project would assist the Mexican government to carry out more effective biodiversity conservation and sustainable use activities in the states of Oaxaca, Michoacan and Guerrero by promoting these activities on indigenous communities and ejidos. The Bank component of the project would use an adjustable program framework (APL) over a seven year period, associated with a forestry community loan. The project would have several phases, the first (about 2 years) would finance protection activities and the establishment of key biological corridors, consolidate best practice for community-based conservation test economic and institutional frameworks. Subsequent phases lasting seven years, would replicate project experience in additional communities in the three Mexican states.

*Expected Project Outputs:* Resulting project would have the following outputs: (a) community conservation areas created; (b) management plans for protected areas and biological corridors developed and implemented; (c) pilot projects for sustainable use of biodiversity and markets for ecological services developed; (d) institutional strengthening and capacity building built; (e) project monitoring and evaluation carried out.  
Expected PDF B outputs are: (a) institutional coordination established; (b) sites for project activities identified; (c) social assessment conducted; (d) assessment of management options carried out; (e) monitoring and evaluation protocol selected; (f) identification of financing partners established; (g) a complete GEF proposal submitted for GEF consideration.

*Project Duration (months):* 108



**Basic Project Data**

Project GEF ID:

***Staff***

Program Manager	Ramos
Implementing Agency	World Bank
Regional Coordinator	C. Kimes
Executing Agency	National Government

***Processing Status***

	Date
Processing Stage	
Concept Pipeline Discussion	
PDF A - Agency Approval	
PDF B - CEO Approval	
Bilateral Project Review Meeting	
Work Program Submission and Approva	
CEO Endorsement	
Agency Approval	
Project Completion	

***Cost Summary***

Cost Item	Years	Amount (USD'000)
<b><u>Implementation Fee</u></b>		
- Plase I		\$0.00
- Plase II		\$0.00
- Plase III		\$0.00
- Plase IV		\$0.00
<b><u>Preparation</u></b>		
- PDF A		
- PDF B		\$0.35
- PDF C		
<b><u>Project Allocation</u></b>		
- Executing Agency Fees and Costs		\$0.00
- Project Managment Costs		\$0.00
- Other Incremental Costs		\$0.00

***Completeness of Documentation***

- Focal Point.....  Budget.....  Logical Framework.....   
 STAP Review.....  Increment Cost.....  Length.....   
 Disclosure of Administration Cost.....  Complete Cover Sheet....

## **1. Eligibility of the Country**

The country ratified the CBD as included in the proposal. It is eligible for GEF support.

## **2. Conformity with GEF Program and Policies**

### ***Portfolio Balance***

The GEF Mexico portfolio is growing. A number of full projects (e.g., Proders proposal through UNDP, Mexican mesoamerican Corridor project through the Bank) and Medium-sized proposals (Oaxaca, sustainable hill management, El Triunfo, coffee production for biodiversity conservation) will complement this project. Thematically, the issues of indigenous management of protected areas will complement efforts in other countries (notably Peru and Bolivia).

### ***Evidence of Country Ownership***

Limited evidence. The proposal does not have a letter of endorsement. However, the fact that the Mexican government is willing to borrow from the Bank to carry out proposed activities may indicate strong interest on the issue.

### ***Replicability***

Good potential for replicability in southern Mexico and key regions in Central America, particularly on indigenous peoples territories.

### ***Potential Global Environmental Benefits of Project***

Substantive, the areas are generally of global importance, particularly Oaxaca, which is the richest state (biologically and culturally) in Mexico.

### ***Baseline Course of Action:***

Well introduced but will need expansion as the project develops. Underlying causes of biodiversity loss need to be clearly identified.

### ***Alternative Action Supported by project***

Proposed project activities would complement the national strategy for protected areas through the long-term conservation on community-held lands. The following issues should be addressed during project preparation: (a) the proposed project would be implemented in some of the poorest states of Mexico and hence underlying causes of biodiversity loss would need to be addressed directly; (b) there is a concern however, that the project is attached to a re-structured community forestry loan. Why is the Bank forestry project being re-structured? (c) the proposal argues that management and enforcement would be the responsibility of communities and operational costs are likely to be low. Although correct, it is unlikely that indigenous communities would be able to carry operational costs alone. The government should make some provisions to assist them with some expenses; (d) Community Conservation Areas and Zoning. As described in p. 5-6, the project will support, at an estimated cost of \$2.5 m, the formation of community conservation areas (CCAs) which will be identified during preparation. The selection will include criteria that are "scientific and participatory processes" but it is necessary that these be made transparent through disclosure and dissemination. It would be helpful to have an idea of the "participatory processes" to be used, especially the role of the state delegations of SEMARNAP versus the local NGOs, such as WWF-Oaxaca, and the local committee, SECE; (e) on sustainable use, an anticipated \$3.5 m will be allocated to the development of Management Plans, as consistent with Secen (Consejo). It is stated that sustainable use is defined as "sustainable non-timber options" and "no large-scale extractive activities" (p. 8-9). It may be important to define the scope of "large-scale," in terms of size or volume. It may also be necessary to note whether woodfuels would be considered as a possible sustainable use,

in light of the fact that majority of the current dwellers (mainly indigenous groups) engage in fuelwood gathering. Another activity that may be problematic would be agriculture in forest, and to find out what criteria would be used to define "scaled clearing" and at what scale this would be allowed; (f) a clarification on Management Options. On p. 9 (d), the project describes a "survey and evaluation of current community development, resource use, and conservation practices by customary law, and outreach and education activities." Normally these would constitute social assessment, which is already defined in the previous set of activities as p. 9(c), so it would be helpful to clarify if this would be treated separately from the social surveys, etc. The second area for clarification would be the connotations of "customary law," and if what is meant here merely "traditional use or practice" rather than a codified ethnic law. In some countries, such communal laws have a semi-legal standing and are treated as if they were de facto laws. My impression is that these may just be oral tradition and tribal practice, but I may be wrong and in fact the project may need to do some form of legal anthropological analysis; (h) of particular significance, and one that PDF-B resources may be used would be to define the link of customary practices with common property resource management, and most importantly, how such communal management could be used to benefit the project.

#### ***Conformity with GEF Public Inv***

PDF-A resources were used to conduct consultations and some field studies in the Oaxaca Protected Community Areas (para. 19, p. 8). The consultations will be expanded to other sites in Michoacan and Guerrero using the current preparation grant. During preparation, a committee, SECE, composed of "NGOs, academic institutions, federal and state governmental organizations" will be formed and supported by SEMARNAP, and this committee will facilitate the conduct of further consultations and surveys (para. 19a, p. 8-9). Indigenous groups will be consulted regarding site selection, which may include criteria such as "interest, organizational capacity, likelihood of success and strategic importance" (para. 19b, p. 9). A budget of \$0.10 m from the GEF PDF-B would be used for social assessment. This will cover a "survey and evaluation of current community development, resource use, conservation practices by customary law, and outreach and education activities in the communities" (para. 19c,d, p. 9).

To be further explored as a mechanism for enhancing participation of community groups is the establishment of Community Conservation Areas or CCAs (p. 4, 5). WWF-Oaxaca will conduct site identification for the CCAs in the Pacific Coasts and Forests (p. 9) and other local NGOs, which are yet to be identified, may be contracted to do the other sites. It is interesting to note that the Community Bylaws and Art. 27 of the Constitution provides "title to tribals over large tracts of land under communal ownership" and as a result "over 70% of forests are owned by indigenous and ejido communities (p. 3, 5). It is presumed that the project team would look into mechanisms for engaging the indigenous populations, including descriptions of their ethnicity, population size and characteristics, and livelihood.

On the social side, defining livelihood options related to sustainable use may be especially sensitive with indigenous groups. The findings from the social assessment are anticipated to be useful if the findings are incorporated into project design. Further, we may want to clarify with the Bank if the project intends to use local groups in the conduct of social assessments.

### **3. Appropriateness of GEF Financing**

#### ***Incremental Cost***

To be estimated during project preparation. Total project costs are estimated at 14.0 m, expected GEF contribution is 7.5 m.

#### ***Appropriateness of Financial Modality Proposed***

Grant resources requested.

#### ***Financial Sustainability of the GEF-Funded Activity***

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The long-term financial sustainability may be assured by the APL.

#### **4. Coordination with Other Institutions**

##### ***Collaboration***

Clearly one of the key project challenges will be the institutional set up and its sustainability, particularly in three of the poorest states in Mexico. Clear linkages to other projects (e.g., Proders) will also be key.

##### ***Complementarity with Ongoing Activities***

Please refer to point on collaboration.

#### **5. Responsiveness to Comments and Evaluations**

##### ***Consistency w/previous upstream consultations, project preparation work, and processing conditions***

A PDF A was approved. Previous comments suggests:

##### ***Monitoring & evaluation: Minimum GEF Standards, ME plan, proposed indicators, lessons from PIPs and Project lessons Study***

to be defined during project preparation.

##### ***Implementing Agencies' Comments***

None yet

##### **STAP Review**

None yet.

##### ***Council members' Comments***

none yet

##### ***Other Technical Comments***

(a) why is the Bank forestry project being restructured?

#### **Further Processing**

The Program Manager would like to discuss the following issues during the bilateral meeting scheduled for June 3, 1999:

Prior to CEO approval: (a) a copy of the letter of endorsement is needed for project files.

At time of inclusion in work program: (a) underlying causes of biodiversity loss need to be clearly identified and addressed as part of the baseline. A matrix indicating these per site may be needed; (b) the institutional set up and coordination clearly established; (b) sites for protected areas and corridors identified; (c) social assessment completed; (d) management options assessed and selected. If no management plans are completed by time of CEO endorsement, at least operational plans for the sites should be completed; (e) co-funding agreed; (f) indigenous communities may need some support with key operational costs in the reserves and corridors as not all involve time donated by indigenous community representatives, the project should include these as part of the baseline; (g) criteria for site selection should be transparent. The project should include strategies for

disclosure and dissemination to all stakeholders; (h) regarding sustainable use the following issues need addressing: (i) clear definition of "large scale" in terms of size and/or volume is needed; (ii) is fuelwood considered as sustainable use?; (iii) criteria to define "scaled clearing" and the scale this should be allowed is needed; (i) mechanism for engaging the indigenous populations, including descriptions of their ethnicity, population size, and characteristics, and livelihoods as part of the social assessment is needed; (j) monitoring and evaluation protocols agreed, including biological, social and institutional considerations included.

A bilateral meeting with World Bank and Secretariat staff took place on June 3, 1999. The section of further processing was revised and discussed. The Bank made a proposal recommending:

1. Prior to inclusion to work program: (a) matrix for sites showing threats (and their root causes); (b) list of priority sites/corridors identified; (c) criteria for site/corridor selection identified and disseminated; (d) social assessment underway; (e) M&E framework defined; (f) institutional management framework defined.
2. Prior to CEO endorsement: (a) specific list of phase one sites selected; (b) social assessment completed; (c) co-funding agreed, including funding for recurrent costs of CCAs; (d) operational plans prepared (is this consistent with project design?); (e) M&E protocols defined; and (e) details of institutional/management arrangements defined.
3. Technical questions: (a) baseline support for underlying threats (means what?); (b) recurrent costs for CCAs in baseline (from the beginning or by the end of project?); (c) how is sustainable use defined? (fuelwood, "large scale" activities); (d) local groups/NGOs - how involved in social assessments, participatory exercises?; (e) traditional use and practices?; (f) management options vs. social assessments?

Secretariat staff suggested that points (a), (b), and (f) from section 2, (prior to CEO endorsement) were key elements of project design and needed completion (or substantive completion) before inclusion of the project in the work program. Bank staff did not agree and, as per suggestions during the discussion, agreed to separate the issue of PDF B approval from project cycle issues.

The meeting agreed that: (a) the Secretariat will recommend approval of the PDF B; (b) for inclusion in the work program, the resulting project should comply with the requirements to be set out by the review produced by the Inter-Agency Group that will be dealing with the fine tuning of the project cycle.