PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project
THE GEF TRUST FUND

Submission Date: 22 March 2010
Re-submission date: 20 April 2010

PART I: PROJECT IDENTIFICATION

GEF PROJECT ID[1]**:4229** **PROJECT DURATION:** 18 months
GEF AGENCY PROJECT ID: 4371
COUNTRY(IES): Mexico
PROJECT TITLE: Fifth National Communication to the UNFCCC
GEF AGENCY(IES): UNDP
OTHER EXECUTING PARTNER(S): Ministry of Environment and Natural Resources (SEMARNAT) - National Institute of Ecology (INE)
GEF FOCAL AREA (S)[2]**:** Climate Change
GEF-4 STRATEGIC PROGRAM(s): Enabling activities
NAME OF PARENT PROGRAM/UMBRELLA PROJECT: N/A

INDICATIVE CALENDAR*	
Milestones	**Expected Dates mm/dd/yyyy**
Work Program (for FSP)	06/1/2010
CEO Endorsement/Approval	05/1/2011
Agency Approval Date	07/1/2011
Implementation Start	07/1/2011
Mid-term Evaluation (if planned)	
Project Closing Date	12/31/2012

* See guidelines for definition of milestones.

A. PROJECT FRAMEWORK

Project Objective: To assist the Government of Mexico in strengthening its capacity to design public policies including mitigation and adaptation measures and evaluate the environmental, social and economic impacts of their implementation, in order to fulfill its commitments to the United Nations Framework Convention on Climate Change (UNFCCC), in agreement with Articles 4.1 and 12.1 of the Convention.

Project Components	**TA, or STA**[b]	**Expected Outcomes**	**Expected Outputs**	**Indicative GEF Financing**[a]		**Indicative Co-Financing**[a]		**Total ($)** c =a + b
				($) a	%	($) b	%	
1. National GHG Inventory	TA	1. National GHG Inventory for 1990 to 2009 carried out.	1. Inventory for energy. 2. Inventory for transport. 3. Inventory for fugitive sources. 4. Inventory for industrial processes. 5. Inventory for agriculture. 6. Inventory for land use, land use change and forestry. 7. Inventory for waste 8. Guidelines for organizing activity data validation and quality control. 8. Studies on emission factors from key sources 9. Improvement of the inventory's information system. 10. Development of methodologies for estimating emissions in key sources. 11. Inventory adapted to the 2006 IPCC	402,013	57	300,000	43	702,013

[1] Project ID number will be assigned by GEFSEC.
[2] Select only those focal areas from which GEF financing is requested.

			methodology. 12. Publication and presentation of the inventory. 13. Publication and dissemination of results in a web query system.					
2. Description of Mexican National Circumstances	TA	1. National Circumstances report prepared.	1. Report on the priorities, objectives and national and/or regional development implications to address climate change. 2. Report on the institutional arrangements (planned and in place) for the implementation of the UNFCCC.	33,501	36	60,000	64	93,501
3. **Vulnerability assessment and adaptation measures**	TA	1. Assessments on impacts, vulnerability and identification of adaptation measures to address climate change, variability and extreme events, at local and national levels developed. 2. Activities, measures and programs implemented or planned for adaptation to climate change are described.	1. Database and detailed analysis of regionalized scenarios of climate change, at scales of 10 km and 20 km, applying dynamic downscaling. 2. Reports, tools and methodologies developed on the assessment of impacts, vulnerability and adaptation options to address climate change, variability, and hydro - meteorological events in priority sectors and systems of Mexico, at national and local level, including the socioeconomic costs of adaptation measures proposed on priority human and natural systems in Mexico.	1,005,032	35	1,850,000	65	2,855,032
4. Measures to mitigate climate change	TA	1. GHG mitigation policies and measures at national, state and local levels from 2009 to 2012 in key sectors identified and adopted.	1 Ellaboration of scenarios of GHG mitigation and carbon sequestration. 2. Macroeconomic assessment of GHG mitigation measures. 3. Assessments, analysis and studies of GHG mitigation for key sectors. 4.Technology roadmaps for key technologies (short, medium and long term). 5.Development of methodologies for Measurement, Reporting and Verification (MRV) of GHG mitigation actions	891,129	35	1,640,000	65	2,531,129

			to support NAMAs. 6.Market analysis assessments (e.g. Emissions Trading Schemes). 7. Scenarios of GHG emissions for the short, medium and long term.					
5. Reports on key additional national facts	TA	1) Information is compiled on the following key thematic areas: a) Research and systematic observation; b) Financial assistance and technology transfer; c) Education, capacity building and public awareness. 2) Specific limitations, deficiencies and needs identified during the preparation of the Communication described.	1. Report on research and systematic observation activities. 2. Report on environmentally sound technology access and transfer, and on measures related to technology transfer promotion. 3. Report on education, capacity building and on awareness activities for decision-making parties and general public. 4. Report on planned and / or implemented activities to overcome obstacles and deficiencies associated with the implementation of activities, measures and programs and on the improvement of National Communications on a continuous basis. 5. Report on financial resources and technical support provided by the GEF, Annex II Parties or bilateral and multilateral institutions, for activities relating to climate change.	194,955.36	39	300,000	61	494,955.36
6. Publication	TA	1. Fifth National Communication on Climate Change approved by the Inter-Ministerial Commission on Climate Change (CICC).	1. Publication and presentation of the Fifth National Communication. 2. National Greenhouse Gas Inventory 1990-2009. 3. Executive Summary in Spanish and English.	80,403	36	140,000	64	220,403
7. Project Management				100,503	40	150,000	60	250,503
Total project costs				2,707,536.36		4,440,000		7,147,536.36

[a] List the $ by project components. The percentage is the share of GEF and Co-financing respectively of the total amount for the component.
[b] TA = Technical Assistance; STA = Scientific & Technical Analysis.

B. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE and by NAME (in parenthesis) if available, **($)**

Sources of Co-financing	Type of Co-financing	Project
Project Government in kind	In-Kind	4,440,000
GEF Agency(ies)	(select)	
Bilateral Aid Agency(ies)	(select)	
Multilateral Agency(ies)	(select)	
Private Sector	(select)	
NGO	(select)	
Others	(select)	
Total Co-financing		4,440,000

C. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT ($)

	Previous Project Preparation Amount (a)[3]	Project (b)	Total c = a + b	Agency Fee
GEF financing		2,707,536.36	2,707,536.36	270,753.64
Co-financing		4,440,000	4,440,000	
Total		7,147,536.36	7,147,536.36	270,753.64

D. GEF RESOURCES REQUESTED BY AGENCY (IES), FOCAL AREA(S) AND COUNTRY(IES)[1]

GEF Agency	Focal Area	Country Name/ Global	(in $)		
			Project (a)	Agency Fee (b)[2]	Total c=a+b
Total GEF Resources					

[1] No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

[2] Relates to the project and any previous project preparation funding that have been provided and for which no Agency fee has been requested from Trustee.

PART II: PROJECT JUSTIFICATION

A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:

Mexico considers the preparation of National Communications as an extremely important document, to fulfill its commitments under the United Nations Framework Convention on Climate Change (UNFCCC) as well as an instrument of great utility to set national policies and strategies to address climate change. Mexico has developed capacities to analyze and monitor the activities related to climate change. This has been demonstrated by the fact that Mexico is the first non-Annex I Party to have presented its First, Second and Third Communication to the UNFCCC, and the Fourth Communication, which was presented in Copenhagen, Denmark during the XV Conference of the Parties to the UNFCCC in December 2009. Through the preparation of these four National Communications the progress on the knowledge on climate change issues is clear, many specialists have been trained and institutional capacity has been built. It is important to note that awareness on the impacts of climate change on different ecosystems and sectors has been raised all over the country. However, much work remains to be done due to Mexico's topography, socio-economic factors and its biodiversity (Mexico together with the other mega diverse countries contains between 60 to 70% of the biodiversity known on earth). Mexico is especially vulnerable to the impacts of climate change and variability, for example, the El Niño and La Niña phenomena, as well as extreme hydrometeorological conditions, have resulted in serious damage and disasters in the country. Therefore, it is important to better understand the current and expected impacts of climate change in the different sectors and prepare a proposal for adaptation measures, analysis of its feasibility and barriers, among others. Also, due to its diversified economy it will be necessary to carry out assessments of the GHG mitigation policies and measures at national, state and local levels from 2006 to 2011 for different sectors of the economy. There is also a

[3] Include project preparation funds that were previously approved but exclude PPGs that are waiting for approval.

need to cover information gaps identified in the First, Second, Third and Fourth National Communications through a process of stocktaking and stakeholder consultations.

Results obtained from the inventories in previous National Communications have established a solid base for the updating of GHG emissions and the analysis of future trends, However, it will be necessary to fill the information gaps and reduce uncertainties, as well as incorporate technical and statistical elements to improve it, to this end, studies on emission factors from national key sources are deemed necessary.

There has been an evolution from the First, Second, Third and Fourth National Communications prepared, involving more information, data refinement and development of climate/regional scenarios. The Fourth National Communication included the development of a climate regional model as well as vulnerability and adaptation research studies concerning strategic sectors that are vulnerable to the impacts associated to climate change in Mexico.

Through the development of National Communications Mexico has complied with its commitments to the UNFCCC as a non-Annex I country. Through this experience, INE has learned various lessons that will improve the fifth communication; among them is a larger involvement of key actors not only in the technical evaluation, but also in the implementation of measures for climate change adaptation and mitigation of greenhouse gas (GHG) emissions.

With resources from both the Mexican Government and the GEF for the development of the Fifth National Communication, it will further deepen knowledge on vulnerability and climate change adaptation in priority sectors and cost effective mitigation measures (MRV, REDD +, among others). It will also strengthen capacities for the development and the refinement of methodologies to calculate national emission factors to update the National GHG Inventory, to evaluate the vulnerability and climate change adaptation and cost-effective measures to mitigate emissions through the integration of interdisciplinary working groups composed of diverse sectors of the society such as decision-makers, NGOs, civil society organizations and academics.

Therefore, the proposed Fifth National Communication will take this process a step further and will represent a strategic tool to the development of mitigation and adaptation strategies based on more focused mitigation and vulnerability assessment for key sectors.

The main outcomes of the proposed Fifth National Communication are to update the National Greenhouse Gas Inventory 1990-2009 and project GHG emissions for the years 2020, 2030 and 2050 for different sectors; to revise, analyze and describe national programs that have aided in the reduction of GHG emissions; to identify policies and measures adopted for different national sectors which, direct or indirectly, have served in the reduction of GHG emissions or in the removal of gases through carbon sinks, as it will include a macroeconomic evaluation of these initiatives; and to carry out evaluations of impacts, vulnerability and adaptation strategy feasibility in priority sectors and systems in the country in the face of variability, climate change and hidrometeorological extreme events for 2020, 2030, 2050 and 2080. Finally, the project will build additional institutional capacity for implementing the Convention in Mexico including undertaking activities related to climate change education and awareness.

The implementation of project activities by Mexico is expected to generate global environment benefits through the reduction of GHG emissions as well as the reduction of its vulnerability to the impacts of climate change. The expected outcomes of this project will improve Mexico capacity to combat climate change, in conformity with sustainable development. This requires deeper knowledge on the country’s stance amidst this phenomenon, so that effective mitigation actions can be implemented and decisions on adaptation measures can be taken, especially in the context of vulnerable sectors and zones. It is expected that these measures and decisions taken, along with capacity building and dissemination of information, be done based on an improved national GHG inventory and knowledge of carbon sinks of all the gases that are not regulated by the Montreal Protocol. The project development of the Fifth National Communication represents the fulfillment of Mexico´s commitments as a Party to the UNFCCC and its Kyoto Protocol.

This document will be a useful tool in the definition of environmental public policies and strategies, particularly in terms of addressing climate change, as well as an instrument of diffusion of information and institutional and technical capacity building in line with national priorities and sustainable development. Therefore, the project has the potential to assist the country in moving towards a less carbon-intensive and more sustainable energy consumption path. In this context, and considering Mexico´s condition as a developing country with limited economic resources, our country is looking for the financial resources to cover the cost of preparation of the Fifth National Communication with the intention of continuing national capacity building and fulfillment of compromises under the UNFCCC.

The main project components are described below:

Component 1: National GHG Inventory

The objective of this component is to refine and update Mexico's Inventory of greenhouse gas emissions by sources and capture by sinks for the 1990-2009 period on an annual basis. It will focus on seven categories: 1) Energy: Fixed and Area Sources, 2) Transport, 3) Fugitive Emissions, 4) Industrial Processes and Solvents, 5) Agriculture, 6) Land Use, Land Use Change and Forestry, and 7) Waste. Each category is analyzed in terms of its emission in relation to the six main gasses (CO2, CH4, N2O, HFC, PFC y SF6), all of which are included in the IPCC methodologies and in the IPCC Best Practice Guidance.

It will also create and lay out foundations for quality control and activity validation data for this and subsequent inventories by defining the current institutional structure and identifying the basis for future cooperation and information exchange as well as cooperation with other national institutions preparing emission inventories.

For the effective scientific coordination of the inventory, the government of Mexico has established roles and responsibilities to comply with the commitments to the UNFCCC. In particular, the National Institute of Ecology (INE) specific responsibility is to "promote and coordinate studies for the upgrade, continuous improvement and systematization of the National Inventory Emissions of Greenhouse Gases".

Ministry of Environment and Natural Resources (SEMARNAT), through the coordination of the Climate Change Program of the INE, established a working structure and institutional arrangements both internally and with other Federal Ministries, research institutions and several public and private organizations to develop the National Inventory of GHG 1990-2006.

In the development of technical and statistical elements to improve the inventory, a rigorous process of quality control for each line of study, and for the integration of them is followed. At the same time, indicators to measure the performance of Mexico over time and for comparison with other countries have been proposed.

In order to achieve an effective coordination with various entities and to improve the quality of the inventory, a technical specialist will be involved in each Ministry of the Interministerial Commission on Climate Change, where the INE leads the scientific coordination of the inventory.

Component 2: Description of the Mexican National Circumstances

This component will include a report on both national and regional development priorities, including environmental and economic indicators relevant to climate change, and a report on the special circumstances, including the needs and concerns arising from the climate change effects and the implementation of response measures to address its impacts.

The information in this component will be relevant to the other project components. Consequently, all sections of the communication will be conducted in accordance with national circumstances and development priorities. The main points to be considered will be:

- Geographical features, including climate, forests, land use and other
- Population: growth rates, distribution, density, and other vital statistics
- Economy, including energy, transport, industry, mining, tourism, agriculture, fisheries, waste, health and services sector
- Education, including scientific research institutions and technical.

Additionally, it will also include the institutional arrangements that the government has made to strengthen and expand efforts in implementing the Convention, including:

- Distribution of responsibilities within governmental departments, universities, research institutions, etc.
- The Climate Change National Committees
- Commitment and participation of other decision makers
- Groups or teams of technicians and experts.

Component 3: Vulnerability Assessment And Adaptation Measures

The objective of this component is to analyze adaptation programs and policies at national, sub-national and local levels. It will include the assessments of impacts, vulnerability and adaptation options to address variability, climate change and extreme hydro meteorological events for climatology periods of thirty years, centered at 2020, 2050 and 2080, in priority sectors and systems in Mexico, with emphasis on the areas with a greater vulnerability and tendency to incur in conflict. Priority sectors for the country include: Water, Agriculture, Forestry, Health, Tourism, Fisheries, Ecosystems and Biodiversity, and Human Settlements.

Institutional coordination with the research centers in Mexico will be established as part of this component. These centers have the capacity of run numerical models that will be used in building the scenarios to be included in this Fifth National Communication (FNC). Potential partner research centers are: the Center for Atmospheric Sciences of the UNAM, the Mexican Institute of Water Technology and the Center for Scientific Research and Higher Education of Ensenada. Each center will generate several regional scenarios experiments for Mexico with a resolution of 20 km, considering different models of general circulation, low GHG emission scenarios (SRES) that are selected in mutual agreement.

From the experiments already carried out, regional scenarios will be assembled to assess the impacts, vulnerability and adaptation to climate change in the country.

The evaluation of impacts, vulnerability and adaptation measures to address climate change will be conducted by consultations with key actors from government, academia, civil society and the private sector, at national and local levels to identify priority sectors and systems in Mexico. Detailed studies of impact assessments, vulnerability and adaptation climate change across sectors and human and natural systems defined priority for Mexico will be held.

The studies will consider climatologist information of thirty years, focusing on 2020, 2050 and 2080. Regional scenarios with a resolution of 50km will be used, while better resolution scenarios (20km) are obtained. Local consultants will develop methodologies that will be later used by the specialist of the research groups in the State level, and will be used to develop its Climate Change State Programs at the local level.

Finally, the component will integrate the results of technical studies that have been developed to generate a portfolio of adaptation actions by sector and human and natural systems. The analysis of adaptation measures will include the feasibility, barriers and requirements for implementation of these actions.

Component 4: Measures to Mitigate Climate Change

The objective of this component is the assessment and analysis of projected GHG emissions in the short, medium and long terms (2030,2050 2080) for Mexico and the effects of key mitigation policies, measures and actions on relevant sectors of the Mexican economy. The sectors covered will include: Energy (production, transformation, consumption); Transport; Industrial; Residential; Commercial; Waste; Land Use, Land-Use Change and Forestry and Agriculture.

It will include policies and measures adopted by the federal, local and municipal governments, the private sector and non-governmental organizations and other entities that directly or indirectly reduce greenhouse gas emissions or increase carbon sinks or removals of all GHGs not controlled by the Montreal Protocol (the period considered takes into account the information reported in the Fourth National Communication to 2012). This component will also include relevant assessments that will facilitate future potential implementation of mitigation measures, strengthening not only the instutional and human capacity, but also the prioritization of economical and environmental programs.

This component will include the following activities:

- Scenarios of GHG mitigation and carbon sequestration:

  Activities to identify options to assess mitigation measures for national and international studies relevant for Mexico will be held, in order to identify barriers, costs and stakeholders to implement them.

- Macroeconomic assessment of GHG mitigation measures:

  This activity seeks to assess the macroeconomic impact of proposed mitigation measures. For this purpose, an analysis will be done on international development of macroeconomics models and the technology developed for GHG reduction, as well as the feasibility of adaptation to national circumstances and potential impact on macroeconomic indicators for their implementation.

- Assessments, analysis and studies of GHG mitigation for key sectors:

  For the evaluation of sectorial mitigation measures it will be necesary to have experts involved in each of the key sectors. These experts will analyse the current situation of the sector (baseline), the mitigation potencial, cost-benefits of the proposed measures, barriers for inplementation, and will develop a proposal for measures with greater mitigation potencial by sector, as well as the most cost-effective.

- Technology roadmaps for key technologies (short, medium and long term):

  For the development of technology roadmaps experts will assess the potentials of each of the analyzed sectors, evaluate the potential of each of the technologies considered, investigate its development and results of its application worldwide, and based on macroeconomic indicators and emissions of the sectors analyzed, planing the sector's technology route.

- Development of methodologies for the Measurement, Reporting and Verification (MRV) of GHG mitigation actions to support NAMAs:

  Under this activity a methodology for MRV of GHG mitigation actions to support NAMAs will be developed and national capacities will be reinforced.

- Market analysis assessment (e.g. Emissions Trading Schemes):

  Collaboration with experts in the different emissions trading mechanisms will be pursued in order to develop a methodology for the analysis of additionality barriers, as well as evaluation and verification of emissions. The potential impact of the GHG emissions reduction resulted from the trade in North America will also be evaluated.

- Scenarios of GHG emissions for the short, medium and long term .

  For the construction of scenarios, it will be necessary to establish the baseline of the sectors that will be analyzed. This scenarios will provide information on key sectors that contribute to the emission of GHG in the country and will provide technical information to decision makers that will be useful in efforts to mitigate GHG emissions in the short, medium and long term.

Component 5: Additional Information

Under this component and in agreement with article 5 of the UNFCCC, information will be provided on research and systematic observations. This will include: a) participation and contribution in national and regional activities and programs, and global networks; b) status of national programs of weather monitoring; meteorological, atmospheric and oceanic, c) analysis of the level of participation of our country in global research and observation. Information will also be presented on activities related to environmentally friendly technology transfer and access; education, capacity building and public awareness. This outcome will include a progress report on the building of Mexico's institutional capacity at national, local and regional levels to promote education, training and public awareness of climate change, including efforts to strengthen public awareness.

Additionally, an analysis will be carried out on the different ways to integrate climate change in Mexico's public policy and research needs and priorities of government agencies, research institutions, public and private, NGOs, among others, through effective coordination with those actors.

A report will also be prepared to describe, in accordance with national circumstances and development priorities, the constraints and gaps, and related financial, technical and capacity needs, as well as proposed and/or implemented activities to overcome the gaps and constraints associated with the implementation of activities.

Finally, a report will be prepared on financial and technical resources used made available for the preparation of National Communications.

Component 6: Publication

The objective of this component is to integrate the results of all the studies supported by this project into the Fifth Communication of Mexico. Consultations with institutions involved in the preparation of the National Communication will be carried out throughout the whole process and they will review the final draft. The preliminary results will be also discussed at a series of workshops with relevant stakeholders and their inputs will be incorporated in the final version. The Inter-Ministerial Commission on Climate Change (CICC) will revise and approve the document.

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL/REGIONAL PRIORITIES/PLANS:

The Government of Mexico recognizes that climate change represents the greatest environmental challenge of this century, and one of the greatest threats to development and human wellbeing. Apart from manifesting its effects through the intensification of droughts, floods, hurricanes, glacier decline, rise in sea levels, amongst other, climate change is resulting in biodiversity loss, in the deterioration of water resources and environmental services in the country. In this context, international cooperation and action, in particular at a regional level, is essential, as no country can confront this challenge on its own. As a country that represents 1.6% of global GHG emissions and is highly vulnerable to the effects of climate change, Mexico has a vital role to play in the solution process.

Mexico is determined to strengthen its ability to respond to this global challenge, both in mitigation through the control and reduction of its emissions, and adaptation, by reducing vulnerability and limiting the negative impacts of climate change.

For the first time, the National Development Plan 2007-2012 explicitly incorporates climate change issues into its agenda. The National Development Plan establishes clear and viable strategies to transform the country through responsible, realistic and solid foundations. The Plan incorporates Sustainable Human Development as a basic premise towards the permanent increase of capacities so that all Mexicans can have a decent life without compromising the quality of life for future generations. The Fifth National Communication is linked to the National Development Plan 2007-2012 through the Environmental Sustainability Development Policy and the implement adaptation measures to climate change through: a) the promotion of the inclusion of adaptation to climate change aspects in the planning and actions of the different sectors of society, b) the evaluation of impacts, vulnerability and adaptation to climate change for different socioeconomic sectors and ecological systems; and c) the promotion and diffusion of information on the impacts, vulnerability and measures to adapt to climate change. The Fifth National Communication is also linked to the Sectoral Program on Environment and Natural Resources 2007-2012.

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH GEF STRATEGIES AND STRATEGIC PROGRAMS:

This project proposal has been prepared according to the UNFCCC Guidelines for National Communications (the project brief is in accordance with Decision 17/CP. 8 - Guidelines for the preparation of National Communications from Parties not included in Annex I to the Convention). According to the Climate Change Focal Area Strategy and Strategic Programming for GEF-4, enabling activities will continue to be financed by the GEF, as National Communications represent an obligation of non-Annex I Parties under the UNFCCC.

D. JUSTIFY THE TYPE OF FINANCING SUPPORT PROVIDED WITH THE GEF RESOURCES:

As described in section C of this document and in accordance to Article 4.3 of the UNFCCC, developed country Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by

developing country Parties in complying with their obligations under Article 12, paragraph 1. The Global Environment Facility (GEF) provides financial assistance in accordance with guidance of the Conference of the Parties (COP) to non-Annex I Parties through its implementing agencies.

E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

The proposed Project will be designed and executed in coordination with the 11 Ministries of State that form the Inter-Ministerial Committee on Climate Change (CICC), towards de development of a national climate change policy and strategy. In this context, climate change can continue to be the central issue within sustainable development national policies. In particular, this project will allow the continuation of the following work:

A) Linkage with the Ministry of Social Development (SEDESOL) through policies focused on poverty reduction, economic development and growth of low-income populations, strengthening of adaptation measures to climate change, reduction of risk and vulnerability in exposed and marginalized zones.

B) Linkage with the Ministry of Energy (SENER) through policies focused on the control and reduction of anthropogenic greenhouse gas emissions derived from the generation, distribution and rational use of energy in the country.

C) Linkage with the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) through policies focused on food production, identification and reduction of vulnerability in agricultural systems, incorporation of mitigation and adaptation strategies to reduce the impacts of climate change in agricultural zones.

D) Linkage with the Ministry of Economy through policies focused on sustainable economic development, including the creation of markets for efficient technologies and energy generation systems, adoption of environmentally sound technologies in the sectors that generate most greenhouse gas emissions, promotion of the estimation and registry of industrial, commercial and service sector greenhouse gas inventories.

E) Linkage with the SEMARNAT through policies aimed at the conservation and sustainable management of forests and ecosystems towards maintaining and increasing forest cover as carbon sinks. Amongst the programs in SEMARNAT which contribute to mitigation of climate change, the program of Payment for Environmental Services (PSA), implemented by the National Forestry Commission (CONAFOR) is particularly noteworthy. The first program on Payment for Environmental Hydrological Services (PSAH), and the one that has been disseminated the most, began in 2003. It was designed to assign economic value to the environmental services related to capture, conservation and quality of water. This program contributes to forest conservation and, indirectly, to maintain forest carbon sinks. Since 2004, three options for Payment of Environmental Services can be implemented: Carbon Capture, Conservation of Biodiversity and Agroforestry Related Services. These options constitute an opportunity to combine efforts of sustainable water management, biodiversity protection, combat land degradation and mitigation strategies, with overall results on the conservation and carbon capture in forest ecosystems.

F) Linkage with the Ministry of Health through vulnerability assessment and implementation of adaptation measures to climate change, focusing on the following aspects: a) Evaluation of climate change effects on different social groups; b) Strengthening of public health actions in quick disaster responses and in the monitoring and control of vector transmitted diseases; c) Forecasting health impacts of climate change in terms of: increment and redistribution of vector transmitted diseases (malaria, dengue, etc), greater incidence of infectious diseases related to water quality (cholera, typhoid fever, etc) and increment of the morbidity and mortality as a result of heat waves, respiratory diseases and dehydration.

F. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING :

The National Communications represent valuable information for Mexico. They have contributed to the identification of the main problems, deficiencies, needs and limitations to be addressed to combat the negative impacts of climate change. The communication have proven to be the most efficient tools in the application of the UNFCCC and have helped to intensify the tasks that need to be done by the national authorities to mitigate and adapt to climate change impacts. In the context of increased capacity building, Mexico has created the Inter-Ministerial Commission on Climate Change (CICC), currently responsible for the formulation of public policies and strategies of mitigation and adaptation; which developed in November 2006 the Guide Towards the National Strategy on Climate Change (ENACC), published in may 2007; and has also elaborated the Special Program on Climate Change 2008-2012 (PECC) in agreement with the National

Development Plan 2007-2012. An additional effort that resulted from the Special Program on Climate Change was the Study on the Economic Implications of Climate Change in Mexico (EIECC).

However, in the context of the economic global crisis that is dramatically affecting Mexico's economy, GEF resources are necessary for the elaboration of the Fifth National Communication. This GEF contribution will allow the continuation of climate change management projects, education and regulation, towards increased public awareness and strengthening of national capacities that will be reflected by improved measures, strategies, programs, policies and plans in the public and private sectors and amongst civil society at local and national levels. It is particularly important to emphasize that these efforts will lead to the implementation of mitigation actions proposed by the Special Program on Change, based on the National Greenhouse Gas Inventory and the Study on the Economic Implications of Climate Change in Mexico.

F. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MITIGATION MEASURES THAT WILL BE TAKEN:

According to the Climate Change Performance Index, developed by the NGO Germanwatch, Mexico is considered a model country amongst developing and developed nations in terms of climate change strategies. Mexico is ranked fourth worldwide, after Switzerland, Germany and Iceland, for its climate change policies and per capita emissions in energy, transport, residential and industrial sectors and greenhouse gas emissions in general. This serves as evidence that the Mexican Government is strongly committed to its international obligations in terms of climate change, in particular, with the presentation of its reports to the UNFCCC. In this context, there are no major risks identified for this project; however, the following points constitute possible risks:

a) Limited political support for climate change issues: (Low) This represents a low risk since in April 2005 the Inter-Ministerial Commission on Climate Change (CICC) was created with the permanent support of the Federal Government, and integrated by the heads of the Ministries of Environment and Natural Resources (who presides the Commission and is in charge of the Technical Secretariat); Agriculture, Livestock, Rural Development, Fisheries and Food; Communications and Transport; Economy; Social Development; Energy; Finance and Public Credit; Health; Foreign Affairs; and the Secretary of Government. The Ministries of Tourism and of Marine Resources, as well as the National Institute of Statistics and Geography, are invited to the meetings of the Commission. In some Work Groups there is participation from other Ministries and Federal Dependencies.

b) Limited technical capacity to execute the project and guarantee success of coordination efforts between sectors and different government levels: (Low) Mexico is a non-Annex I leader at the UNFCCC, as it presents its reports and updates its greenhouse gas inventories, which has allowed the building and strengthening of capacities towards the evaluation and analysis of all activities related to climate change. Despite these advances, Mexico's climate change strategy includes continuous efforts of research, capacity building and cooperation between different actors.

c) Possibility that the government will not be willing to share responsibility and be accountable before the UNFCCC for the presentation of the National Communications: (Low) This risk has been mitigated by the fact that climate change is an integrated part of the national and sector priorities and policies, and because the preparation of the National Communication represents and instrument that influences climate change strategies. Also, the government is co-financing the project by 53%.

d) The possibility that, in the context of the current economic crisis, the Mexican Government decides to stop actions related to climate change, including the preparation of the National Communication to the UNFCC: (Low) Climate change represents both a threat and an opportunity to promote human sustainable development. The mitigation and adaptation activities that Mexico intends to implement will result in multiple benefits: increasing energy security; cleaner, more efficient and competitive production processes; air quality improvement and natural resource conservation, amongst other. Thus the proposed measures imply and incentive even if there is no motivation to tackle climate change consequences, which makes this project economically, socially and environmentally beneficial.

G. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:

Because of its geographic, economic and social conditions, Mexico is particularly vulnerable to the adverse effects of climate change. A series of studies that have been compiled in the National Communications have manifested that the

negative impacts of climate change will be increasingly affecting the water, agriculture, forestry, tourism and health sector, as it will have a definite impact on biodiversity.

The Study on the Economy of Climate Change in Mexico demonstrates that in absence of climate change actions the Mexican economy will suffer significantly. The economic cost of inaction in the next few years is three times higher than the cost of reducing greenhouse gas emissions. Despite a few short-term profits in a few activities and regions, there are net costs which will increase, particularly for the water and agriculture sectors. Moreover, there will be significant losses in the economic sectors and in market prices related to valuable items, such as biodiversity. In this context, it is better that the Mexican economy participate actively in the implementation of mitigation measures than only in financing adaptation to climate change.

The development of this project will contribute precisely to the identification of the best mitigation and adaptation measures, based on solid information and on the irrevocable fact that economic costs of efficient, timely and global action are lower than those of inaction. In the course of the coming years, the economic, social and environmental resilience, or capacity of recovery, to climate change impacts will depend on the initiatives that society and public policies and programs implement towards restoring the integrity of economic and ecological systems, reorienting development towards sustainability. To this end, the National Communications represent a valuable tool of updated and detailed information for decision makers and stakeholders.

H. JUSTIFY THE COMPARATIVE ADVANTAGE OF GEF AGENCY:

UNDP's comparative advantage lies in its global network of country offices, its experience in integrated policy development, human resources development, institutional strengthening, and non-governmental and community participation. UNDP assists countries in promoting, designing and implementing activities consistent with both the GEF mandate and national sustainable development plans. UNDP also has extensive inter-country programming experience.

UNDP has a long history in assisting the Government of México in the implementation of GEF projects in climate change such as: "Third National Comunication of México to the UNFCCC", "Capacity building for Stage 2 Adaptation to climate change (Central America, Mexico and Cuba), "Action Plan to remove barriers to large-scale implementation of wind power in Mexico," and "Grid-Connected Photovoltaic Project".

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

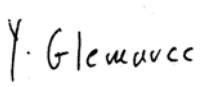
A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):

(Please attach the country endorsement letter(s) or regional endorsement letter(s) with this template).

NAME	POSITION	MINISTRY	DATE *(Month, day, year)*
Claudia Grayeb Bayata	Deputy General Director	Secretary of Finance-Secretaria de Hacienda y Credito Publico	**November, 25th 2009**

B. GEF AGENCY(IES) CERTIFICATION

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

Agency Coordinator, Agency name	Signature	Date *(Month, day, year)*	Project Contact Person	Telephone	Email Address
Yannick Glemarec UNDP/GEF Executive Coordinator		April 20, 2010	Isabelle Floer Regional Technical Specialist	+1-212-906-5245	isabelle.floer@undp.org