



United Nations Development Programme
GLOBAL ENVIRONMENT FACILITY



Date: May 22nd, 2001

To: Mr. Kenneth King
Assistant CEO

Attention: Program Coordination

From: Rafael Asenjo
GEF Executive Coordinator

Subject: **Submission of Medium Size Project Brief for Mexico: "Strategic Planning and Design for the Environmental Protection and Sustainable Development of Mexico"**

Enclosed is a project brief for Mexico entitled: "*Strategic Planning and Design for the Environmental Protection and Sustainable Development of Mexico*" submitted to UNDP by SEMARNAT, Mexico. Please note that the project has been endorsed by the GEF national operational focal point in Mexico.

In accordance with the operational guidance for the preparation and approval of medium-sized projects, we are submitting this to the GEF Secretariat for action by the Chief Executive Office (CEO). We understand that the Secretariat will recommend to the CEO that the project be submitted to the Council for approval, that it be returned for revision or that it not be developed further.

We are simultaneously circulating copies to UNEP/GEF, World Bank/GEF, STAP and the Biodiversity and Climate Change Convention Secretariats for comments to the GEF Secretariat. We expect to receive these comments within 15 working days. Therefore, we look forward to receiving the CEO's decision on or before June 27, 2001, but understand that the project will not be formally approved, even if the CEO has endorsed it, until the Council has reviewed it, namely by July 19, 2001 as part of the next work programme.

Thank you and best regards.

cc: Robin Burgess, UNEP
Ahmed Djoghlaif, UNEP
Kristin Elliott, UNEP
Madhav Gadgil, STAP
Mark Griffith, UNEP
Ramon de Mesa, GEFSEC
Francine Stevens, World Bank
Lars Videus, World Bank
Hamdallah Zedan, CBD

Medium Sized Project Brief

I. IDENTIFIERS

Activity Number	
Title	Strategic Planning and Design for the Environmental Protection and Sustainable Development of Mexico
Duration	1 year (target 5/2001 – 5/2002)
Implementing Agency	UNDP
Executing Agency	Secretariat of Environment and Natural Resources (SEMARNAT)
Requesting Country	Mexico
Eligibility	Ratified CBD and UNFCCC on March 11, 1993
GEF Focal Area	Climate Change, Biodiversity and International Waters
GEF Programming Framework	Short Term Response Measure (STRM)

2. SUMMARY

This proposed Short Term Response Measure, *Strategic Planning and Design for the Environmental Protection and Sustainable Development of Mexico*, aims at assisting the Federal Administration to design and implement sound environmental policies and actions protecting globally important biodiversity and promoting reduction of GHG emissions levels, articulating them within the context of Mexico's National Development Plan (NDP) for the period 2000-2025. The proposed STRM activity will enable the Government of Mexico (GoM) to develop a comprehensive environmental strategy, ministerial sustainable development action plans and a programmatic framework that will facilitate a sound and rapid "liftoff" of the new administration towards sustainable human development. The environment team now at work recognizes that one key element of this NDP will be a solid and forward-looking GEF Programmatic Framework that will assist the GoM's Environment and Natural Resources Secretariat (SEMARNAT) and other collaborating Secretariats to more effectively address international and global environmental issues.

In the long term, the project will help Mexico prevent and mitigate climate change effects; protect globally significant biodiversity, improve the management of both national and international waters and watersheds, and broadly promote sustainable development. In the short term, it will strengthen Mexico's governance mechanisms and processes with specific environmental safeguards and outputs, including improved institutional constructs and sustainable financing arrangements, policies and programs that promote decentralization and environmentally sound regional development, and sustainable land use allocation and management actions. Conservation and sustainable development objectives will also eventually be realized through participatory planning and institutional coordination mechanisms (i.e., "mainstreaming") that promote democracy, stimulate investment and define and adapt public policies, including those that govern Mexico's participation in international environmental and sustainable development conventions and accords. The Quality Growth Cabinet now being designed and installed by the Administration will be one of the instruments through which many of these actions will be coordinated and implemented.

The STRM activity will be implemented in two phases: 1) strategic environmental planning, and 2) the integration and initial implementation of this environmental strategy cross sectors and as part of Mexico's National Development Plan, and the finalization of a GEF-Mexico Programmatic Framework

3. COSTS AND FINANCING (US\$)

GEF	US\$ 652,800
Co-Financing	US\$ 640,000
Total Project Cost	US\$1,292,800

4. GEF FOCAL POINT ENDORSEMENT

Name: Ricardo Ochoa **Position:** Director of International Financial Agencies.
Date: 17 January, 2000 **Organization:** Secretariat of the Treasury & Public Credit

5. IMPLEMENTING AGENCY CONTACT:

Lita Paparoni, Regional Coordinator, UNDP/RBLAC GEF Unit, Tel [525] 263-5263; Fax [525 250-2524. [email: Lita.Paparoni@UNDP.ORG]

Political and Institutional Contexts

1. One of the most important and challenging components of the political re-engineering process now underway is environment. The President, during his inaugural speeches on December 1st, 2000, announced several specific environmental actions, including: a SEMARNAT environment strategy, an emergency plan to protect the nation's water and forest resources (an official element of Mexico's National Security Program), and major efforts to convert energy and petroleum production into efficient, clean and responsible sectors. Environmental protection was identified as a fundamental underpinning of other key sectors, especially national security, economic growth, agriculture and rural development, energy, health, and education.

2. The President's political platform includes institutional reform in several areas of government, both within and linked to SEMARNAT. Water and forest resources have been declared as national security issues and collectively form the highest-priority theme of the new administration. Changes in the institutional structures and policies for natural resource conservation and management in the forestry, water, and fisheries sectors are underway. Urgently needed institutional reform and modernization are already underway in the power (CFE) and petroleum (PEMEX) organizations. The Agriculture Secretariat (including food, irrigation, livestock, fisheries, production forestry, and rural development) has been given the mandate to move away from subsidies and towards more productive and sustainable practices.

3. Nevertheless, the federal government has significant budget limitations for developing innovative strategies that would result in an integral, long-term planning framework, including the integration of a 25-year Green Plan. In this context, the financial support of the GEF will contribute to strengthening long-term planning efforts and will ensure the full integration of sustainable development criteria in public policy where both national and global environmental concerns will be adequately addressed.

4. With the help of the GEF, SEMARNAT proposes to integrate the Green Plan 2001-2025 and to propel the formation and implementation of sustainable development reform teams and action plans within key federal secretaries. Full and informed social participation in planning efforts at the federal, state, municipal and regional level are a vital component of the strategy. The Green Plan will be carried out with strict adherence to the legal framework of all three levels of government and the results of the planning process will be incorporated into the NDP and the federal government's distinct sector programs.

Environment Context and threats

5. Mexico is one of the 12 megadiversity countries of the planet, giving shelter to more than 10% of all species. The factors that allow for its remarkable biodiversity include an heterogeneous topography, a varied climate, and a very rich and complex bio-geographical history. Mexico, with the highest ecosystem diversity in the hemisphere, also hosts some of the highest levels of speciation and endemism in the world. Nevertheless, this natural patrimony is increasingly imperiled by deforestation, unsustainable patterns of natural resource use, over-grazing and slash-and-burn agriculture.

6. The influence Mexico exerts in the global community regarding efforts to stem climate change are important and growing. The reasons for this include a combination of biophysical, political and development factors. Although Mexico's current absolute levels of pollution and greenhouse gas emissions are small relative to Annex 1 countries¹, current rates of population growth and industrialization will lead to significantly larger emissions levels in the future. These increases will likely be associated with changes in the countries agricultural production and floral and faunal populations, as well as presenting concerns for energy security.

7. Mexico exercises tremendous influence over the world's biosphere by means of its unique and extensive aquatic and marine ecosystems. The Gulf of Mexico, shared between Cuba, Mexico and the U.S., is the second most productive large marine ecosystem in the world, and the Gulf of California is one of the top 7 most productive marine ecosystems globally. The expansive and rich coastal regions of Mexico offer abundant development resources, including some of the richest wetlands (5 Ramsar sites) and a substantial portion of the second largest barrier reef system in the world. However, many aquatic ecosystems face serious problems of deterioration, which contribute to species loss and human health risks. Impacts range from over-exploitation of fisheries and destructive fishing practices, petroleum exploitation, tourism development, deforestation and improper land use upstream. No environmental issue in Mexico is more politically and economically charged than water. The management, or mismanagement, of Mexico's international waters will impact directly at a regional and hemispheric level.

8. Arid and semi-arid conditions predominate in more than 60% of the national territory. Globally important and often endemic *flora* exist in these ecosystems, which have traditionally been under-studied and under-researched. While important advances have been made in decreeing arid protected areas, much remains to be achieved in defining the carrying capacity and sustainable uses of semi-arid and arid ecosystems, and the further identification of biodiversity components in these globally important regions. Many semi-arid ecosystems are under threat from inappropriate land-use such as extensive grazing and massive irrigation, as well as the lack of effective measures for soil containment and watershed management.

GEF Activity Context

9. Since the Instrument's inception, Mexico has been an active participant in the GEF both as a donor and recipient country. As of September 2000, paid-in contributions to the pilot phase and second replenishment amounted to US\$ 8.35 million, with the remaining commitment of US\$ 2.75 million to be disbursed as scheduled by September 2002. It is expected that Mexico will continue to contribute to the Instrument for the third replenishment during the period 2003-2008.

10. To date Mexico's GEF investments have been primarily in the Biodiversity and Climate Change focal areas². The greatest number of portfolio activities are centered on protected area management and biodiversity conservation, while the larger funding volumes have been in the Climate Change area. Strategic opportunities for increased GEF participation in multi-sector climate change initiatives –including expanded

¹ Mexico ranks third among developing countries (non-Annex 1) in greenhouse gas emissions; its rate of increase is among the highest in the world. Approximately two-thirds of its emissions come from the energy sector and one third from deforestation and slash and burn agriculture.

² A list of GEF projects in Mexico is available on request.

enabling activities, natural disaster prevention and mitigation, sustainable transport, and a wide range of alternate energy projects- should be identified and developed.

11. The international waters portfolio remains largely unexplored with one regional pre-feasibility project on fisheries recently approved and several initiatives currently under development.

12. In the area of land degradation and desertification, Mexico was the first country to ratify the Convention on Desertification, and has recognized in diverse fora that the phenomenon reaches alarming heights in Latin America through deforestation and change in land use. With the help of the GEF, a regional project to design appropriate technical and policy approaches is being carried out in the Cuatro Ciénegas region of Coahuila state, while another regional effort concentrates on soil biodiversity and land degradation in Veracruz and Campeche states. These efforts nevertheless are insufficient to fully address the magnitude of Mexico's land degradation issues, especially sustainable agriculture and watershed stabilization, therefore this is considered to be a promising area for expanded GEF support.

13. Following a difficult execution period of the pilot phase protected areas project in biodiversity, an important stock-taking exercise finalized in the restructuring of the activity and insertion into Mexico's conservation fund and its protected area's trust fund that supports government policy priorities and initiatives. New initiatives include the second phase of the trust fund for protected areas (SINAP II); a sustainable use and conservation project in 3 priority eco-regions; an NGO--executed sustainable use project in the Sierra Gorda Biosphere Reserve; the Mexican component of the Mesoamerican Biological Corridor and Indigenous Community Conservation in Guerrero, Michoacan and Oaxaca. These projects cover a wide range of policy options that will be developed and implemented during the new administration's mandate, providing important opportunities for technical backstopping and adaptive management.

14. The groundwork laid by the previous administration in coordination with the GEF Secretariat and its Implementing Agencies in the development of a GEF-Mexico Programmatic Framework will be incorporated and finalized by the new administration promptly. This proposal for Short-Term Response Measure resources will accelerate the new administration's response time on policy integration and implementation, and will strengthen key elements of the programmatic approach.

BASELINE COURSE OF ACTION

15. One of the basic principles of the new Federal Administration is to include environmental criteria in economic and social decision-making processes. To this end, the Ministry of Environment and Natural Resources (SEMARNAT) participates in the three principle Cabinet groupings: Quality Growth, Order and Respect, and Human and Social Development. SEMARNAT's participation in these areas allows environmental efforts to be concentrated and strengthened, supporting the transition to sustainable development. However the limited fiscal resources available during the transition period and the first year of the Administration³, are expected to severely limit the government's ability to plan and integrate efforts.

³ Due to inherited debt and prior comittment federal funds, the Fax administration may have as much as a 25% reduction in their available budget to work with in FY2001.

16. In accordance with the Planning Law, the federal government has begun the task of integrating the National Development Plan 2001-2006. The President's Office coordinates efforts made by federal line ministries and agencies so that each one of them can carry out strategic planning efforts (vision, mission, objectives and strategic indicators and goals). Likewise, a nation-wide public consultation has been carried out utilizing discussion fora, internet consultations and mass mailouts, with the participation of academics, researchers, NGOs, government officials and the private sector. The process of integration of the NDP will conclude prior to June 1st, 2001.

17. SEMARNAT has begun preparatory efforts for the integration of the Sector Program for Environment 2001-2006, as well as the development of a strategy aimed at promoting the incorporation of environmental criteria in each of the line ministries and public agencies' sector programs through ministerial sustainable development action plans.

ALTERNATIVE COURSE OF ACTION

18. The STRM will specifically reinforce SEMARNAT's immediate strategy to promote sustainable development within each federal secretary and support the design of an articulated and cross-sectoral Green Plan as part of the National Development Plan. With a 25-year timeframe, the NDP (and its environmental component) will catapult planning past the traditional six-year (*sexenio*) presidential term and establish long-term development goals, actions and investments. Currently contemplated GEF investments will be developed and implemented in support of this national integrated framework. The proposed STRM will provide strategic environmental information, concepts and tools for public consultation through GEF-funded stakeholder workshops and the time-consuming iterative process of cross-sector planning that will result in the long-term green plan and sustainable governance promoting both nationally and globally relevant policy frameworks.

19. The activity will be implemented in two nearly parallel phases to take advantage of synergies in the respective development elements 1) strategic environmental planning for the integration and implementation of environmental considerations in the work programs of all GOM line ministries and agencies, together with the finalization of a GEF programmatic framework and 2) integration of a long-term national Green Plan. In the first phase of the project activities related to outcome 1 and 2 (April, 2001 through September, 2001), will be carried out by the SEMARNAT's Under Secretary for Planning, with expert assistance to successfully perform a participatory planning exercise leading to the development and adoption of cross-sector ministerial sustainable development action plans. Targeted technical studies and assessments held together with results from the cross cutting workshops with multiple national stakeholders will lay the foundation for new environmental policy approaches and associated institutional changes. Important elements identified in the GEF-financed National Biodiversity Strategy and Country Study, and the National Climate Change Action Program will be incorporated into sector programs. The Administration recognizes that international support and global cooperation will be key to incorporate global environmental concerns into national policy and programme approaches to be able to arrest ongoing processes of land degradation, watershed destruction, biodiversity loss and pollution of national and international waters.

20. In the second, overlapping stage (May 2001 through April 2002), work will begin on the integration of the long-term Green Plan for government, designed to be fully inserted within the context of the NDP. In this second stage, in which new and innovative overall policy solutions are required, strategic interventions will be designed and initiated. As the Sector Environment Packages are designed and adopted, coordination and integration mechanisms will be tested and improved. Lessons learned from this first phase will then be fed into planning and federal assistance programs, and eventually trickle down and help promote sustainable development at the state and municipal level through the Green Plan. The new governance models developed may lead to replication elsewhere in the world, setting a clear and innovative precedent for how to implement mainstreaming processes within distinct line ministries and agencies under the overall guidance of a medium and long term national development plan. This will provide strategic direction to distinct entities with indirect and direct environmental impact both on the national and international level .

DEVELOPMENT OBJECTIVE

Cross-cutting environmental policies established and fully integrated into a long-term national and local planning framework, generating sustainable human development in Mexico in the period 2001-2025.

IMMEDIATE OBJECTIVE

Environmental governance capabilities within Mexico strengthened over the short term (2000-2006) by means of strategic green development planning, programmed interventions and the internalization of sound environmental management and protection practices in line ministries and agencies.

OUTCOMES

Three primary outcomes are expected from this short-term project. Outcome 1 and 2 with their associated activities will be implemented in phase 1 of this short-term project (04/2001-09/2001) while outcome 3 and associated activities will be carried out in the months (05/2001-04/2002) of the project. There will also be a process of constant feedback prior to this phase to ensure permanent links to the ongoing National Development Plan work during the first year of the new Government.

Outcome 1: Sustainable development units with associated action plans, integrated and operating within government agencies to incorporate local, national and globally important environmental concerns within a human development perspective

A cross-cutting environmental strategy for the federal government will be developed (with supporting log frame) establishing clear objectives, outcomes and activities with corresponding indicators and a strategy for monitoring and evaluation throughout the government's six-year term. Specifically, environment packages will be developed and operationalized by other line ministries and government agencies.

Activities:

- Incorporate an environmental planning group between SEMARNAT and the other involved sectors
- Identify and apply methodologies for the integration of the Sector Environment Packages

- Carry out broad-based, consultative workshops at the federal, state, municipal and regional (such as Watershed Councils) level for the elaboration of specific proposals for the integration of Sector Environment Packages
- Elaborate the final draft for the integration of the SEPs, incorporating the principle environmental challenges and proposed solutions.
- Establish a system for monitoring and evaluation of the SEPs
- Carry out dissemination and public awareness campaigns at the federal, state and municipal level

Output 2: A programmatic framework for environment providing globally relevant synergies and cross-cutting activities with GEF and other donors designed and negotiated.

A US\$ 20-30 million programmatic framework for the environment will be developed and negotiated between the Mexican Government and multi-lateral, bi-lateral and private financial agents, including the GEF, in support of global environmental benefits within the national planning context. Through the adaptive management of the current biodiversity portfolio and strategic interventions in cross-cutting activities, GEF resources would mobilize and leverage other resources for environmental management and globally relevant actions in Mexico.

Activities:

- Evaluate and validate existing information on Programmatic Frameworks (PF)
- Incorporation of a logical framework with detailed cost assessments
- Negotiation of a finance plan with interested donors and line ministries
- Carry out a broad-based national consultation on strategy and benefits of a PF
- Elaboration of a final project brief on the Programmatic Framework
- STAP review

Outcome 3: Final version of the 2001-2025 national Green Plan integrated within the long term National Development Plan

A long-term environmental planning framework will be developed and implemented within the context of the National Development Plan. The 24-year horizon will allow for the gradual permeation of environmental criteria in all aspects of national, state, municipal and regional planning, and will accelerate Mexico's transition to sustainable development.

Activities:

- Analyze and exchange international experiences on the elaboration and implementation of green plans.
- Establish the strategy needed to elaborate Mexico's Green Plan
- Carry out broad stakeholder meetings to seek consensus and political and financial commitment for the elaboration of the Green Plan to define the overall vision and priorities in environment
- Carry out broad-based dissemination and public awareness campaigns of the strategies and benefits of a Green Plan at the federal, state and municipal level
- Integrate the final draft of the Green Plan, to be adopted by representatives of the diverse sectors
- Establish a monitoring and evaluation system for the Green Plan
- Approve and adhere to Mexico's Green Plan

ELIGIBILITY UNDER THE GEF OPERATIONAL STRATEGY AND EXPECTED IMPACT

Eligibility

21. The proposed activity is country-driven, and fully congruent with the objectives, principles, and provisions of UNCED and the Conventions on Climate Change, Biological Diversity, and Desertification. The proposed approach focuses on integrated resource management and long-term planning, and will lead to substantial global, as well as domestic, environmental benefits. This STRM request is consistent with the Operational Strategy of the GEF in all four of its focal areas and corresponding operational programs, and is specifically based on the criteria for short-term response measures (likelihood of success, cost effectiveness, degree of threat, vulnerability or urgency, opportunism and demonstration value).

Expected Impact

22. The importance of the incorporation of strategic environmental management and protection elements into the new and evolving Mexican governance structure and policy in a timely manner can not be overemphasized. To give a sense of the enormous potential impact of the proposed activity, specific commentary on its likelihood of success, cost effectiveness vs. relative benefits, degree of threat/vulnerability/urgency and opportunism are provided below. In order to increase impact and assure success, specific policy and institutional strengthening actions will be identified for each of the six primary sub-sectors, as well as training, monitoring and evaluation requirements incorporating a series of key indicators for each area of interest that contemplates results in terms of local, national and global priority issues .

Likelihood of Success

23. Mexico has a proven enabling capacity for the execution and assimilation of strategic planning activities. The new Administration has a broad mandate to propel fundamental changes in the business-as-usual scenario. The President and his Quality Growth Cabinet have moved rapidly to set a forward-looking policy framework in place during the first 100 days of government. The GEF STRM resources will leverage this political, human resource and financial capital in a strategic manner during 2001 with the full commitment of the Administration.

24. Significant policy gaps in the prevailing national governance program have been identified by the new Administration, whereby complex development problems need to be addressed within a framework of environmental soundness. Given the receptivity and inclination of the new administration to deal with these issues in a timely and holistic fashion, the likelihood of success of the proposed activity is high. Environment and sustainable development have been assigned utmost priority within the Cabinet's Quality Growth council (Finance, Economy, Social Development, Tourism, Foreign Relations, Environment, Agriculture) and the President has indicated his full support for environmentally sustainable growth. Key elements of the GEF-supported National Biodiversity Strategy, including gap analysis and recommendations for cross-sector policy integration will be incorporated in the planning process.

Cost Effectiveness vs. Relative Benefits

25. The basic tools and methodologies to be used have two primary facets: program administration and field implementation. Program administration will focus on re-engineering and results-based management (i.e., a Log Frame giving objectives, results, indicators, etc.). This methodology has been tried and proven in numerous countries and has also proven to be a very useful and cost-effective way to secure long term conservation and sustainable development in Mexico.

26. The strategy to be developed will secure and capitalize upon community and private sector concern for natural resources conservation and environmental protection through decentralized decision-making, combined with an effort to explicitly link the conservation of natural resources and the sustainability of livelihoods. The latter implies that stakeholders at various levels should have strong incentives to support conservation and environmental initiatives. The conservation and sustainable development agenda is huge, and the empowerment and engagement of these other players will leverage additional resources to help develop sustainable financing mechanisms.

Institutional Sustainability

27. At the highest levels of program development and implementation, it is critical that roles are clearly defined and mechanisms and actions are put into play that strengthen these roles. The federal government supports and promotes the active participation of the private sector, NGOs, academics, and the social sector as vitally essential to planning processes. Strategic modifications are under way in the environment sector to increase the potential for integrated environmental management, rational resource use and conservation and serious mainstreaming efforts, and it is expected that the programmatic approach with the GEF will be a key catalyst for these efforts. Environmental planning and education, incentives and regulation and natural resource management have been redefined in order to maximize their potential to affect the country's environmental quality. STRM support will be critical to the adaptive management and implementation of this enhanced institutional framework.

28. All the actions expected to result from the strategic planning process stem from fieldwork that incorporates the actual needs of communities and stakeholders, and draws upon a consensus among the various actors. Furthermore, the activities to be proposed will focus on developing local skills so that when projects are finished, the communities and stakeholders have become the owners of the technologies and, in turn become self-financing, a scheme that could therefore be easily replicated in the region. The public consultation process will follow the methodology developed by CONABIO for the integration of the National Biodiversity Strategy.

Degree of Threat, Vulnerability and Urgency

29. Natural resource loss and degradation in Mexico merits special attention. The endangered state of Mexico's environment is fully documented in the CONABIO Biodiversity Country Study, carried out with assistance from the GEF⁴. Important advances were made during the previous Administration, however the overall trend

⁴ CONABIO, 1998. Diversidad Biológica de México - Estudio de País. pp.341.

during the past decade has been rapid deterioration. If effective and accelerated action is not taken, irreparable and costly impacts will result. To mention but two striking examples, if the loss and deterioration of water resources and biodiversity in Mexico is not reversed in the next six to ten years the social and economic costs will be overwhelming. The STRM will be used to estimate some of these costs that will later be refined and monitored through the programmatic approach, and to formulate innovative policy and program alternatives to guide private and public sector economic and social actions towards sustainable patterns of use of natural resources in Mexico.

30. . Strategic planning with the GEF and other donors through the STRM and programmatic approach will provide the appropriate framework for synergies between GEF interventions in biodiversity; linking the enabling activities and their specific policy recommendations more explicitly with the GEF biodiversity portfolio approaches; and promoting adaptive project management. This is consistent with GEF-documented best practices and overall recommendations. The tools and basic framework already exist; the goal is to capitalize on the existing initiatives to provide the highest level of forward momentum and integration possible.

Opportunity

31. The project is designed to fill an urgent and pressing need. It is critical that strategic planning and integration be done now so that the new administration can move forward rapidly in 2001 and the first half of 2002. The Administration has taken quick and decisive steps to place a premium on socially and environmentally sustainable development, by including Environment within the Cabinet's Quality Growth team. However if these steps are not consolidated in the short term, events may overtake the new administration and the opportunity will likely be lost. If sustainability is not built into governance from the outset, it will be later only with great difficulty. Available but scarce GoM resources will be highly leveraged with the addition of GEF STRM resources, providing for a paradigm shift in the business-as-usual scenario for environmental management in Mexico, generating useful experiences for other countries and regions.

Project Implementation Arrangements

32. A high-level Project Steering Committee will be formed between SEMARNAT (3 Undersecretaries and International Affairs Coordinator) and UNDP (Program Coordinator) to monitor technical progress of the project coordination unit and overall project implementation. A Project Coordination Unit consisting of a Project Coordinator, Project Assistant and an Administrative Assistant - located in SEMARNAT - will execute the project through an extensive outsourcing strategy and use of a pool of national consultants providing technical backstopping during implementation. Implementation will proceed according to mutually agreed work plans with associated budget allocations that will be revised on a 2 months basis with financial reporting on behalf of the PCU depending on the use of the most suitable payment modality. UNDP Mexico will administer the resources, provide assistance with any contractual and procurement issues, and widely apply lessons learned through the implementation of the GEF biodiversity and climate change enabling activities. The PCU will prepare bimonthly progress reports for UNDP corresponding to work plan progress and financial performance.

Financial Arrangements

The proposed cost-sharing arrangements for the project are outlined as follows (figures in US\$):

	GEF	Co-Financing	Project Total
Coordinating Unit	100000		
PF Unit	120000		
International short term Consultants	100000		100000
SEMARNAT technical personnel		210000	210000
Technical Advisors from other Secretariats		315000	315000
National short term Consultants	200000		200000
Travel (national and international DSA and tickets)	30000		30000
Workshops (Federal, state and local consultations)	80000	60000	140000
Infrastructure support		25000	25000
Miscellaneous (publications, phone etc.)	22800	30000	52800
Total	652800	640000	1292800

MONITORING AND EVALUATION

33. UNDP will monitor project progress through indicators forming part of detailed work plans elaborated in collaboration with the project team. Strict project management goals will be established to complete activities and reach outcomes within the estimated costs and time limits. Close monitoring of payments and performance contracts to selected consultants will contribute to the efficiency of project disbursement and continuous tracking and quarterly financial reporting on project expenditures with the required documentation.

34. Project activities will be regularly evaluated by the project team, SEMARNAT and the Steering Committee. A mandatory end-of-project evaluation will be carried out, and results will be used to adapt other ongoing and planned activities with planning and capacity-building purposes in Mexico. UNDP will inform GEF of this evaluation, and reports will also be widely disseminated to the public and specialized agencies. Close cooperation with other ongoing GEF initiatives in Mexico will facilitate mutual learning, and strengthen strategic planning and management adaptation.

Annex 1: GoM Endorsement Letter:

G.H.1



DIRECCION GENERAL DE CREDITO PUBLICO
DIRECCION GENERAL ADJUNTA DE ORGANISMOS
FINANCIEROS INTERNACIONALES
Dirección de Coordinación Sectorial y Proyectos de
Descentralización y Medio Ambiente

Oficio No. - 305. VI. 3.- 007

México, D.F., a 17 de Enero de 2001.

SR. BRUNO GUANDALINI
Representante Residente en México del Programa de
Naciones Unidas para el Desarrollo - P N U D
Presidente Mazarik, No. 29. Piso 8,
Colonia Polanco
C i u d a d

Hago referencia a su Oficio UCAI/5550/00, de fecha 21 de diciembre de 2000, relativo a la propuesta del Proyecto " **Strategic Planning and Design for Environmental Protection and Sustainable Development in Mexico** ", que será apoyado con recursos del Fondo para el Medio Ambiente Mundial (GEF).

Sobre el particular, a través del presente me permito comunicar a usted que en virtud de que el proyecto de referencia cuenta con el respaldo técnico de la Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT), esta Secretaría de Hacienda y Crédito Público está de acuerdo en que dicha propuesta se someta a consideración del Secretariado del GEF en Washington, a través del PNUD como Agencia Instrumentadora del GEF en México; lo anterior, en virtud de que su financiamiento contribuirá al cumplimiento de metas sectoriales de desarrollo.

Mucho le agradeceré nos mantenga informados del trámite que guarden estas gestiones, y sin otro particular por el momento, aprovecho la ocasión para reiterar a usted 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 General Adjunto de Organismos
Financieros Internacionales


Ricardo Ochoa

DEV - HACIENDA

ANNEX 2: LIST OF GEF PROJECTS

Cartera de Proyectos GEF Aprobados

PROYECTO	AREA – MONTO-Año
1. Estrategia Nacional sobre Biodiversidad, Plan de Acción a la CoP CONABIO-PNUD	Biodiversidad (EA) US\$ 198,000 1997
2. Factores de Emisión de Gases de Efecto Invernadero Provenientes de Sistemas Vivos en el Centro de México INE-PNUD	Cambio Climático (EA) US\$ 306,000 1995
3. Fondo de Áreas Naturales Protegidas CNANP – FMCN - Banco Mundial	Biodiversidad (FS) US\$ 16,480,000 1992
4. Mecanismos de Conservación de Tierras Privadas en México PRONATURA-Banco Mundial	Biodiversidad (PDF A) US \$ 25,000 1999
5. Manejo Sustentable de Laderas en Oaxaca – Banco Mundial	Biodiversidad (MS) US\$ 740,000 1999
6. Conservación de la Biodiversidad a través del Café Sustentable y Productos Asociados en la Reserva de la Biosfera “El Triunfo” Inst. Para El Desarrollo Sustentable En Mesoamerica, A.C.-Banco Mundial	Biodiversidad (MS) US\$ 750,000 1999
7. Conservación de la Biodiversidad en Regiones Indígenas y Comunitarias de Guerrero, Michoacán y Oaxaca SEMARNAT-Banco Mundial	Biodiversidad (FS) US\$ 7,500,000 2000
8. Componente Mexicano del Corredor Biológico Mesoamericano CONABIO-Banco Mundial	Biodiversidad (FS) US\$ 15,200,000 2000
9. Manejo Integrado de Ecosistemas en Tres Regiones Prioritarias de México PRODERS-PNUD	Biodiversidad (FS) US\$ 15,100,000 2000
10. Consolidación del Sistema de Áreas Naturales Protegidas (SINAP II) CNANP – FMCN - Banco Mundial	Biodiversidad (FS) US\$ 16,450,000 2000
11. Conservación de la Biodiversidad en la Reserva de la Biosfera de Sierra Gorda GRUPO ECOLÓGICO SIERRA GORDA, IAP. – PNUD	Biodiversidad (FS) US \$ 6,700,000 2001
12. ILUMEX CFE-Banco Mundial	Cambio Climático (FS) US\$10,000,000 1994
13. Proyecto de Demostración de Autobuses impulsados con Celdas de Combustible (hidrógeno) y un sistema asociado para el suministro de combustible de la Ciudad de México SETRAVI (GDF) - PNUD	Cambio Climático (FS) US\$ 12,100,000 2001
14. Energía Renovable para la Agricultura FIRCO-Banco Mundial	Cambio Climático (FS) US \$8,900,000 1999
15. Calidad del Aire II GDF-INE-Banco Mundial	Cambio Climático (PDF B) US\$ 300,000 1999
16. Hybrid Thermal Solar Power Plant Banco Mundial-CFE-IPP	Cambio Climático (FS) US \$49,350,000 1999
17. Methane Gas Capture and Use at a Landfill Demonstration Project SIMEPRODE-SEDESOL-Banco Mundial	Cambio Climático (FS) US \$6,530,000 2000

Total US\$ 166,629,000

Cartera de Proyectos GEF Regionales Aprobados

PROYECTO	AREA – MONTO-Año
1. Ciudadanía Ambiental Global en la Región de América Latina y el Caribe PNUD	Multifocal (FS) US\$ 3,210,000 1998
2. Establecimiento de un Programa para la Consolidación del Corredor Biológico Mesoamericano CCAD-PNUD	Biodiversidad (FS) US\$ 10,600,000 1997
3. Managing Agrobiodiversity for Sustainable Land-Use and Global Environmental Benefits PNUMA – Instituto de Ecología de Xalapa	Biodiversidad (PDF B) US\$ 350,000 1999
4. Modelo de indicadores para ecosistemas de tierras secas en América Latina PNUMA- NHI-DGRCS	Biodiversidad (MS) US\$ 750,000 1999
5. Sistema Arrecifal del Caribe Mesoamericano Banco Mundial – CCAD	Biodiversidad, Aguas Internacionales (FS) US\$ 10,475,000 2000
6. Reducing the Impact of Tropical Shrimp Trawling Fisheries on Living Marine Resources Through the Adoption of Environmentally Friendly techniques and Practices FAO-PNUMA	Aguas Internacionales (FS) US\$4,780,000 2000

Total US\$ 30,165,000