



REQUEST FOR CEO ENDORSEMENT/APPROVAL

PROJECT TYPE: FSP
THE GEF TRUST FUND

Submission Date: 30 June 2008
Re-submission Date: 25 November 2008

PART I: PROJECT INFORMATION

GEFSEC PROJECT ID: 1346

GEF AGENCY PROJECT ID:

COUNTRY(IES): México

PROJECT TITLE: Integrated Assessment and Management of
the Gulf of Mexico Large Marine Ecosystem

GEF AGENCY(IES): UNIDO

OTHER EXECUTING PARTNER(S): SEMARNAT

GEF FOCAL AREA(S): International Waters

GEF-4 STRATEGIC PROGRAM(S): IW SP1; IW SP2

NAME OF PARENT PROGRAM/UMBRELLA PROJECT:

Expected Calendar	
Milestones	Dates
Work Program (for FSPs only)	July 2007
Agency Approval date	June 2007
Implementation Start	Jan 2009
Mid-term Evaluation (if planned)	Jan 2011
Project Closing Date	Jan 2013

A. PROJECT FRAMEWORK (Expand table as necessary)

Project Objective : To set the foundations for LME-wide ecosystem-based management approaches for the rehabilitation of marine and coastal ecosystems, recovery of depleted fish stocks, and reduction of nutrient overloading.								
Project Components	Indicate whether Investment, TA, or STA**	Expected Outcomes	Expected Outputs	GEF Financing		Co-financing		Total (\$)
				(\$)	%	(\$)	%	
1. Analysis of transboundary issues and definition of priorities	Technical assistance; Scientific & Technical Analysis	Capacities and gaps in regional monitoring methods/standards identified; Key ecosystem assessment and management gaps identified (Biodiversity hot spots in the GoM LME assessed and key knowledge gaps identified; Existing information and data on status and trends in fisheries assessed; Ecosystem-wide nutrient over-enrichment and contaminant sources, flows and levels assessed; Environmental impacts of transboundary pollution on the GoM ecosystem assessed; Information on nutrient over-enrichment and related HABs collected and integrated); Governance analysis of relevant policy and regulatory frameworks completed; Analysis of the socioeconomic impacts of priority transboundary issues, including a preliminary LME wide economic valuation of near shore and marine goods and services, undertaken; TDA revised, finalized, published and disseminated.	A regional assessment of monitoring capacity gaps completed; A regional assessment of ecosystem and management capacity gaps completed; A regional assessment of biodiversity hot spots completed; Assessment of status and trends in GoM fisheries, particularly commercial aspects of shrimp, reef fish, blue crab, red snapper, mackerel and anchovies fisheries finalized; A regional assessment of nutrient and contaminant sources completed; A regional report on the Status of the Gulf of Mexico completed; Integrated analysis of nutrient over-enrichment and related HABs undertaken; Detailed regional and national level governance analysis completed; Preliminary assessment of value of environmental goods and services completed; TDA, published and broadly disseminated, provides basis for informed management decisions at a regional level.	427,500	1.7	24,700,000	98.3	25,127,500
2. Formulation and adoption of the SAP and	Technical assistance;	Country agreement on and commitment to regional and national policy, legal, and	Regional Plan of Action for the Yucatan Peninsula RPA-YUCATAN developed by Mexico as a major contribution to reduce land based sources of	1,130,000	11.2	9,000,000	88.8	10,130,000

associated NAPs.	Scientific & Technical Analysis	institutional reforms to address the agreed priority transboundary issues.	pollution into the GoM LME; Strategic Partnerships between GoM LME programme and institutions responsible for integrated management of the major GoM river basins, as well as the main coastal cities, developed; Stocktaking of the Papaloapan watershed Commission to define opportunities for replication in the Grijalva-Usumacinta and Panuco river basins in order to provide for strong inter-linkages between watershed management authorities and coastal managers; Strategies for harmonizing legislative, policy and regulatory frameworks on agricultural practices at LME wide levels developed, building upon the Gulf of Mexico Governors Alliance; Bi-lateral initiatives for regional surveying of productivity and oceanography, stock assessment and population assessments encouraged and strengthened; Review of the effectiveness of compliance measures with existing fisheries legal and regulatory frameworks in both countries, especially with regards to IUU, excessive fishing capacity, and enforcement and surveillance, and propose appropriate reforms and measures, completed; Fisheries management plans for selected key commercial fisheries developed; Recovery plans for depleted priority non-commercial species and associated marine flora and fauna developed for additional species not currently addressed; Management and capacity building requirements to restore degraded marine coastal wetlands defined; Marine and coastal spatial zoning processes in individual countries strengthened and implemented; LME-wide strategies for conserving biodiversity and habitats in the coastal zones of GoM LME supported and harmonized at a regional level; The Strategic Action Programme (SAP) and National Action Programmes (NAPs) formulated and endorsed at the highest level; Commitments to SAP implementation obtained and sustainable financing arrangements formulated.					
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3. Strengthening of the LME-wide ecosystem-based management approaches through the successful implementation of the Pilot Projects	Technical assistance; Scientific & Technical Analysis	Pilot Project on Natural Habitat and Ecosystem Conservation of Coastal and Marine Zones of the Gulf of Mexico: Wetlands, Mangroves, Sea Grass Beds and Sand Dunes effectively implemented; Pilot Project on Enhancing Shrimp Production through Ecosystem Based Management effectively implemented; Pilot Project on Joint Assessment and Monitoring of Coastal Conditions in the Gulf of Mexico effectively implemented.	Specific project sites with emphasis on critical habitats such as mangrove ecosystems, wetlands, sea grass beds and sand dunes rehabilitation actions implemented and coastal ecosystems health improved; Strategies and actions for conservation in selected sites using ecosystem approach developed; Cost effective strategies to mitigate impacts from erosion, meteorological events developed; Recovered depleted stocks through an ecosystem based management approach, focusing mainly on the shrimp fisheries; Strengthened capacities for improved stock assessments and data collection; Established effective and coordinated surveillance and enforcement mechanisms; Improved knowledge of current socioeconomic conditions derived from shrimp fisheries; Joint monitoring, assessment and evaluation of the coastal environment of the Gulf of Mexico Large Marine Ecosystem capacity developed. In keeping with established IW practices, the project will establish close cooperation with IW:Learn and explore possibilities to develop learning tools for EBM management for the Gulf of México LME. Consistent exchange of lessons learned and good practices through IW:Learn as well as other fora at national and bi-national will facilitate the dissemination of information thus assisting in the creation of an enabling environment for furthering project outcomes. The project will participate, with project funds, in the GEF Biennial International Waters Conferences (2009, 2011). It will also contribute to the preparation of IW Experience Notes documenting important lessons and good practice, and contributions to various IW:LEARN-mediated regional and thematic knowledge sharing activities.	2,160,000	4.9	40,474,780	95.1	42,634,780
4. Monitoring and Evaluation System for the Project and the GoM LME		Monitoring & Evaluation mechanisms set up including an M & E system for the project; Suite of GEF M&E indicators developed (process, stress	Effective M&E mechanisms in place; GEF M&E indicators will set the basis for harmonized environmental status indicators for the Bi-annual regional status report; GoM LME Data System established and functional;	469,000	2.4	19,400,000	97.6	19,869,000

		reduction, and environmental and socioeconomic status) to monitor SAP implementation; GoM LME Environmental Information System developed; Bi-annual regional status report developed on large-scale ecosystem impacts in the GoM LME.	Completed Reports widely disseminated and used by decision-makers and resource managers.					
5. Project management (part of the co-financing is coming from activities)				316,000	13.6	2,000,000	86.4	2,316,000
Total Project Costs				4,502,500		95,574,780		100,077,280

* List the \$ by project components. The percentage is the share of GEF and Co-financing respectively to the total amount for the component.

** TA = Technical Assistance; STA = Scientific & technical analysis.

B. FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	<i>Project Preparation a</i>	<i>Project Grant b</i>	<i>Total c = a + b</i>	<i>Agency Fee</i>	<i>For the record: Project Grant at PIF</i>
GEF	473,000	4,502,500	4,975,500	497,550	
Co-financing	85,000	95,574,780	95,659,780		
Total	558,000	100,277,280	100,635,280	497,550	

C. SOURCES OF CONFIRMED CO-FINANCING FOR PROJECT PREPARATION AND PROJECT

(expand the table line items as necessary)

<i>Name of co-financier (source)</i>	<i>Classification</i>	<i>Type</i>	<i>Project Preparation</i>	<i>Project</i>	<i>Total</i>	<i>%*</i>
SEMARNAT	Nat'l Gov't	In-kind		15,574,780	15,574,780	16,30
US NOAA	Nat'l Gov't	In-kind		78,400,000	78,400,000	81,04
US EPA	Nat'l Gov't	In-kind		1,600,000	1,600,000	2,66
Total Co-financing				95,574,780	95,574,780	100%

* Percentage of each co-financier's contribution at CEO endorsement to total co-financing.

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

<i>GEF Agency</i>	<i>Focal Area</i>	<i>Country Name/ Global</i>	<i>(in \$)</i>			
			<i>PPG (a)</i>	<i>Project (b)</i>	<i>Agency Fee (c)</i>	<i>Total d=a+b+c</i>
(select)	(select)					
(select)	(select)					
(select)	(select)					
--(select)	(select)					
(select)	(select)					
(select)	(select)					
Total GEF Resources						

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

E. PROJECT MANAGEMENT BUDGET/COST

<i>Cost Items</i>	<i>Total Estimated person weeks</i>	<i>GEF (\$)</i>	<i>Other sources (\$)</i>	<i>Project total (\$)</i>
<i>Local consultants*</i>	1020	316,000	800,000	1,116,000
<i>International consultants*</i>	0	0	0	0
<i>Office facilities, equipment, vehicles and communications*</i>		0	900,000	900,000
<i>Travel*</i>		0	300,000	300,000
Total		316,000	2,000,000	2,316,000

* Includes personnel of the Project Coordination Unit (PCU). The Details to be provided in Annex C.

F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

<i>Component</i>	<i>Estimated person weeks</i>	<i>GEF(\$)</i>	<i>Other sources (\$)</i>	<i>Project total (\$)</i>
<i>Local consultants*</i>	2,315	1,092,500	1,042,500	2,135,000
<i>International consultants*</i>	812	330,000	1,700,000	2,030,000
Total	3,127	1,422,500	2,742,500	4,165,000

* Details to be provided in Annex C.

G. DESCRIBE THE BUDGETED M&E PLAN:

Monitoring and Evaluation

Project Inception Phase

A *Project Inception Workshop* will be conducted with the full project team, relevant government counterparts including the national executing agency, key stakeholder group representatives, and UNIDO.

A fundamental objective of this Inception Workshop will be for the project team to understand and take ownership of the project's goals and objectives, as well as finalize preparation of the project's first annual work plan on the basis of the project's logframe matrix. This will require reviewing the logframe (indicators, means of verification, assumptions), imparting additional detail as needed, and on the basis of this exercise finalize the Annual Work Plan (AWP) with precise and measurable performance indicators, and in a manner consistent with the expected outcomes for the project.

Additionally, the purpose and objective of the Inception Workshop will be to: (i) introduce the project staff to UNIDO's and SEMARNAT's staff working on the project; (ii) detail the roles, support services and complementary responsibilities of UNIDO and SEMARNAT staff vis à vis the project team; (iii) provide a detailed overview of UNIDO's reporting and monitoring and evaluation (M&E) requirements, with particular emphasis on the Annual Project Implementation Reviews (PIRs), IW Results Templates and related documentation, Tripartite Review Meetings, as well as mid-term and final evaluations. Equally, the Workshop will provide an opportunity to inform the project team on UNIDO's project related budgetary planning, budget reviews, and mandatory budget rephasings.

The Workshop will also provide an opportunity for all parties to understand their roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff and decision-making structures will be discussed again, as needed, in order to clarify for all concerned, each party's responsibilities during the project's implementation phase.

Monitoring responsibilities and events

A detailed schedule of project review meetings will be developed by the project management, in consultation with project implementation/execution partners and stakeholder representatives, and will be incorporated into the Project Inception Report. Such a schedule will include: (i) tentative time frames for Tripartite Reviews, Steering Committee Meetings, and relevant advisory and/or coordination mechanisms, and (ii) project related Monitoring and Evaluation activities.

Day to day monitoring of implementation progress will be the responsibility of the Project CTA based on the project's Annual Work Plan and its indicators. The Project Team will inform UNIDO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion.

The CTA and UNIDO will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the Inception Workshop. Specific targets for the first year implementation progress indicators together with their means of verification will be developed at this Workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction and will form part of the Annual Work Plan. Targets and indicators for subsequent years will be defined annually as part of the internal evaluation and planning processes undertaken by the project team

Measurement of impact indicators related to global benefits will occur according to the schedules defined in the Inception Workshop and tentatively outlined in the indicative Impact Measurement Template. The measurement, of these will be undertaken through subcontracts or retainers with relevant institutions or through specific studies that are to form part of the projects activities or periodic sampling

Periodic monitoring of implementation progress will be undertaken by UNIDO through quarterly meetings, or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities

UNIDO's Office in Mexico (UOM) will conduct yearly visits to the project's field sites to assess first-hand project progress, or more often based on an agreed schedule to be detailed in the project's Inception Report / Annual Work Plan. Any other member of the Steering Committee can accompany UOM, as decided by the Steering Committee. A Field Visit Report will be prepared by UOM and ciPCUlated no less than one month after the visit to the project team, all Steering Committee members, and the UNIDO project management staff.

Annual Monitoring will occur through the Steering Committee meetings. This is the highest policy-level meeting of the parties directly involved in the project's implementation/execution. The project will also be subject to a Tripartite Review (TPR) at least once every year, undertaken according to UNIDO's procedures. The first such meeting will be held within the first twelve months of the start of full implementation. UNIDO's project management staff will prepare an Annual Project Report (APR) and submit it for review and comments at the TPR.

The harmonized APR/PIR will be used as one of the basic documents for discussions in the TPR meeting. UNIDO's project management staff will present the APR/PIR at the TPR, highlighting policy issues and recommendations for the decision of the TPR participants. UNIDO's project management staff will also inform the participants of any agreement reached by stakeholders during the APR preparation on how to resolve operational issues. Separate reviews of each project component may also be conducted if necessary.

The final Steering Committee meeting will be held in the last month of project operations. UNIDO project management staff will prepare the Terminal Report. It shall be prepared in draft at least two months in advance of the terminal TPR in order to allow review, and will serve as the basis for discussions at the terminal TPR. The terminal TPR will consider the implementation of the project as a whole, paying particular attention to whether the project has achieved its stated objectives and contributed to the broader environmental objective. It decides whether any actions are still necessary, particularly in relation to sustainability of project results, and acts as a vehicle through which lessons learnt can be captured to feed into other projects under implementation or formulation.

Project Monitoring Reporting

The Project CTA in conjunction with UNIDO's project management staff will be responsible for the preparation and submission of the following reports that form part of the monitoring process.

The Inception Report (IR): A Project Inception Report will be prepared immediately following the Inception Workshop. It will include a detailed First Year/ Annual Work Plan divided into quarterly timeframes detailing the activities and progress indicators that will guide implementation during the first year of the project. This Work Plan will include the dates of specific field visits, support missions from consultants or UNIDO, as well as timeframes for meetings of the project's decision-making structures. The Report will also include the detailed project budget for the first full year of implementation, prepared on the basis of the Annual Work Plan, and will include any monitoring and evaluation requirements to effectively measure project performance during the targeted 12 months time-frame.

The Inception Report will include a more detailed narrative on the institutional roles, responsibilities, coordinating actions and feedback mechanisms of project related partners. In addition, a section will be included on progress to date on project establishment and start-up activities and an update of any changed external conditions that may effect project implementation.

When finalized, the report will be reviewed by UNIDO's project management staff and then will be ciPCUlated to project counterparts who will be given one month in which to respond with comments or queries.

The Annual Project Report (APR) & Project Implementation Review (PIR): The merged APR / PIR development process will be managed by the PCU. The PIR is an annual monitoring process mandated by the GEF. It has become an essential management and monitoring tool for project managers and offers the main vehicle for extracting lessons from ongoing projects, and for monitoring the level of achievement of the Indicators included in the Project Results Framework. The APR / PIR process will come into effect once the project has been under implementation for a year. The APR / PIRs will provide a key input to the Tripartite Project Review. They will be prepared prior to the Tripartite Project Review, to reflect progress achieved in meeting the project's Annual Work Plan and to assess performance of the project in contributing to intended outcomes through outputs and partnership work. The format for the APR / PIRs will include the following:

- An analysis of project performance over the reporting period, including outputs produced and, where possible, information on the status of the outcome
- The constraints experienced in the progress towards results and the reasons for these
- The three (at most) major constraints to achievement of results
- Annual Work Plans (AWP) and other expenditure reports (Enterprise Resource Planning (ERP) generated)

- Lessons learned
- Clear recommendations for future orientation in addressing key problems in lack of progress
- The GEF International Waters Project Performance Results Template

The focal area PIRs are discussed in the GEF Interagency Focal Area Task Forces in or around November each year and consolidated reports by focal area are collated by the GEF Independent M&E Unit based on the Task Force findings. The GEF M&E Unit provides the scope and content of the PIR.

Quarterly Progress Reports: Short reports outlining main updates in project progress will be provided quarterly to the UNIDO's office in Mexico by the project team.

Periodic Thematic Reports: As and when called for by UNIDO or SEMARNAT, the project team will prepare specific Thematic Reports, focusing on specific issues or areas of activity. The request for a Thematic Report will be provided to the project team in written form by SEMARNAT or UNIDO and will clearly state the issue or activities that need to be reported on. These reports can be used as a form of lessons learnt exercise, specific oversight in key areas, or as troubleshooting exercises to evaluate and overcome obstacles and difficulties encountered. UNIDO will minimize its requests for Thematic Reports, and when such are necessary will allow reasonable timeframes for their preparation by the project team.

Project Terminal Report: During the last three months of the project the project team will prepare the Project Terminal Report. This comprehensive report will summarize all activities, achievements and outputs of the project, lessons learnt, objectives met or not achieved, structures and systems implemented, etc. and will be the definitive statement of the project's activities during its lifetime. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the project's activities. It will be submitted to the terminal TPR for review by its participants.

Technical Reports: Technical Reports are detailed documents covering specific areas of analysis or scientific specializations within the overall project. As part of the Inception Report, the project team will prepare a draft Reports List, detailing the technical reports that are expected to be prepared on key areas of activity during the course of the Project, and tentative due dates. Where necessary this Reports List will be revised and updated, and included in subsequent APRs. Technical Reports may also be prepared by external consultants and should be comprehensive, specialized analyses of clearly defined areas of research within the framework of the project and its sites. These technical reports will represent, as appropriate, the project's substantive contribution to specific areas, and will be used in efforts to disseminate relevant information and best practices at local, national and international levels.

Project Publications: Project Publications will form a key method of crystallizing and disseminating the results and achievements of the project. These publications may be scientific or informational texts on the activities and achievements of the project, in the form of journal articles, multimedia publications, etc. These publications can be based on Technical Reports, depending upon the relevance, scientific worth, etc. of these reports, or may be summaries or compilations of a series of Technical Reports and other research. The project team will determine if any of the Technical Reports merit formal publication, and will also (in consultation with UNIDO, the government and other relevant stakeholder groups) plan and produce these publications in a consistent and recognizable format. Project resources will need to be defined and allocated for these activities as appropriate and in a manner commensurate with the project's budget.

Independent Evaluation

In accordance with UNIDO's procedures, the project will be subjected to at least two independent external evaluations as follows:

Mid-term Evaluation: An independent Mid-Term Evaluation will be undertaken at the end of the second year of implementation. The Mid-Term Evaluation will determine progress being made towards the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-term evaluation will be prepared by UNIDO.

Final Evaluation: An independent Final Evaluation will take place three months prior to the terminal tripartite review meeting, and will focus on the same issues as the mid-term evaluation. The final evaluation will also look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental goals. The Final Evaluation will also provide recommendations for follow-up activities. The Terms of Reference for this evaluation will be prepared by UNIDO.

Budget

Activity/Reporting	Time/Frequency	Main responsibility	Budget (\$)	
			GEF	Other
Inception Workshop	Within the first month of project start up	National executing agencies; country coordinators, UNIDO,	20,000	10,000
Inception Workshop report	Immediately following the IW/Steering Committee	PCU and national executing agencies	0	0
Project Implementation Plan, review of work-plan and budget.	Project Inception	PCU, UNIDO	0	0
Annual Project Report and Project Implementation Review (PIR)	Annually	UNIDO	0	0
Quarterly Progress Report	Quarterly	PCU	0	0
Half-yearly Progress and Financial Reports	Half-yearly	PCU, national executing agencies	0	10,000
Steering Committee meetings and reports	Annually	PCU, national executing agencies UNIDO, country coordinators	40,000	20,000
Periodic Thematic Reports, Technical Reports and Project publications	As agreed by the PCU, UNIDO, and executing agencies	National executing agencies	0	40,000
Independent Mid-term Project Evaluation	Mid-point of project implementation phase	UNIDO	20,000	0
Mid-Term Stocktaking meeting	Mid-point of project implementation phase	UNIDO, PCU, SC, National executing agencies, National coordinators	5,000	10,000
Final Independent Project Evaluation	End of project implementation	UNIDO	20,000	0
Terminal Report	One month before project termination	PCU, National executing agencies	10,000	0
Lessons learned and demonstration reports	At mid-point and end of project implementation	National executing agencies, PCU	30,000	20,000
Audit	Annually	UNIDO	20,000	0
TOTAL			165,000	110,000

PART II: PROJECT JUSTIFICATION:

A. DESCRIBE THE PROJECT RATIONALE AND THE EXPECTED MEASURABLE GLOBAL ENVIRONMENTAL BENEFITS:

The distinctive biophysical characteristics of the Gulf of Mexico Large Marine Ecosystem (GoM LME) make it one of the most productive marine ecosystems in the world and an important global reservoir of biodiversity. However, this high productivity is at risk from a suite of anthropogenic threats that include excessive fishing effort, destruction of critical coastal and marine habitats, and nutrient-enrichment resulting in a “Dead Zone” of over 18,000 km² that forms every year – one of the largest hypoxic zones of water in the world. Additionally, the LME is the focus of extensive oil and gas production as well as a rapidly increasing tourism industry.

Many stocks in the Gulf of Mexico are over-fished, or are at (or close to) their maximum yield. Intensive fishing, the primary force driving biomass changes in the GoM LME, is compounded by two other significant factors. Habitat modification, including loss of critical habitats and connectivity, resulting from poorly planned growth in coastal and urban areas along the GoM coast, translates into a trend of urban growth at the expense estuaries, marshes, seagrasses, coral reefs, mangroves and other vital ecotones. According to data from the FAO, in the last 30 years Mexico has lost more than half of its mangrove coverage on both coasts. Depletion and impacts on fish stocks affects both countries given that many stocks are shared, migratory, or connected via egg or larval transport. Loss of habitats impacts on the life cycles of over 90% of GoM coastal and marine species, as does the increasing pollutant and nutrient loads. Economic activities in the GoM are significant for both countries, with 85% of Mexico’s oil extraction originating in the region as well as 72% of the U.S. offshore petroleum production.

These growing anthropogenic threats evidence tight interdependencies in terms of causes and effects, and an LME-wide, ecosystem-based management approach is required to effectively mitigate them in the long-term. However, existing management approaches are not consistent with an ecosystem-based perspective and there are currently no agreed bi-national programmes for managing

the GoM resources taking into account ecosystem-based requirements. Furthermore, the two countries have institutional frameworks for coastal and marine resources protection, but no effective regional inter-sectoral project coordination mechanism currently exists. In the absence of GEF intervention, fragmented efforts with a national and an often sectoral focus will continue to be the norm.

The proposed GEF alternative will, through a TDA-SAP process, remove identified constraints and barriers, develop common mechanisms and tools, and promote reforms and investments, to set the bases for application of the ecosystem approach in the management of the GoM LME. This will be complemented by discrete capacity-building activities and pilot projects in three critical aspects of the ecosystem approach: productivity, conservation and adaptive management, and robust monitoring and evaluation frameworks, as well as cross-sectoral engagement. The transition towards the ecosystem-based management of the GoM LME will depend on a greater convergence of policy tools including long-term joint programs and actions, a clearer distribution of competencies at all three levels of government, and a robust monitoring and evaluation program. This will require a truly regional GoM initiative supported through a combination of GEF financing and co-financing including a reoriented baseline.

Within this integrated approach, the project will address specific IW Priorities, in particular reduction of nutrient over-enrichment from land-based pollution that creates anoxic “dead” zones in coastal waters, and restoration and maintenance of coastal and marine fish stocks and associated biological diversity, complemented by efforts to address degradation of coastal resources and processes. In particular, the “dead zone” that forms every year in the Gulf of Mexico in critical areas for commercial and recreational fisheries will require cross-sectoral, integrated suites of measures and reforms to address this issue as detailed in the IW Strategy. The project will also develop mechanisms and undertake reforms for maintaining fisheries resources to within safe biological limits, and encourage the sustainable use of all exploited living marine resources in the GOM LME. As an OP9 initiative, it emphasizes the multi-focal connections that characterize the system. The project seeks to create a co-operative framework, together with the necessary capacities, thereby enabling Mexico and the U.S. to address both imminent threats to the water body and develop joint ecosystem-based management approaches.

The principal global benefit of the project is an enhanced understanding of LME functions, to serve as input into LME management strategies through the TDA and SAP processes, and to establish an enabling environment and ecosystem-based management practices that will contribute to the protection and maintenance of ecosystem functions and services. The Gulf of Mexico LME’s primary productivity supports an important global reservoir of biodiversity and biomass of fish, sea birds and marine mammals. The LME supplies a diverse range of goods and services to the global community but these stand threatened by human-induced pressures, including overfishing. These threats are transboundary in nature, and cannot be effectively abated through stand-alone national initiatives. Global benefits can be secured through the institution of an LME ecosystem-based management framework, allowing the countries to strengthen the management of LME living resources, and address land-based and marine pollution including the reduction of nutrient loads that contribute to hypoxic zones in the LME.

The expected result of the set of interventions will be to reduce coastal pollution, restore damaged habitats, and restore depleted stocks. The Project will make an important contribution by providing the needed building blocks such as information systems and exchange, reinforced capacity and mechanisms for stakeholder participation. An enhanced knowledge of the oceanography of the Gulf of Mexico LME will assist the countries in addressing uncertainty regarding ocean-atmosphere links.

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

Mexico’s environmental policy is committed to sustainable development as embodied in the Physical Land Use Planning (LUP) and the General Law of Ecological Equilibrium and Environmental Protection (Ley General del Equilibrio Ecológico y Protección al Ambiente). The LUP is an environmental policy and planning instrument with the objective of promoting the preservation and sustainable use of natural resources while protecting the natural environment. These and a number of other policies and instruments provide the framework for the sustainable use, management, and protection of both terrestrial and marine areas and their natural resources.

Of particular importance is the *National Environmental Policy for the Sustainable Development of Oceans and Coasts* (NEPSDOC), which establishes public policy guidelines and strategies in an effort to reinforce integrated management of the coastal zone through structural reform, effective inter-institutional coordination, and wide ranging public participation. This policy represents a mainstreaming of effort between SEMARNAT and other secretariats and federal institutions responsible for the different national economic sectors. This requires joint participation and responsibility from the authorities of the three levels of government, as well as from all the social sectors directly involved in the use and appropriation of the coastal zone and its resources. These efforts also seek to guarantee effective access to justice on environmental matters; apply integrated management approaches to watersheds and coasts; recognize the economic and social value of natural resources and environmental services; and provide a framework for economic development and improved quality of life for the inhabitants based on a better knowledge of the oceans and coasts.

The *National Strategy for Ecological Use Planning of Oceans and Coasts* of 2007 sets out the Federal Government's goals towards oceans and coasts. It provides the overall strategic framework for the conservation of oceans and coasts and includes guidelines to strengthen public policies to ensure efficient management of coastal and marine natural resources based on ecosystem management approach, including scientific knowledge and broad public participation. Thus, it strives to reach consensus among sectors and governmental levels, to generate regional strategies, execute local actions and enhance regional and local capacities as well as to reach consensus in transboundary shared marine ecosystems.

The National Strategy is setting in place key tools to further enhance the effectiveness and reach of these new policy regimes. A major development is the creation of the permanent Inter-ministerial Commission for the Integrated Management of Oceans and Coasts (CIMIOC). This approach represents a paradigm shift from a short-term, sectoral perspective to a long-term integrated management regime that recognizes the interconnections between biological systems and economic and social systems. The CIMIOC will generate a framework that will ensure close coordination and communication between the different economic sectors and spheres of government, in order to develop integrated management actions based on the ecosystem approach. The CIMIOC will guide the design, development and maintenance of a system of decisions and actions at different government levels, based on a continuous planning process with the participation of the population and economic agents with interests in coastal and marine resources.

Coastal and ocean management at the regional and sub-regional and local levels is evolving in Mexico. For instance, the *Agreement for the Coordination of the Regional Marine Ecological Zoning Plan for the Gulf of Mexico and Caribbean Sea* brings together federal and local governments to improve coastal zone management in this region. The Agreement was signed by the six Gulf States (Tamaulipas, Veracruz, Tabasco, Campeche, Yucatán, and Quintana Roo) and 11 federal entities and this process has formally installed its Executive and Technical Steering Committee where government and society at large is widely participating.

The current environmental policy framework includes domestic legislation (laws, regulations, norms, and codes), international treaties and agreements, and bilateral cooperation agreements. Responsibility for the management of coastal areas and the ocean lies with federal, state, and municipal agencies. SEMARNAT is the principal government agency responsible for the environment, and is constituted by five decentralized entities: the National Water Commission (CONAGUA), the National Commission for Protected Areas (CONANP), the Mexican Institute of Water Technology (IMTA), the General Federal Attorney Agency for Environmental Protection (PROFEPA), and the National Institute of Ecology (INE). Other federal agencies with responsibility for the environment (including coastal and marine areas and natural living resources) include the Secretary of Agriculture, Livestock Production, Rural Development, Fisheries and Food (SAGARPA).

At present, the federal agency responsible for fisheries management, monitoring, and enforcement is the National Commission of Aquaculture and Fisheries. The highest ranking and more specific instrument of Mexican fisheries legislation is the Federal Fisheries Law, the objective of which is to promote the conservation, preservation and rational use of fisheries resources and establish the basis for their adequate development and management. Stemming from this general law is the Fisheries Regulation, prepared by the Executive on the basis of the general guidelines given in Federal Law. A recently implemented instrument in Mexican fisheries management is the National Fisheries Chart elaborated by the National Fisheries Institute and published as an Official Decree in 2000. This chart, which can be updated regularly, defines levels of fishing effort applicable to species and groups of species in specific areas and provides guidelines, strategies, and provisions for conservation, protection, restoration, and management of aquatic resources that could affect their habitats. There are also specific policies and programs for the protection of specific resources, for example, those relating to marine mammals, tunas and dolphins, and marine turtles. Also of relevance to coastal and marine living resources are the Law of National Waters and its Regulation and the establishment of marine protected areas.

Within Federal waters, the U.S. has sovereign rights for the purpose of exploring, exploiting, conserving, and managing the living and nonliving natural resources of the seabed and subsoil and the surface and subsurface of the waters. The Federal government also has jurisdiction over the establishment and use of artificial structures, islands, and installations that have economic purposes, and the protection and preservation of the ocean environment. Associated with these authorities is the Federal government's responsibility to ensure that ocean activities are managed for the benefit of the public. Activities towards these ends are closely coordinated with individual State governments.

The management of offshore activities by Federal agencies is a mixed picture. A variety of agencies are involved, the main ones being the Departments of Commerce (which encompasses NOAA), Defense, Interior, and Transportation, the Environmental Protection Agency (EPA), and the Marine Mammal Commission. Some activities, such as fishing (under NOAA) or offshore oil and gas development (under Interior), are governed according to well-developed regulatory regimes established in accordance with specific legislative mandates while others, such as marine bioprospecting, are essentially unmanaged in federal waters. Other new and emerging ocean uses, such as offshore aquaculture or wind energy, are subject to regulation by a number of authorities executing varying responsibilities, but are not managed by any comprehensive federal law. There are efforts underway to develop¹³

a coordinated offshore management regime, as recommended by the US Commission on Ocean Policy. Established in 2004 the Commission presented its final report “An Ocean Blueprint for the 21st Century”. The report contained 212 recommendations aimed at realizing a far-reaching and comprehensive ocean policy, and emphasized the role of ecosystem-based management in the attainment of that goal. In response, the President established a permanent Committee on Ocean Policy with a subsequent Ocean Action Plan designed to implement the Commission’s recommendations. The Committee consists of the Secretaries of 11 cabinet-level departments as well as the heads of numerous other Federal agencies to provide for coordination of ocean-related matters “in an integrated and effective manner and to facilitate coordination and consultation at all government levels as well as the private sector, foreign governments, and international organizations.”

For the purposes of this project, the lead agency is NOAA, specifically the National Marine Fisheries Service (NMFS), and the main legislative driver is the Magnuson-Stevens Fishery Conservation and Management Act Reauthorization (MSAR) of 2007. In essence, MSAR confirmed the need for established national standards for fishery conservation and management in U.S. waters and strengthened the role of science in determining allowable catches for managed species. The MSAR extended eight Regional Fishery Management Councils composed of state and federal officials and fishing industry representatives that prepare and amend fishery management plans for certain fisheries (including transboundary fisheries) requiring conservation and management. The MSAR also requires that fishery management plans identify essential fish habitat and protection and conservation measures for each managed species. In 1996, the Sustainable Fisheries Act amended the original Magnuson-Stevens Fishery Conservation and Management Act of 1976 to require NMFS to undertake a number of science, management, and conservation actions to prevent overfishing, rebuild overfished stocks, protect essential fish habitat, minimize bycatch, enhance research, and improve monitoring.

There are several Federal-State cooperative initiatives to achieve these desired outcomes, including the MSAR-extended Gulf of Mexico Fishery Management Council, the Gulf States Fisheries Management Commission (which coordinates activities of State fishery agencies), and the newly-formed Gulf of Mexico Alliance (a partnership of the states of Alabama, Florida, Louisiana, Mississippi and Texas, and thirteen Federal agencies which goal is to increase regional collaboration).

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS :

Despite existing bi-national agreements between Mexico and the U.S., the shared resources of the GOM are unsustainably exploited. Existing management approaches are not consistent with ecosystem-based management and there are currently no agreed bi-national programmes for managing the GOM resources from an ecosystem-based perspective. Furthermore, the two countries have institutional frameworks for coastal and marine resources protection, but no effective regional intersectoral project coordination mechanism currently exists.

This proposed GEF initiative is required in order to remove identified constraints and barriers to the use of the ecosystem approach in the management of the GOM LME, through discrete capacity-building activities and pilot projects in three critical aspects of the ecosystem approach: productivity, conservation and adaptive management, as well as cross-sectoral engagement. The transition towards the ecosystem-based management of the GOM LME will depend on a greater convergence of policy tools including long-term joint programs and actions, a clearer distribution of competencies at all three levels of government, and a robust monitoring and evaluation program. This will require a truly regional GOM initiative supported through a combination of GEF financing and co-financing including a reoriented baseline.

This proposed GEF project expands foundational capacity building to a highly strategic international water body and is therefore fully consistent with the GEF Strategy and Priorities for International Waters, and in particular Strategic Objective 1. As an OP9 initiative, it emphasizes the multi-focal connections that characterize the system. The project seeks to create a co-operative framework, together with the necessary capacities, thereby enabling Mexico and the U.S. to address both imminent threats to the water body and develop joint ecosystem-based management approaches.

Within this integrated approach, the project will address specific IW Priorities, in particular land-based pollution and depletion of coastal/marine fisheries. A hypoxic zone of over 18,000km² forms every year in the Gulf of Mexico in critical areas for commercial and recreational fisheries. Cross-sectoral, integrated suites of measures and reforms are required to address this issue as detailed in the IW Strategy. The project will also develop mechanisms and undertake reforms for maintaining fisheries resources to within safe biological limits, and encourage the sustainable use of all exploited living marine resources in the GOM LME. As called for in the IW Strategy, this LME suffers from fisheries depletion but the stocks and associated biodiversity are not yet too degraded.

In keeping with GEF guidance, the project will finalize the preliminary TDA developed during the PDF-B phase. This constitutes the basis for a robust Strategic Action Programme (SAP) that will define the policy/legal/institutional reforms and priority investments, as well as on-the-ground pilots, needed to set in place regional collaboration on priority transboundary concerns for the Gulf of Mexico Large Marine Ecosystem.

Conformity

The project is fully compliant with the priorities identified for International Waters under GEF 4 and with Strategic Objective 1 (SO1): *To foster international, multi-state cooperation on priority transboundary water concerns through more comprehensive, ecosystem-based approaches to management*, as its focus is on the development of response and mitigation measures to address identified priorities: land-based sources of marine pollution that create anoxic “dead” zones in coastal waters, depletion of fisheries, and degradation of coastal resources and processes. In terms of SO1, the project expands foundational capacity building to a highly strategic international water body and, moreover, constitutes the first GEF Large Marine Ecosystem project in Latin America and the Caribbean.

In terms of Strategic Programs in the international waters focal area for GEF 4, the project conforms to both SP1 and SP2. Strategic Program 1 is concerned with *restoring and sustaining coastal and marine fish stocks and associated biological diversity*. Strategic Program 2 focuses on *reducing nutrient over-enrichment and oxygen depletion from land-based pollution of coastal waters in LMEs consistent with the GPA*.

As called for in the *International Waters Focal Area Strategy and Strategic Programming for GEF4*, land-based sources of pollution that create anoxic “dead” zones are a priority for the project given the Mississippi-Atchafalaya River Basin and Gulf of Mexico hypoxic zone of over 18,000km² that forms every year in the Gulf of Mexico. The project addresses the cross-sectoral collaboration and synergies required in order to coordinate regional efforts to address the distribution, dynamics and causes of hypoxia. The project will also develop mechanisms and undertake reforms for maintaining fisheries resources to within safe biological limits, and encourage the sustainable use of all exploited living marine resources in the GOM LME. These efforts will complement activities and reforms geared at reducing ecosystem stress on critical coastal areas including bays, estuaries, and wetlands. Based on the development of integrated, ecosystem-based management approaches, the necessary reforms, frameworks and investments will be undertaken to support SAP objectives. It is therefore fully in conformity with identified GEF 4 strategic objectives, priorities and programmes.

Through the International Waters focal area, the GEF has helped establish management and policy frameworks in large marine ecosystems that provide the necessary foundation for marine protected areas to be successful. One of the pilots in the project specifically focuses on the rehabilitation and restoration of coastal areas and critical habitats

As an Operational Programme 9 (OP9) initiative, it emphasizes the multi-focal connections that characterize the system, and seeks to create a co-operative framework, together with the necessary capacities, thereby enabling riparian countries that share the ecosystem to address both imminent threats to the water body and develop joint ecosystem-based management approaches.

The Program addresses GEF eligibility criteria agreed under the International Waters focal area by:

- a) assisting groups of countries to better understand the environmental concerns of their international waters and work collaboratively to address them;
- b) building capacity of existing institutions, or through new institutional arrangements, to utilize a more comprehensive approach for addressing transboundary water-related environmental concerns; and
- c) implementing sustainable measures that address priority transboundary environmental concerns.

D. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES :

The improved coordination of institutions (SEMARNAT, INP, riparian state governments, municipalities) with mandates that impact on the GoM LME, at both national and bi-national levels, is a keystone of this project. Key examples are the MEXUS-Gulf initiative and the Gulf Governors Alliance. Moreover, this project builds upon existing mechanisms such as the permanent Inter-ministerial Commission for the Integrated Management of Oceans and Coasts (CIMIOC) of Mexico that represents a paradigm shift from a short-term, sectoral perspective to a long-term integrated management regime that recognizes the interconnections between biological systems and economic and social systems. Inter-sectoral linkages promoted by the project will provide for greater coordination and communication between economic sectors and spheres of government, in order to develop integrated management actions based on the ecosystem approach. Similarly, the project feeds into existing policy frameworks such as the Land Use Planning Programme for the Coast and Marine Areas of the Atlantic littoral currently being developed in Mexico. In addition, the project will catalyze the already dynamic relationship between the U.S. and Mexico in the GoM LME and build upon a strong baseline as reflected in the fact that the pilot demonstration projects seek to strengthen opportunities, expertise and know-how so that Mexican counterparts can better participate in, and contribute to, ongoing efforts by the U.S. in the region.

Finally, the development of the SAP and the NAPs includes devising mechanisms for regional and national support commitments to the project activities and to reach the objectives of the SAP. The creation of institutional mechanisms through the GoM LME as

well as a country-driven regional coordination mechanism will also ensure that the efforts initiated under this project are national and regionally supported and will be on going after the conclusion of project activities.

This project will draw on lessons from other GEF LME projects both regionally and globally, while the results and lessons learned from this project will benefit subsequent efforts to manage LMEs and coastal and enclosed seas. In this context, efforts will be made to cooperate and share information with other transboundary water management projects in the region. In particular, this initiative will be developed in close coordination with the GEF LME project “Sustainable Management of the Living Marine Resources of the Caribbean Large Marine Ecosystem and Adjacent Regions”, which is currently under preparation. These two projects share key outcomes. Additionally, these initiatives share the support of important partners in the region including U.S.-NOAA and U.S.-EPA, as well as platforms for leveraging other partnerships and resources such as Blue Water to White Water.

In keeping with established IW practices, the project will establish close cooperation with IW:Learn and explore possibilities to develop learning tools for LME management. Consistent exchange of lessons learned and good practices through IW:Learn as well as other fora at national and bi-national will facilitate the dissemination of information thus assisting in the creation of an enabling environment for furthering project outcomes. The project will participate, with project funds, in the GEF Biennial International Waters Conferences (2009, 2011). It will also contribute to the preparation of IW ?Experience Notes? documenting important lessons and good practice, and contributions to various IW:LEARN-mediated regional and thematic knowledge sharing activities.

This project will be sustained through the far-reaching support mechanisms that are being incorporated into its development. It will bring together the private sector, civil society representatives (including members of the Regional Councils for Sustainable Development and NGOs), government agencies at all levels (SEMARNAT, the Secretary of the Navy, port authorities, riparian state and municipal governments), and donors interested in supporting work within the region. Once under implementation, both the project and the pilot projects will bring about evident economic and social benefits thus generating an incentive to replicate these efforts. Within the pilot projects, there are built-in mechanisms for sustaining the outcomes after project support is complete, as well as monitoring and evaluation that emphasizes acquiring improvements throughout the process and in subsequent implementation.

E. DESCRIBE THE INCREMENTAL REASONING OF THE PROJECT:

The GEF will provide a proposed budget of US\$ 4,975,500 incremental cost funding for the project. The Governments of México and the USA have committed US\$ 96,774,780 in-kind contribution to the project.

Baseline

Approximately 55 million people live in the coastal states of the GOM, 40 million in the USA and 15 million in Mexico. The Gulf of Mexico LME is a major asset to these countries, in terms of fisheries, tourism, agriculture, oil, infrastructure, trade and shipping. Commercial fishing and seafood processing are an important component of the LME’s economy, with the most important species being brown, white and pink shrimp, and red grouper. The infrastructure for oil and gas production in the Gulf of Mexico (including oil refineries, petrochemical and gas processing plants, supply and service bases for offshore oil and gas production, platform construction yards and pipeline yards) is concentrated in the coastal regions of both the USA and Mexico. The Gulf of Mexico LME contains major shipping lanes, and the volume and value of shipping and port activities has increased in the region.

The five states that make up the Gulf Region in Mexico contribute approximately 10% of the gross domestic product for the agriculture and livestock, forestry and fisheries sector. The environmental cost of this production, based on national averages is equivalent to 11.8% of the regional GDP, without taking into account the aspects of global relevance in the Gulf of Mexico ecosystem. It is also likely that the national average of environmental costs is lower than in the Gulf States given the intensity of agricultural and livestock related activities in Veracruz, Tamaulipas and especially Tabasco.

Habitat conservation and restoration

CONANP will continue to declare protected areas, mostly terrestrial, aside from special reserves such as the soon-to-be announced expansion of the Yum Balam (largely land-based) reserve to include a marine sanctuary for an emblematic species in Holbox Island, the whale shark, or the manatee sanctuary established in Chetumal Bay on the southern border with Belize. However, it is unlikely that productive marine systems outside of landscape, biodiversity (coral reefs) or keystone species considerations would be established. PEMEX will continue to support the implementation of management plans for the protected areas in the company’s operational zone such as Pantanos de Centla and Laguna de Términos. CONAFOR will also continue to support mangrove restoration efforts under its competitive subsidy program, without taking into consideration strategic nature of factors such as primary productivity, climate change adaptation, etc. Ramsar resolution on marine protected areas is consistent with national policies but in the absence of GEF support would not be considered as a priority nor would synergies between coastal and marine ecosystems be actively sought. This baseline is estimated at US\$ **21 million**.

Pollution

CNA will continue to monitor simple parameters to report on beach water conditions, harmful algal blooms will be reported and monitored, although with no systematic information sharing protocols with the USA. Water sanitation and treatment facilities will

be built and operated by CNA and the municipal governments. The US action plan on hypoxia will continue to be implemented in the Mississippi Delta, however in the absence of GEF support, Mexico will have no systematic way assimilate relevant knowledge generated in the US and replicate in relevant programs such as RPA-YUCATAN (see below). In the absence of the ecosystem approach, agricultural run-off and nutrient loading will continue to be viewed as a result of seasonal fluctuations in the Gulf. The oil industry is the single most important economic sector in Mexico. Oil extraction is particularly important in the states of Tabasco and Campeche, the reserves of which are considered to be amongst the most important in the Western Hemisphere. PEMEX will continue to operate its environmental management and industrial security program, including pollution mitigation practices, emergency protocols and restoration. Mexico – through SEMARNAT- will continue to prepare its National Implementation Plan for the Stockholm Convention on POPs, including abatement measures for unintentional releases. This region has been selected for a pilot project for the Global Program of Action (Regional Plan of Action for the Yucatan Peninsula RPA-YUCATAN), and close cooperation with the Gulf of Mexico project is foreseen. This baseline is estimated at US\$ **100 million**.

Policy Framework

Mexico has made important advances in consolidating its environmental policy, and the past and current administrations have placed importance on mainstreaming of the environment through cross-sector planning and budgeting. In 2006, SEMARNAT adopted a National Environmental Policy for the Sustainable Development of Oceans and Coasts, which establishes public policy guidelines and strategies in an effort to reinforce integrated environmental management of the coastal zone through structural reform, effective inter-institutional coordination and wide ranging public participation. Mexico published a National Fisheries Chart at the end of the 1994-2000 administration and although new versions were published in 2004 and 2006, it that was not taken on board by subsequent administrations as a result of which several fishing stocks were depleted. Most recently, fundamental modifications have been made to several official standards and it is expected that further fine-tuning of the legal and policy framework would continue to take place. However in the absence of GEF support, it is unlikely that a harmonized policy framework for the LME between Mexico and the USA, as well as between the Mexican Federal Government and the State and Municipal governments, would be achieved. This component of the baseline is estimated at US\$ **8 million**.

Regional coordination efforts

Bilateral activities will continue to be carried in the Gulf of Mexico out on a wide-ranging number of issues including wildlife, habitat, shipping, petroleum industry-related emergency contingency plans, shared watersheds, etc. Nevertheless, these efforts are predominately sectoral in nature, and do not contemplate a shared approach, nor do they provide an enabling environment for synergies through the ecosystem approach. The baseline is estimated at US\$ **20 million**.

Sustainable Livelihoods

SAGARPA currently provides limited support to riparian communities in the form of extension programs, some rural aquaculture initiatives, and subsidized seeds, fertilizers and other inputs for subsistence farming. In spite of the limited support for aquaculture, there is no real institutional effort made to provide alternative income to rural coastal fisher communities. CONAFOR operates several subsidy programs principally for reforestation and commercial plantations, and is the main financial source for restoration of ecosystems (see above in habitat). PEMEX through the National Indigenous Commission and other institutions provides some support for productive alternatives in agriculture. CONANP allows for productive activities in the influence and buffer zones of the region's protected areas but does not provide any financial support, and the management plans are not also linked to potential financiers. Also, full stakeholder participation in the identification of these productive alternatives is still somewhat limited in spite of important efforts in public outreach and awareness-raising. The baseline is estimated at US\$ **15 million**.

Summary of Baseline Investment

Issue	Detail	Cost US\$
1	Habitat conservation and restoration	21,000,000
2	Pollution	100,000,000
3	Policy Framework	8,000,000
4	Regional coordination efforts	20,000,000
5	Sustainable livelihoods	15,000,000
Total	Total Baseline Expenditures (4 years)	164,000,000

Global Environmental Objective

The principal global benefit of the project is an enhanced understanding of LME functions, to serve as input into LME management strategies through the TDA and SAP processes, and to establish an enabling environment and ecosystem-based management practices that will contribute to the protection and maintenance of ecosystem functions and services. The Gulf of Mexico LME's primary productivity supports an important global reservoir of biodiversity and biomass of fish, sea birds and marine mammals.

The LME supplies a diverse range of goods and services to the global community but these stand threatened by human-induced pressures, including overfishing. These threats are transboundary in nature, and cannot be effectively abated through stand-alone national initiatives. Global benefits can be secured through the institution of an LME ecosystem-based management framework, allowing the countries to strengthen the management of LME living resources, and address land-based and marine pollution including the reduction of nutrient loads that contribute to hypoxic zones in the LME.

The expected result of the set of interventions will be to reduce coastal pollution, restore damaged habitats, and restore depleted stocks. The Project will make an important contribution by providing the needed building blocks such as information systems and exchange, reinforced capacity and mechanisms for stakeholder participation. An enhanced knowledge of the oceanography of the Gulf of Mexico LME will assist the countries in addressing uncertainty regarding ocean-atmosphere links.

In the absence of a GEF intervention, it is probable that the present types of single-country, sectoral-based interventions, which have been demonstrated during the past twenty years as being ineffective in halting the pace of environmental degradation, will continue. Without a concerted ecosystem-based regional approach to environmental management it is unlikely that the present rates of pollution, habitat degradation and living marine resources depletion will be slowed. The likely consequence of such a scenario is the reduction or impairment of ecosystem services and functions, loss of globally significant biological diversity during the next century, combined with collapse of fish stocks and significant economic difficulties in the region (particularly for Mexico).

Alternative

The proposed GEF Alternative is directed at removing identified constraints and barriers to the use of the ecosystem approach in the management of the GOM LME, including discrete capacity-building activities, pilot projects in three critical aspects of the ecosystem approach: productive, conservation and adaptive management, as well as cross-sectoral engagement. The transition towards the ecosystem-based management of the GOM LME will depend on a greater convergence of policy tools including long-term, joint programs and actions, a clearer distribution of competencies at all three levels of government, and a robust monitoring and evaluation program. Five outcomes have been mutually identified, to be supported through a mix of GEF financing and co-financing including reoriented baseline.

Outcome 1: transboundary issues analysed and priorities defined

An objective, scientific and technical Transboundary Diagnostic Analysis (TDA) defining the transboundary environmental problems affecting the goods and services of the LME from an ecosystems perspective will be revised and disseminated. The TDA will respond to the priority issues identified by both countries including transboundary pollution mitigation, reduction and control; weak transboundary fisheries stock management; coastal resource degradation; incomplete knowledge on the LME's biodiversity, a non-comprehensive legal and policy framework; and the lack of a coordinated approach for the LME management and conflict resolution issues for the Gulf of Mexico. Under the alternative, GEF resources and co-financing will be used to finalize the development of the TDA through a capacity needs and information gap assessment on the priority issues, as well as targeted training, as needed. This will include the identification of biodiversity hotspots, ecosystem-wide sources of contaminants, and preliminary economic valuation of the LME goods and services. **(US\$ 427,500 GEF, US\$ 24,700,000 Co-finance).**

Outcome 2: The SAP and associated NAPS are formulated and adopted at ministerial level

Nationally endorsed SAP and NAPs with accompanying sustainable financing plans will pave the way towards continued incremental improvement in the GOM LME based on a solid foundation of regional commitment and consensus. GEF resources will leverage considerable co-financing to identify and promote strategic partnerships within the SAP to address underlying socio-economic and governance failures for the sustainable management of the LME. Domestic and global co-benefits will be generated through LME-wide agreements on improved legal and policy frameworks; the incorporation of additional globally relevant protected areas, including marine protected areas; targeted capacity building and institutional strengthening activities and concerted action on ecosystem priorities and targets. The SAP and NAPs will also include the creation or strengthening of existing institutional mechanisms for the regional coordination of LME-implemented activities. **(US\$ 1,130,000 GEF - US\$ 9,000,000 Co-finance).**

Outcome 3: demonstration projects successfully implemented

Three priority pilot projects were jointly identified by participating countries to advance SAP implementation, and to set the basis for its long-term sustainability. The pilot projects are fully incremental, will leverage significant co-financing and will contribute to the adoption of ecosystem-based management of the LME by assisting Mexico and the US to coordinate conservation, fisheries and monitoring activities. The pilot strategies will generate practical experiences to address a complex baseline of overlapping policies and competencies for protected area conservation, social and economic development, and threats to terrestrial, coastal and marine biodiversity. The harmonized development of the three pilots will contribute to defining a stronger baseline, and help enable the development of validated integrated approaches that will facilitate upscaling and replication to other States and at a national level. Successful implementation of the pilots will also provide concrete steps forward towards achieving the ecosystem goals to be

established in the SAP. Awareness programme on EBM for decision-makers, sectors and resource-user groups including project web site consistent with IW:LEARN guidance and tools, and participation in biennial GEF IW Conferences (US\$ 2,160,000 GEF - US\$ 40,474,780 Co-finance).

Outcome 4: Monitoring and Evaluation System for the Project and the GOM LME established

Effective monitoring and evaluation (M&E) is recognized as an indispensable tool in project and program management. The Gulf of Mexico M&E plan and the process, stress reduction, and environmental status indicators developed as part of it in accordance with GEF guidance, will serve both as a corrective function during the project cycle, enabling timely adjustments, and as a guide to structuring future projects more effectively. GEF resources will mobilize co-financing to harmonize the currently disparate monitoring efforts in the LME, with agreed bi-national standards and protocols for the collection, processing, analysis and compilation of data and GIS information including the preparation of a regular bi-annual regional status report on large-scale ecosystem impacts in the GOM LME. (US\$ 469,000 GEF - US\$ 19,400,000 Co-finance).

Outcome 5: Effective project coordination

The GEF alternative proposes improved regional mechanisms to meet and address the coordination needs and gaps that currently inhibit the carrying out of system-wide interventions in the LME. By the end of the project, it is expected that an appropriate long-term regional coordination mechanism will be defined by both countries. This will include joint definition of a long-term regional coordination mechanism building upon existing bi-national initiatives and the establishment of a Regional Technical Advisory Group (R-TAG). Incremental support will help promote the transfer of institutional arrangements from the support of GEF and other donors to ownership by the region. GEF funding will also identify and apply best practices for public awareness and involvement in order to mobilize regional political and stakeholder commitments to the broader development goals of the LME. (US\$ 316,000 GEF - US\$ 2,000,000 Co-finance)

Summary of GEF and other donors Investment – The Overall Incremental Cost

Outcome		Total	GEF	Co-finance
1	TDA finalized	25,127,500	427,500	24,700,000
2	SAP finalization and implementation	10,130,000	1,130,000	9,000,000
3	Pilot projects	42,634,780	2,160,000	40,474,780
4	Monitoring and evaluation	19,869,000	469,000	19,400,000
5	Coordination	2,316,000	316,000	2,000,000
Total		100,077,280	4,502,500	95,574,780

Incremental Cost Analysis per Outcome

Outcome	Baseline	GEF	Co-Funding	Increment	Alternative
1. Transboundary issues analysed and priorities defined	\$48,000,000	\$427,500	\$24,700,000	\$25,127,500	\$73,127,500
2. Country agreement / commitment to reforms & priority issues defined	\$41,000,000	\$1,130,000	\$9,000,000	\$10,130,000	\$51,130,000
3. LME-wide EBM approaches encouraged & Pilot Projects defined	\$33,000,000	\$2,160,000	\$40,474,780	\$42,634,780	\$75,634,780
4. M&E System for the Project and the GOM LME established	\$34,000,000	\$469,000	\$19,400,000	\$19,869,000	\$53,869,000
5. Effective project coordination	\$8,000,000	\$316,000	\$2,000,000	\$2,316,000	\$10,316,000
Total	\$164,000,000	\$4,502,500	\$95,574,780	\$100,077,780	\$264,077,280

Outcome 3 - Pilot Projects

Outcome	Baseline	GEF	Total Co-finance	Increment	Alternative
1. Natural Habitat and Ecosystem Conservation	\$ 9,000,000	655,000	\$12,408,448	\$13,063,448	\$22,063,448
2. Enhancing Shrimp Production through EBM	\$ 5,000,000	705,000	\$17,866,332	\$18,571,332	\$23,571,332
3. Joint Assessment & Monitoring	\$ 19,000,000	750,000	\$10,200,000	\$11,950,000	\$30,950,000
4. Awareness programme on EBM including project web site consistent with IW:LEARN guidance and tools, and participation in biennial GEF IW Conferences		50,000		50,000	50,000
TOTAL	\$33,000,000	\$2,160,000	\$40,474,780	\$42,634,780	\$75,634,780

F. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED AND OUTLINE RISK MANAGEMENT MEASURES :

There are several risks inherent in this project. Acknowledgement of these and the level of risk posed provide a gauge for project assessment. The long-term success of regional-scale marine ecosystem management programs, such as the one proposed here, largely depend upon: the political willingness of the participating countries to cooperate; their willingness to continue project programs and approaches after the life of the GEF intervention; and the extent to which activities successfully engage the stakeholders that are the subject of intervention. In relation to political willingness, when compared with other IW projects addressing similar sized water bodies, the risks may be lower in the GoM LME, due to the small number of countries participating.

The risks confronting the project were evaluated during the project preparation stage, and risk mitigation measures have been designed. Four main risks have been identified, and are summarized below:

Risk		Risk Mitigation Measure
Governments at all levels and key stakeholder groups do not remain committed to undertaking required sectoral, institutional, legal and economic reforms, nor do they remain financially and politically committed to a regional management framework	L	Approval by the governments of this project reflects support from the different levels (federal, state and municipal). However national commitment to needed sectoral, institutional, legal and economic reforms needs to be forthcoming and effective delivery of the project will only occur if there is country commitment and the project has effectively communicated its role and expected outputs. The reliance on the intersectoral committees as well as the clear requirement for national financial commitments through the NAPs shall be stressed through out the project and will be key to overcoming this risk. Moreover the project builds upon a strong suite of existing bi-national initiatives, and these will contribute to laying the bases for effective development and implementation of the SAP and associated NAPs
Relevant government agencies not willing to share and provide data and information	L	It is important that scientific and technical groups providing inputs are committed to joint work and that there is reasonable access to national data and information. National data can often be sensitive to the countries involved but to ensure the SAP process proceeds successfully, there is a need for countries and organizations to be committed to providing the necessary data and information. An understanding of the value of a regional Data and Information Management (DIM) system, and a growing appreciation of its benefits, should encourage stakeholders to be forthcoming with information and data.

Risk		Risk Mitigation Measure
LME-wide objectives may conflict with local/national interests	M	Infrastructure development for tourism, the commercial fishing industry, the oil industry and agriculture are all important economic activities for the countries. Local and national resistance and objections to proposed changes to these sectors are likely to arise. Broad stakeholder participation and support, achieved through targeted awareness and information strategies, as well as stepwise consensus building will be required and are built into the project as critical components. Routine and effective involvement of stakeholders in planning, management and decision-making can only be accomplished by on-going encouragement, strengthened capacities, and financial commitment by the project, donors and the countries themselves
Effective private sector involvement is difficult to achieve	M	For the long-term sustainability of the GoM LME Program, the project aims to demonstrate to productive sectors the long-term benefits to be derived from any jointly defined regional coordination mechanism that is established and that their own further investment in the project will be less than the costs which would accrue to them if these mechanisms were not in place. Although there may be specific niches within the productive sectors that are non-responsive, current high levels of CSR and investment in environmental projects, such as by PEMEX, indicate that this risk is low.
[Rating: L = Low Risk; M = Medium Risk; H= High Risk]		

G. EXPLAIN HOW COST-EFFECTIVENESS IS REFLECTED IN THE PROJECT DESIGN:

Cost effectiveness is inherent in the GEF-endorsed Large Marine Ecosystem approach. Recognizing the continuous negative changes in the health and productivity of the Gulf of Mexico LME resulting from human impact and appreciating that living marine resources and pollutants in coastal and marine environments respect no political boundaries and few geographical ones, the countries have resolved to work together to address their common concerns through suitable management options. In addition, there has been a common realization that historical national and sectoral approaches to management have failed to bring about the needed changes to the environment and living resources. Consequently it has been accepted that GEF interventions that adopt a holistic and multi-sectoral approach (embodied in the large marine ecosystem concept) are preferred.

The full GEF intervention will address the agreed priority transboundary environmental problems of the Gulf of Mexico LME by rehabilitating marine and coastal ecosystems, recovering depleted fish stocks and reducing nutrient overloading to the Gulf of Mexico Large Marine Ecosystem through the use of an assessment and management approach that considers LME productivity, fish and fisheries, pollution and ecosystem health, socioeconomics and governance. In order to achieve this, the project will formulate the full Strategic Action Programme (SAP) and associated National Action Programmes, and facilitate their initial implementation; undertake strategic demonstration projects designed to be replicable and intended to demonstrate how joint, concrete actions can lead to significant improvements; and develop a mechanism to objectively measure effects of management actions.

In terms of implementation, the project has been designed to ensure that outcomes are achieved in a cost-effective manner. The design includes three pilot projects that are all sited in the same area, Terminos Lagoon, in order to achieve greater cost-effectiveness, maximize synergies, and set the foundations for integrated, ecosystem-based approaches to natural resource management. Setting the pilot projects in the same location ensures that they will generate practical experiences to address a complex baseline of overlapping policies and competencies for protected area conservation, social and economic development and threats to terrestrial, coastal and marine biodiversity. Thus, the pilot projects will contribute to testing cost-efficiency models from a variety of different angles including ones focused on fisheries management and productive uses, habitat restoration and management, and robust M&E tools. Overall, efforts to establish functional and effective ecosystem-based management approaches are themselves cost-effective as the complex linkages and feedback mechanisms between natural systems, productive uses, governance frameworks, impacts on the LME from associated land-use activities are addressed in an integrated and comprehensive manner.

PART III: INSTITUTIONAL COORDINATION AND SUPPORT

A. PROJECT IMPLEMENTATION ARRANGEMENT:

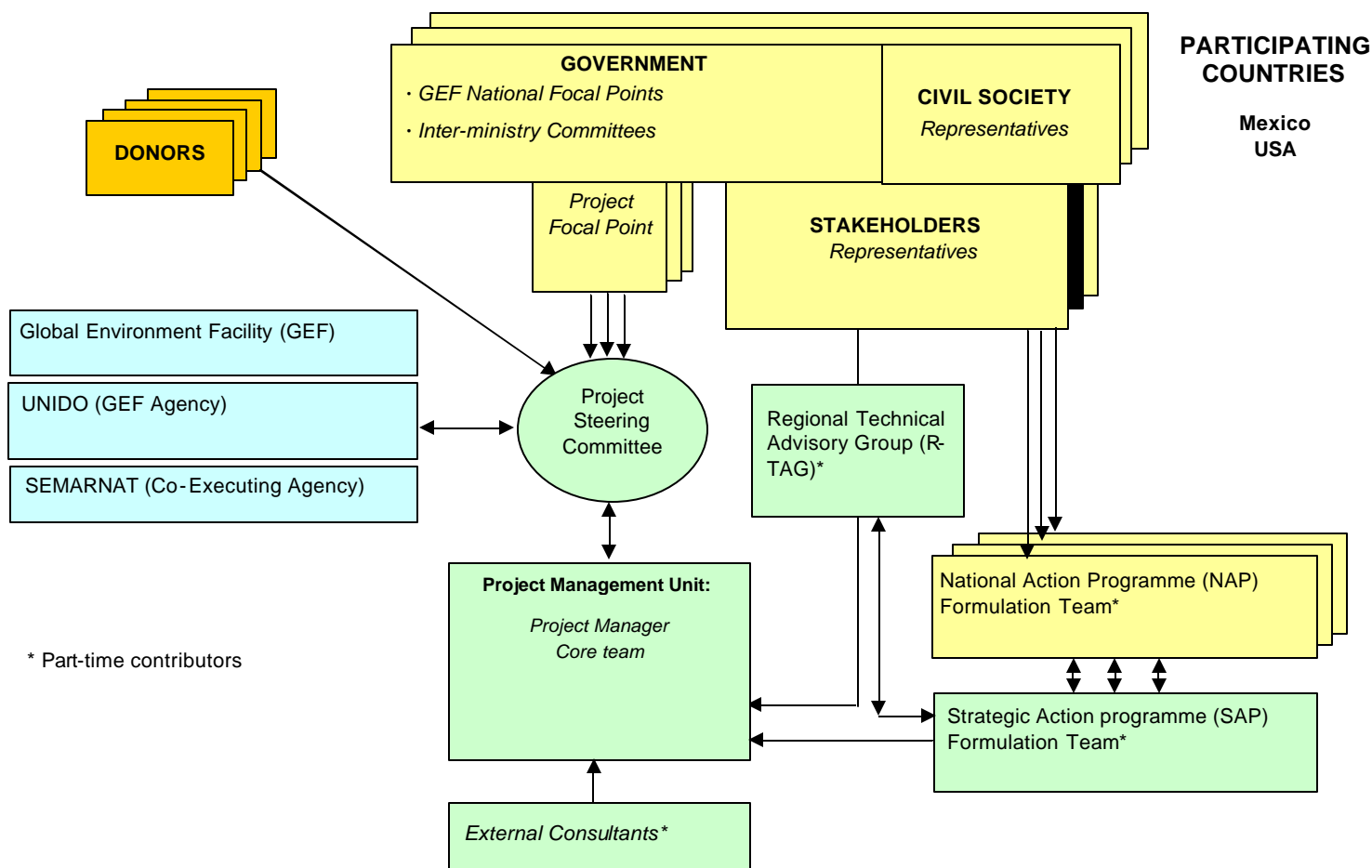
The GEF Agency for the project will be the United Nations Industrial Development Organization (UNIDO). UNIDO will be responsible for both the implementation and the execution of the project. SEMARNAT, the Secretaría de Medio Ambiente y

Recursos Naturales of México will also participate as National Execution Agency for the project. The US NOAA will support the SEMARNAT in the execution of the project .

Regional co-ordination and collaboration will be facilitated through a Regional Project Coordination Unit (PCU), which will be located in Mexico. A Chief Technical Advisor (CTA) will be recruited to facilitate the successful technical execution of project activities and will be housed in the PCU. The PCU will have other staff working part-time/full-time. A Regional Project Steering Committee, consisting of high-level official country representatives from the U.S. and Mexico and relevant stakeholders, will oversee the implementation / execution of the project. It will meet at least once a year, A Regional Technical Advisory Group (R-TAG) will be established that will advise the Steering Committee and the PCU on GoM technical issues and ensure coordination in support of ecosystem-based management approaches. Finally, each country will have an Inter-Sectoral Committee (ISC) or its equivalent, to assure broad intersectoral coordination and broad government stakeholder participation.

UNIDO will be responsible for the overall management of the project and its funds. It will assist SEMARNAT, the National Executing Agency in the execution of the project through the provision of timely assistance at key phases of project implementation, in the review of investigations and reports prepared as outcomes to the project, in the disbursement of funds necessary for the recruitment of international experts and other related international expenditures.

Organigram of the Project



PART IV: EXPLAIN THE ALIGNMENT OF PROJECT DESIGN WITH THE ORIGINAL PIF:

The Project design is fully aligned with the objectives of the preparatory phase (PDF-B). As explained in Annex D, Cuba was an original participant of the project, but later decided not to participate in the preparatory phase. The project would realize a substantial gain with the participation of Cuba, and it remains open to its later incorporation in the implementation of the project.

PART V: AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for CEO Endorsement.	
D. Piskounov UNIDO GEF Focal Point	P. Huidobro Project Contact Person
Date: <i>30 September, 2008</i>	Tel. and Email: +43-1-26026-3068; P.Huidobro@unido.org

ANNEX A: PROJECT RESULTS FRAMEWORK

	<u>Objectively verifiable indicators</u>				
Goal	Sustainable development of the Gulf of Mexico LME enhanced through ecosystem-based management approaches				
Objectives/Outcomes	Indicator P: Process Indicator SR: Environmental Stress Reduction Indicator E: Environmental Status Indicator	Baseline	Target	Sources of verification	Risks and Assumptions
Objective: To set the foundations for LME-wide ecosystem-based management approaches to rehabilitate marine and coastal ecosystems, recover depleted fish stocks and reduce nutrient overloading	Improved national and regional capacities for monitoring, rehabilitation and sustainable management of the GoM LME. Y4 Strategic partnerships established with key stakeholder groups in the main watersheds draining into the GoM, as well as with coastal cities, to support initiatives to reduce land-based sources of pollution. Y4	Despite existing bi-national agreements on fisheries such as MEX-US Gulf the shared resources of the GoM are unsustainably exploited Existing management approaches are not consistent with ecosystem-based management (EBM)	Ecosystem based management approach is widely implemented and linked to conservation, rehabilitation, and resources management programs along the Gulf of Mexico	Project Management Unit (PMU) Project files and documents Steering Committees (SC) annual reports Working group and technical reports Interministry Committee reports Annual project review	Countries remain supportive of regional management framework National commitment to needed sectoral, institutional, legal and economic reforms remains forthcoming Broad stakeholder participation is achieved, including the private sector Assume continued national commitment to the regional programme at each sector level, including the provision of national resources
Outcome 1 Transboundary issues analyzed and priorities defined (P).	Revised TDA available and agreed upon by both countries Y2	Fragmented and sectoral analysis of selected regional parameters	TDA, published and broadly disseminated, provides basis for informed management decisions at a regional level	TDA document	Close, joint working relationship among scientific and technical groups providing input is forthcoming
Outcome 2 Country agreement on and commitment to regional and national policy, legal and institutional reforms to address the agreed priority transboundary issues (P)	SAP endorsed at ministerial level in both countries. Y4	No agreed bi-national programme for managing the GoM resources from an ecosystem-based perspective	SAP agreed and endorsed	SAP document	Countries continued commitment to regional approach Continued cooperation among key regional institutions and national governments

Outcome 3 LME-wide ecosystem-based management approaches encouraged and strengthened through the successful implementation of the Pilot Projects (P, SR and E)	Pilot Projects all implemented and delivered on schedule. Y4	Not part of the baseline program	All three demonstration projects fully and satisfactorily implemented and all objectives completed	Demonstration project reports	Failure or delays in Parties' involvement to integrate on-ground actions
Outcome 4 Monitoring and Evaluation System for the Project and the GoM LME established (P)	GoM LME Data and Information Management System established. Y4	Not part of the baseline program	GoM LME data and information system fully operational Stakeholders have full access to the system	Existence of DIM system and DIM standards and protocol document	Lack of METADATA to support the Monitoring System Failure of participant parties to provide updated, high quality information to the System
Outcome 5 Effective project coordination (P).	The project team is effectively coordinating the project and meeting the objective. All outputs completed within budget and according to the agreed work plan. Y1 to Y4	Countries in the region have institutional frameworks for coastal and marine resources protection, but no effective regional intersectoral project coordination mechanism currently exists.	Project implemented in an effective manner in accordance with agreed work plans and budgets	Project monitoring reports and files Steering committee minutes Intersectoral committee minutes Regional coordination mechanism meeting minutes	Effective delivery of the project will only occur if there is country commitment and the project has effectively communicated its role and expected outputs.

Outcome 1 Transboundary issues analyzed and priorities defined					
Outcomes/Outputs/Activities	Indicator P: Process Indicator SR: Environmental Stress Reduction Indicator E: Environmental Status Indicator	Baseline	Target	Sources of verification	Risks and Assumptions
1.1 Capacities and gaps in regional monitoring methods/standards identified	Detailed gap analysis undertaken based on extensive review of literature, information and data. Y1	Each country at present has its own approach to monitoring and indicators are not uniform throughout the region. There are many gaps in environmental monitoring.	A regional assessment of monitoring capacity gaps completed	Working group reports, project monitoring reports and files Gap analysis report	Scientific and technical groups providing inputs are committed to joint work
1.2 Key ecosystem assessment and management gaps identified	Detailed ecosystem assessment and management gap analysis concluded based on extensive review of literature, information and data by Y2. Regional, national, and local policy, legal, and institutional reforms adopted; project evaluations show implementation effectiveness (IW-SP1; BD-1)	Ecosystem-based management is not being used for stock management in the Gulf of Mexico	A regional assessment of ecosystem and management capacity gaps completed	Working group reports, project monitoring reports and files Ecosystem assessment and management gap analysis report	Countries and organisations are willing to provide data and information on key ecosystems and management gaps
1.2.1 Biodiversity hot spots in GoM LME assessed and key knowledge gaps identified	Regional working group approves assessment of biodiversity hot spots and key knowledge gaps by Y2 Q2 (BD-1)	Biodiversity hot spots assessed but national efforts are not regionally coordinated	A regional assessment of biodiversity hot spots completed	Biodiversity hot spots report	

1.2.2 Existing information and data on status and trends in fisheries assessed	<p>Assessment of status and trends in GoM fisheries, particularly commercial aspects of shrimp, reef fish, blue crab, red snapper, mackerel and anchovies fisheries finalized by Y2 Q2</p> <p>(IW-SP1 Fish stock and habitat assessments)</p>	Current initiatives are country driven and are regionally fragmented	Assessment of status and trends in GoM fisheries, particularly commercial aspects of shrimp, reef fish, blue crab, red snapper, mackerel and anchovies fisheries finalized	Status and trends as defined in fisheries report	Countries and organisations are willing to provide data and information on key ecosystems and management gaps
1.2.3 Ecosystem-wide nutrient over-enrichment and contaminant sources, flows and levels assessed	<p>Contaminant sources, in particular LBS point and non point, identified and assessed by Y2 Q2</p> <p>Monitoring of reduced levels of nutrients releases at demo sites (IW-SP2)</p>	Nutrient over-enrichment and contaminant sources, flows and levels are assessed but national efforts are not regionally coordinated	A regional assessment of nutrient and contaminant sources completed	Report on assessment of ecosystem-wide nutrient over-enrichment and contaminant sources, flows and levels	<p>Relevant regional organizations and river basin management authorities are committed to supporting project objective</p> <p>Watershed and coastal management available tools will be harmonized and a shared vision established towards a healthy regional ecosystem.</p>
1.2.4 Environmental impacts of transboundary pollution on the GoM ecosystem assessed	<p>Integrated analysis, including of previous assessments, agreed by regional working group, describing transboundary pollution impacts by Y2 Q2</p> <p>Ministerially-agreed LME and basin action programs and local ICM plans adopted (IW-SP2)</p>	Current assessment of the environmental impacts of transboundary pollution are predominantly country driven and are regionally fragmented	A regional report on the Status of the Gulf of Mexico completed	Report on the environmental impacts of transboundary pollution	
1.2.5 Information on nutrient over-enrichment and related HABs collected and integrated	Integrated analysis of nutrient over-enrichment and related HABs undertaken by Y2 Q2	Current initiatives are country driven and are regionally fragmented	Integrated analysis of nutrient over-enrichment and related HABs undertaken	Report on nutrient over-enrichment related HABs	

1.3 Governance analysis of relevant policy and regulatory frameworks completed [as a basis for 2.1.4]	Detailed document completed outlining current status and shortfalls of relevant national policies, legislation and institutional arrangements related to natural resource management and use in project area as a basis for harmonizing policy frameworks at a regional level by Y3	Current analysis of relevant policy and regulatory frameworks relating to the GoM LME are predominantly country driven	Detailed regional and national level governance analysis completed	Governance Analysis report	Relevant government agencies at national and federal levels are supportive of efforts to harmonize regional approaches.
1.4 Analysis of the socioeconomic impacts of priority transboundary issues, including a preliminary LME wide economic valuation of near shore and marine goods and services, undertaken	Integrated analysis describing socioeconomic impacts finalized by Y2 ; per capita income at demo sites Preliminary valuation of near shore and marine goods and services assessed by Y3 (BD2-SP5)	Current initiatives are either non-existent or country driven	Preliminary assessment of value of environmental goods and services completed.	Socioeconomic impacts report Economic Valuation report	Quality information will be available to the project. Institutional cooperation and support will be forthcoming
1.5 TDA revised, finalized, published and disseminated	Revised TDA available and agreed upon by both countries by Y3. Regional, national, and local policy, legal and institutional reforms adopted (IW-SP1)	Fragmented analysis of selected regional parameters	TDA, published and broadly disseminated, provides basis for informed management decisions at a regional level	TDA document Project evaluations show implementation effectiveness.	Additional data and information will be available to fill the gaps from the initial TDA SC and national agreement attained with regards to TDA findings

Outcome 2 COUNTRY agreement on and commitment to regional and national policy, legal and institutional reforms to address the agreed priority transboundary issues					
Outcomes/Outputs/Activities	Indicator P: Process Indicator SR: Environmental Stress Reduction Indicator E: Environmental Status Indicator	Baseline	Target	Sources of verification	Risks and Assumptions
2.1 Strategies and actions for the reduction and control of nutrient over-enrichment, HABs and for the elimination of dead zones developed	<p>Joint agreement on coordinated strategies to work with relevant institutions in coastal areas, and river basin management authorities for establishment of defined targets by Y3</p> <p>Joint Action adopted by regional institutions on nutrient reduction. (IW-SP2)</p>	Inadequate reduction and control of nutrient over-enrichment, HABs have increased and extensive dead zones have developed in the GoM	Coordinated strategies and institutional networking will help to reduce HABs zones in GoM	Report on joint agreement for the establishment of defined targets to reduce and control nutrient over-enrichment	<p>Countries continued financial and political commitment to regional approach</p> <p>Continued cooperation among key regional institutions and national governments</p> <p>Relevant government agencies at national and federal levels are supportive of efforts to harmonize regional approaches</p> <p>Private sector, in particular in agriculture, are supportive of project objective</p>
2.1.1 Regional Plan of Action for the Yucatan Peninsula (RPA-YUCATAN) developed by Mexico as a major contribution to reduce land based sources of pollution into the GoM LME, implemented.	<p>RPA-Yucatan activities fully coordinated and harmonized with GoM project programme by Y3</p> <p>Regional, national, and local policy, legal and institutional reforms adopted (IW-SP1)</p>	RPA Yucatan is currently being developed in a joint effort between Mexico (SEMARNAT) and the US (NOAA). It was presented at the GPA meeting in Beijing in October 2006 and is currently being adopted and its implementation initiated by Mexican water authorities	Implemented RAP-Yucatan will act as a catalyser to replicate this approach to reduce LBS in other areas of concern in the GoM LME region	<p>RPA-YUCATAN meeting minutes; workshop reports; RPA-YUCATAN document RPA-specific actions reports.</p> <p>Project evaluations show implementation effectiveness.</p>	

<p>2.1.2 Strategic Partnerships between GoM LME programme and institutions responsible for integrated management of the major GoM river basins, as well as the main coastal cities, developed</p>	<p>Regional Land and Sea Use Planning Program for the Gulf of Mexico and Caribbean Sea developed Y1 (IW-SP2; Regional Governance framework)</p> <p>Land and Coastal Use Planning Program for four major Mexican States (Veracruz, Tabasco, Campeche and Yucatán) in the Gulf of Mexico developed Y3; (IW-SP2; Regional Governance framework)</p> <p>Number of agreements defined between GoM programme and relevant river basin counterparts to coordinate and harmonize nutrient reduction strategies by Y3</p> <p>New watershed council created for the Grijalva Usumacinta basin by Y3</p>	<p>There are currently no strategic partnerships. White Water to Blue Water (WW2BW) US initiative, adopted by Mexican authorities is currently being implemented in Mexico's driven initiatives, on-ground actions, policy and regulatory framework.</p>	<p>Linkages and agreements between watershed and coastal management authorities enhances reduction of LBS of pollution into the GoM</p> <p>Papaloapan Watershed Council, IBWC/CILA for Rio Grande/Río Bravo, and Lower Mississippi River Watershed Council</p>	<p>Strategic Partnership Planning documents; project monitoring reports and files</p>	<p>Relevant regional organizations and river basin management authorities are committed to supporting project objective</p>
<p>2.1.3 Stocktaking of the Papaloapan watershed Commission to define opportunities for replication in the Grijalva-Usumacinta and Panuco river basins in order to provide for strong inter-linkages between watershed management authorities and coastal managers.</p>	<p>Gap analysis carried out. Y1</p> <p>Relevant experiences to be replicated and documented. Y3</p>	<p>Previous work of the Papaloapan watershed commission can be used to identify opportunities for replication.</p>	<p>Application of relevant experiences in the Grijalva-Usumacinta and Panuco river basins</p>	<p>Gap analysis findings.</p> <p>Relevant experiences documented.</p>	<p>Lack of commitment from watershed management authorities.</p> <p>State-level coordination/mandate issues</p>

2.1.4 Strategies for harmonizing legislative, policy and regulatory frameworks on agricultural practices at LME wide levels developed, building upon the Gulf of Mexico Governors Alliance.	<p>Binational experts meeting on Ecosystem Based Management Approach, with wide stakeholder participation Y2 (IW-SP2 Joint action adopted by regional institutions on nutrient reduction)</p> <p>Major Mexican river basins (Tuxpan, Coatzacoalcos, Grijalva) have developed use planning process including appropriate frameworks towards sectoral practices such as agriculture, fisheries, forestry & industry Y4 (IW-SP2 Joint action adopted by regional Institutions on nutrient reduction)</p> <p>By the end of year 3, both countries have developed and encouraged the adoption of Best Management Practices that provide for harmonized nutrient control and reduction in agricultural practices. (IW-SP2 Monitoring reduced levels of nutrient releases at demo sites)</p>	The development and implementation of strategies to harmonize legislative, policy and regulatory frameworks at the national level is carried out in a 'piecemeal' manner with little regional scope or application of the ecosystem approach	<p>Harmonized legislative, policy and regulatory frameworks enhanced to improve overall environmental performance and strengthen informed decision making in GoM.</p> <p>Land and Use Planning Programs are published as Official Decrees in Mexico (IW-SP2 on land-based contaminants from productive sectors)</p>	<p>Draft legal modifications; project monitoring reports and files</p> <p>Land and Use Planning Models and Programs published in Federal Government official websites and as official decrees. (IW-SP2 on land-based contaminants from productive sectors)</p>	Relevant government agencies at national and federal levels are supportive of efforts to harmonize regional approaches
2.2 Strategies and actions formulated for sustainable management and use of exploited living marine resources, and for the recovery of depleted fish stocks to within safe biological limits formulated	Targets defined and agreed for main commercial stocks by end of Y4 (IW-SP2; Regional Governance framework)	National strategies for the sustainable management and use of exploited living marine resources are currently poorly enforced and do not take into account the ecosystem approach	Joint actions and strategies set to manage fisheries will enhance the recovery of depleted fisheries stocks	Project monitoring reports and files	Private sector is supportive of ecosystem based management approaches and of set targets

2.2.1 Bi-lateral initiatives for regional surveying of productivity and oceanography, stock assessment and population assessments encouraged and strengthened	Surveys of productivity, oceanography, stock assessment and population assessments will be coordinated and undertaken through cooperative studies by Y4 (IW-SP1 Fish stock and habitat assessments; Ministerially-agreed action programs and local ICM plans adopted)	Current knowledge of regional stocks, and in particular of transboundary stocks, is incomplete and has been predominantly carried out by each nation state and not regionally.	Joint regional surveys will help recover depleted fishery stocks.	Project monitoring reports and files Joint survey reports	
2.2.2 Review effectiveness of compliance measures with existing fisheries legal and regulatory frameworks in both countries, especially with regards to Illegal, Unregulated and Unreported (IUU) fishing, excessive fishing capacity, and enforcement and surveillance, and propose appropriate reforms and measures.	Best management practices and code of conduct for responsible fisheries implemented. Y4 (IW-SP1, Regional, national, and local policy, legal, and institutional reforms adopted) IUU levels will be reduced, excess fishing capacity identified and addressed, and enforcement and surveillance activities enhanced Y4 (IW-SP1 Sustainable Fisheries)	No baseline focused on ecosystem-based fisheries management	Fishing activities will be managed under the scheme of FAO Code of Conduct for Responsible Fisheries leading to reduction of IUU	Fishing Management Plans based on Ecosystem Based Management (EBM) Records of IUU CONAPESCA records.	Weak institutional commitment
2.2.3 Develop fisheries management plans for selected key commercial fisheries	Fisheries management plans for selected key commercial fisheries developed. Y4 (IW-SP1 Sustainable Fisheries)	Currently recovery plans are either non-existent or localised and weak	Management plans implemented that will improve processes to recover depleted key commercial fishery resources	Agreed recovery plans; Project monitoring reports and files	Relevant government authorities as well as private sector, are supportive of the measures developed

2.3 Establishment of representatives marine protected areas (MPA)	Establishment of a representative suite of MPAs that take into account EBM, and provide for sharing of best practices at a regional level by Y4 (BD-1 Marine Protected Areas)	Currently MPAs are country driven and are regionally fragmented	Establishment of MPAs based on the Ecosystem Based Approach (EBA) will generate greater consensus in the Region and prevent degradation of ecosystem and marine resources, strengthening and enriching the distinct national protected areas system.	Agreed MPA plan; Project monitoring reports and files	Countries/local government are willing to develop, implement and endorse MPAs
2.3.1 Recovery plans for depleted priority non-commercial species and associated marine flora and fauna developed for additional species not currently addressed	Detailed regional guidelines developed, agreed and disseminated for implementation of recovery plans for priority non-commercial species by Y4 (IW-SP1 Ministerially-agreed action programmes and local ICM plans adopted)	Currently recovery plans for depleted priority species and associated marine flora and fauna are either non-existent or localised and weak	Bi-national agreement at federal and state level on recovery plans for defined priority marine and coastal non-commercial species.	Regional guideline documents; Project monitoring reports and files	

2.3.2 Management and capacity building requirements to restore degraded marine coastal wetlands defined	Training provided to promote best practice in managing marine coastal resources and restoration of degraded marine coastal wetlands, sea grass beds and sand dunes by Y4	On-ground rehabilitation and restoration projects of degraded marine coastal areas are carried out in a 'piecemeal' manner with little regional scope or application of the ecosystem approach	Action plans and on-ground rehabilitation and restoration projects will be conducted in an integrated manner using EBA and under strong institutional coordination	Evidence of delivery of training in project monitoring reports and files	Institutional commitment will ensure that training will build capacity at the systemic and not only individual level.
2.3.3 Marine and coastal spatial zoning processes in individual countries strengthened and implemented thus enhancing sectoral links among sectoral users in marine and coastal zones	By the end of year 4, both countries have developed concrete approaches (legal, regulatory, and/or BMP specifications) that promote strengthened and harmonized land and sea use planning IW-SP1 Regional, national, and local policy, legal, and institutional reforms adopted; project evaluations show implementation effectiveness	The development and implementation of plans and regulations for protecting coastal habitats at the national level is carried out in a 'piecemeal' manner with little regional scope or application of the ecosystem approach	Policy changes at federal and state level reflect bi-national agreement on establishment of integrated coastal zone management	Project monitoring reports and files; Draft legal, policy and regulatory modifications	Relevant government agencies at national and federal levels are supportive of efforts to harmonize regional approaches

2.3.4 LME-wide strategies for conserving biodiversity and habitats in the coastal zones of GoM LME supported and harmonized at a regional level	<p>Strategy for the Sustainable Development and Use of Coastal and Marine Natural Resources developed Y2 (IW-SP2 Joint action adopted by regional institutions on nutrient reduction)</p> <p>Protection strategies for marine biodiversity endorsed and nationally implemented Y3. (IW-SP1 Stocktaking for MPAs; BD-SP2 on MPAs)</p> <p>Agreed conservation strategies and management plans elaborated and strengthened, and national endorsement promoted by Y4; Number/Increase of MPAs in National System for Protected Areas.</p>	Current marine & coastal zone management initiatives are country driven and are regionally fragmented	Conservation strategies, supported by stakeholder groups in both countries will be strengthened and implemented	<p>Strategies published and reports of meetings with stakeholders.</p> <p>Final report on results of the conservation pilot project (3.1);</p> <p>Project monitoring reports and files</p>	Relevant government agencies at national and federal levels are supportive of efforts to harmonize regional approaches
2.4 The Strategic Action Programme (SAP) and National Action Programmes (NAPs) formulated and endorsed	<p>SAP and NAPs formulated and endorsed at ministerial level in both countries by Y4</p> <p>Regional, national, and local policy, legal, and institutional reforms adopted</p>	A regional SAP will not be completed and endorsed under baseline conditions.	SAP and respective NAPs completed and endorsed at appropriate levels (federal, state)	<p>SAP and NAP documents; Endorsement letters</p> <p>Project evaluations show implementation effectiveness.</p>	Long-term financial and political national commitment to the project
2.5 Commitments to SAP implementation obtained and sustainable financing arrangements formulated	Evidence of private sector commitment to supporting specific SAP activities Y4	National budgets are stressed and adequate budget is not provided for environmental matters. Minimal application of economic instruments in addressing priority water-related issues in the GoM LME	Investment plan developed that defines SAP co-financing commitments	Letters of intent/commitment by relevant institutions and authorities	<p>Countries, at both national and federal levels, may be unable or unwilling to commit the necessary resources for effective SAP implementation.</p> <p>Both countries have long-term financial and political commitment to the project, at both national and federal levels.</p>

Outcome 3 LME-wide ecosystem-based management approaches encouraged and strengthened through the successful implementation of the Pilot Projects					
Outcomes/Outputs/Activities	Indicator P: Process Indicator SR: Environmental Stress Reduction Indicator E: Environmental Status Indicator	Baseline	Target	Sources of verification	Risks and Assumptions
3.1 Pilot Project on Natural Habitat and Ecosystem Conservation of Coastal and Marine Zones of the Gulf of Mexico: Wetlands, Mangroves, Sea Grass Beds and Sand Dunes	<p>Specific project sites with emphasis on critical habitats such as mangrove ecosystems, wetlands, sea grass beds and sand dunes rehabilitation actions implemented and coastal ecosystems health improved Y4</p> <p>Strategies and actions for conservation in selected sites using ecosystem approach. Y4</p> <p>Cost effective strategies to mitigate impacts from erosion, meteorological events developed, Y4</p>	There are national efforts to conserve natural habitats in the coastal and marine areas of the GoM but they are currently uncoordinated	Natural habitat conservation demonstration project successfully completed	<p>Project monitoring reports and files</p> <p>R-TAG technical review reports</p> <p>Project progress reports; Project monitoring reports and files</p>	<p>Country support to facilitate the LME-wide dissemination of results of the pilot project, with participation of all sectors and stakeholders.</p> <p>LME-wide objectives may conflict with local interests</p>

3.2 Pilot Project on Enhancing Shrimp Production through Ecosystem Based Management	<p>Recovered depleted species through an ecosystem based management approach, focusing mainly on the shrimp fisheries. Y4 IW-SP2 Ministerially-agreed LME and basin action programs and local ICM plans adopted</p> <p>Strengthened capacities for improved stock assessments and data collection. Y4 (IW-SP1 Fish stock and habitat assessment)</p> <p>Established effective and coordinated surveillance and enforcement mechanisms. Y4</p> <p>Improved knowledge of current socioeconomic conditions derived from shrimp fisheries. Y4 (IW-SP1 Per capita income at demo sites)</p>	Fisheries management using the ecosystem approach is not undertaken by Mexico	Fisheries management demonstration project successfully completed	<p>Project monitoring reports and files</p> <p>R-TAG technical review reports</p> <p>Project progress reports; Project monitoring reports and files</p>	<p>Country support to facilitate the LME-wide dissemination of results of the pilot project, with participation of all sectors and stakeholders.</p> <p>LME-wide objectives may conflict with local interests</p>
3.3 Pilot Project on Joint Assessment and Monitoring of Coastal Conditions in the Gulf of Mexico	<p>Joint monitoring, assessment and evaluation of the coastal environment of the Gulf of Mexico Large Marine Ecosystem capacity developed. Y3 IW-SP1 Fish stock and habitat assessment; IW-SP2 Monitoring reduced levels of nutrient releases at demo sites.</p>	There is currently no regional coastal assessment monitoring programme	Regional coastal assessment monitoring programme demonstration project successfully completed	<p>Project monitoring reports and files</p> <p>R-TAG technical review reports</p> <p>Project progress reports; Project monitoring reports and files</p>	
3.4 Awareness programme on EBM including project web site consistent with IW:LEARN guidance and tools, and participation in biennial GEF IW Conferences	<p>Functional Website with Forum for active participation and consistent with IW:LEARN guidance. Participation in biennial GEF IW</p>		Effective learning tool for EBM and communication of project results and activities in place	<p>Website; active participation of PM team in GEF IW conferences.</p>	

Outcome 4 Monitoring and Evaluation System for the Project and the GoM LME established					
Outcomes/Outputs/Activities	Indicator P: Process Indicator SR: Environmental Stress Reduction Indicator E: Environmental Status Indicator	Baseline	Target	Sources of verification	Risks and Assumptions
4.1 M&E mechanisms set up including an M & E system for the project	Monitoring and evaluation support provides timely assistance to keep project on track and recommend strategies to ease bottlenecks. Y4	Not a part of the baseline program.	Effective M&E mechanisms in place	Annual reviews and mid-term/final evaluations	Project Management structure is operational very early in project implementation
4.2 Suite of GEF M&E indicators developed (process, stress, environmental status) to monitor SAP implementation.	GEF M&E indicators are successfully monitoring the progress of the project. Y1	Not a part of the baseline program.	GEF M&E indicators will set the basis for harmonized environmental status indicators for the Bi-annual regional status report (4.4)	Project progress reports; Project monitoring reports and files	Relevant institutions are ready to make available and distribute data broadly.
4.3 GoM LME Environmental Information System developed	Operational GoM LME Data and Information Management System established by Y2	Countries in the region have national environmental data centres, but there is no regional information system and only limited sharing of data.	GoM LME Data System established and functional	Existence of DIM system; DIM standards and protocol document	Relevant institutions are ready to make available and distribute data broadly.
4.4 Bi-annual regional status report developed on large scale ecosystem impacts in the GoM LME	First bi-annual report published by end of Y2 and second report in Y4	Uncoordinated national and international efforts to monitor environmental impacts in the GoM LME are carried out.	Completed Reports widely disseminated and used by decision-makers and resource managers	Bi-annual regional status report	Timely delivery of data and information from the participating countries

Outcome 5 Effective project coordination					
Outcomes/Outputs/Activities	Indicator P: Process Indicator SR: Environmental Stress Reduction Indicator E: Environmental Status Indicator	Baseline	Target	Sources of verification	Risks and Assumptions
5.1 Regional Project Coordination Unit (PCU) set up	Project coordination is properly staffed and executing the project according to the agreed work plan and budget. Y4	Not part of the baseline.	Project executed under a well staffed coordination unit according to the agreed work plan and budget	SC meeting minutes; Project reports	Efficiency of start up of the project. Timely appointment of CTA and Country Focal Points
5.2 Steering Committee and Regional Technical Advisory Group (R-TAG) established	Steering Committee meetings are held to provide annual project oversight. Y4	Not part of the baseline.	Steering Committee established and meeting according to established timeframe	SC meeting minutes; project monitoring reports and files	High-level national input will only occur if there is country commitment and the project has effectively communicated its role and expected outputs.
5.3 Intersectoral coordination established through the development of Intersectoral committees (ISCs) or their equivalent in both countries, including with private sector involvement	ISCs or their equivalent are established and meetings scheduled by Y1	Intersectoral coordination exists to a lesser or greater degree in the GoM states.	National intersectoral mechanism developed to improved wider cross-sectoral public participation	ISC meeting minutes; project monitoring reports and files	High-level national input will only occur if there is country commitment and the project has effectively communicated its role and expected outputs. Transfer of benefits is embraced as a concept in private sector

5.4 An appropriate regional coordination mechanism jointly defined	<p>Regional coordination mechanism formally established by Y4</p> <p>IW-SP2 Joint action adopted by regional institutions on nutrient reduction</p>	No regional mechanism in place for government, donor and other stakeholder coordination, consultation, strategic planning in promoting multi-country integrated sustainable management of the GoM LME.	Regional coordination mechanism established that builds upon existing bi-national frameworks and agreements	Regional agreement signed; meeting minutes; project monitoring reports and files	Country commitment to regional approach and to built upon existing joint agreements
5.5 Information needs within the relevant sectors identified and addressed in order to ensure active and informed participation	Information needs within the relevant sectors identified and training provided to build capacity in order to ensure active and informed participation. Y3 Q2	Active and informed participation of the relevant sectors associated with the GoM LME is patchy. Some sectors are highly engaged whilst others are not.	Good understanding of information needs within the relevant sectors providing the basis for developing targeted awareness and outreach programs	Project monitoring reports and files; Evidence of delivery of training	Country support to the Stakeholder Involvement Plan
5.6 Robust public awareness strategies targeted at the different stakeholder levels and groups developed	Public Participation and Awareness (PPA) strategies involving national experts, private sector, civil society, NGOs and other interested parties are ongoing. Y4	Existing stakeholders at national level are not well identified or organized for addressing priority GoM LME issues.	Stakeholders at all levels are informed about the project and therefore actively participating in its implementation	PPA committee meeting reports; National PPA meeting reports; Project monitoring reports and files	<p>Routine and effective involvement of stakeholders in planning, management and decision-making can only be accomplished by on-going encouragement, strengthened capacities, and financial commitment by donors and countries.</p> <p>The project assumes the support and involvement of the private sector</p>

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF)

A) COUNCIL (JULY 2007)

CEO endorsement issue	México/USA/Agency response	Notes
<p>Germany</p> <p>Approximately 55 million people live in the coastal states of the Gulf; 40 Million in the USA and 15 million in Mexico.</p> <p>The Gulf of Mexico is a major asset to both countries, in terms of fisheries, tourism, agriculture, oil, infrastructure, trade and shipping. As Mexico and the United States of America both are requesting countries and both are benefiting from this project, this should also be documented clearly in the Executive Summary of the Project Proposal.</p>	<p>Extensive socio-economic information has been included in the document, and additional information is available in the annexes. As far as the mutual benefits to be generated through the project, we understand this to be a desirable outcome of the LME approach, however given the scope of the project, the size of the LME and the project design, benefits directly generated from GEF-supported actions would accrue only in the Mexican Gulf States and particularly in the <i>Terminos</i> Lagoon region, as befits a project in which Mexico is the sole GEF-eligible party.</p>	<p>The project considers strongly in the development of pilot project around the Laguna de Terminos in Campeche and in the Gulf of Mexico, with in situ ground actions that will support and benefit both countries by:</p> <ul style="list-style-type: none"> ➤ Promoting governance and improving sustainable use of coastal and ocean resources ➤ Strengthening critical habitats ➤ Promoting adequate ocean and coastal use planning ➤ Promoting sustainable development of coastal areas ➤ Strengthening control of Land Based Sources of Pollution ➤ Improving understanding of the GoM Ecosystem in the context of Climate Change <p>GoM LME project goals and benefits:</p> <ul style="list-style-type: none"> ➤ Identifies pattern (mapping) of distribution of all sectorial activities ➤ Reduce possibility of environmental and social conflicts ➤ Encourage productive sectors towards proper areas in the region to prevents and reduces environmental impacts ➤ Promotes the equilibrium of all productive activities to protects the environment ➤ Protects natural heritage ➤ Promotes alternative solutions to sectorial activities ➤ Supports informed decision making to other environmental instruments
<p>Also, the estimated costs for the project have to be outlined in a consistent way. The figures concerning the "Total Project Financing" on pages 1 and 16 are not yet consistent and should therefore be reviewed.</p>	<p>Tables have been reviewed and are consistent as appropriate. Please note that the table on page 16, which shows the cost of the project components, does not include the PDF-B costs. This explains the apparent inconsistency.</p>	

<p>United States</p> <p>28. As written, the document does not sufficiently explain how the project will support a transboundary ecosystem-based approach to management of the LME. This point should have greater emphasis in the text. Moreover, there should also be greater emphasis on how management decisions will be based on science. The science based ecosystem approach should consider the recovery and sustainability of the goods and services of the Gulf of Mexico LME, including productivity, fish and fisheries, pollution and ecosystem health, socioeconomic benefits, and governance mechanisms.</p>	<p>Mexico has adopted the concept of ecosystem-based management in managing watersheds, river-basins, estuaries, coastal areas and oceans through the application of integrated and adaptive management approaches to deal with important issues such as ocean and coastal pollution, biodiversity loss and habitats deterioration, depletion of marine resources, coastal erosion, land reclamation and other issues related to social, economic, political, cultural and ecological features.</p> <p>Currently Mexico has directed its efforts to assemble the Ecosystem Based Approach, through the Sea Use Planning initiatives around all sea areas of Mexico.</p> <p>To enhance environmental information on marine ecosystems and to improve inter-sectoral and institutional framework and arrangements Mexico has set the “National Environmental Policy for the Sustainable Development of Oceans and Coasts: Strategies for its Conservation and Sustainable Use” and the “National Strategy for Sea Use Planning on the Territory”. Both instruments have specific mandates that in the near future will allow Mexico to establish similar or equivalent framework for oceans and coasts with the US.</p>	<p>At the operational level, the project has been build upon four pillars that clearly promote the application of Ecosystem Based Management, enhancing inter-institutional coordination to efficiently attend current and emerging management and planning issues regarding oceans and coastal zones:</p> <ol style="list-style-type: none"> 1. Enhance the quality of life of coastal communities 2. Promote harmonization between economic and social development and sustainable conservation of ocean marine resources 3. Achieve social equity and poverty alleviation and 4. Promote sustainable values and ethical appropriation <p>In order to ensure Ecosystem Based Management (EBM) applicability in a multidisciplinary and multisectoral way the project would in addition:</p> <ul style="list-style-type: none"> ➤ Will conduct common monitoring and understanding of the ecosystem condition, function and structure of the GoM LME trough joint monitoring and assessment cruises, ➤ Build EBM and/or adjust as appropriate current national legal framework a, strengthening institutions and aligning regional programs within the GoM, ➤ Arrange available scientific data bases in a
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	<p>Thus Large Marine Ecosystem approach fits with current major coastal and oceanic economic activities such as: 1) fisheries, aquaculture, and mariculture; 2) tourism; 3) industrial activities; 4) energy production-related activities; and 5) ports and transportation activities. Activities that are in enduring competition for availability of natural resources and space utilization, thus inducing a permanent tension among uses, users and between environmental conservation and economic development objectives. The LME approach and under the current Project GoM LME would allow both countries to consolidate partnership and common understanding of the GoM LME process.</p> <p>Main coastal and marine priority issues are: a) decrease of the fisheries catch, b) water pollution, c) habitat deterioration and habitat loss, d) biodiversity loss, e) visual quality impact, f) increase of solid and liquid wastes due to urban growth, g) loss of public recreation areas, and h) impacts on public health among others. Each of these factors can be used as indicators for identifying unsustainable natural resources uses. The overlapping of economic activities and conservation areas, and the resultant consequences, emphasize the need for a coordinated management of the ocean and coastal zones in order to guarantee through ecosystem management the recovery of goods and services and the sustainable development of both realms for the Gulf of Mexico LME.</p>	<ul style="list-style-type: none"> ➤ systematic way ➤ Promote easy access to public in order to allow society to track EBM advances and degree of progress as to facilitate informed decision making. ➤ Establish Ecosystem baseline information and indicators ➤ Establish a compulsory evaluation of Environmental Impact Assessment of development projects and activities carried on oceans and coastal areas, ➤ Develop and operate economic and environmental certification instruments, ➤ Define use and exploitation limits for all marine and coastal resources through development planning and harmonization of sectoral activities, ➤ Establish measures to control the introduction of exotic species into coastal and marine ecosystems, ➤ Develop conservation programs of coastal and marine ecosystems particularly vulnerable ecosystems and threaten species, ➤ Develop regional programs to rehabilitate coastal and marine ecosystems and its incorporation into the Sea Use Planning process, ➤ Develop techniques to assess economic value of vulnerable ecosystems ➤ Use of environmental criteria and best available scientific evidence, and the precautionary approach during sectoral planning and management of coastal and marine resources, ➤ Generate a regional planning model for coastal zones, compatible with sustainable development of productive activities and urban development, ➤ Promote planning at the national level of urban and rural development and human settlements along coastal areas ➤ Strengthen mechanisms to prevent and mitigate natural environmental and human impacts due to productive activities and growth of urban coastal centers.
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B) GEF SECRETARIAT (4 JULY 2008, 15 OCTOBER 2008)

Recommendation by program manager	Response
<p>Specific local, national, and multinational policy/legal/institutional reforms will be specified for end-of-project situation (with indicators) by endorsement.</p> <p>Please ensure to include the above mentioned national, regional policy/legal/institutional reforms and specify them for the end of project situation. Please make sure to include GEF 4 IW indicators</p>	<p>Have been added to Project Results Framework (Annex A, of this document). Specifically in sections: 1.2; 1.2.2; 1.2.3; 1.2.4; 1.4; 1.5; 2.1.1; 2.1.2; 2.1.3; 2.1.4; 2.2; 2.2.1; 2.2.2; 2.2.3; 2.3; 2.3.1; 2.3.3; 2.3.4; 2.4; 3.2; 3.3; and 5.4</p>
<p>Please include standard text on IW:LEARN related issues as well as the budget line of \$20K to support these activities</p>	<p>IW:LEARN related issues have been added :</p> <p><u>In this document:</u> Table A : Project Framework; Part II, paras C and E (including Budget for Outcome 3); Annex A Project Results Framework; para 3.4; as well as in the Project Results Framework (Annex A);</p> <p><u>In the Project Brief:</u></p> <p>In para 4.3 Expected Outcomes and Activities</p> <p>In Table 10, Incremental Cost Matrix</p> <p>In Table 11, Total Budget, and in the Work Plan</p> <p>In Appendix B: Stakeholders Involvement Plan</p>
<p>Please include stakeholder consultation plan</p>	<p>The Stakeholders Involvement plan has been included as Appendix B in the Project Brief</p>
<p>M&E Plan with GEF IW Results based management M&E indicators is to be included at time of endorsement with proper funding shown to support the work</p> <p>Please include in the project framework as well as in the M&E Plan de GEF IW indicators, as well as the specific national and regional reforms (as mentioned above).</p>	<p>Please see response to the first Recommendation.</p>
<p>Please include wording on the comparative advantage of UNIDO</p>	<p>Reference to UNIDO's comparative advantage has been added in the Project Brief (Pages 32-33)</p>
<p>Other: As requested by Mr. C. Severin on 3 September, to integrate gender considerations</p>	<p>The issues of gender integration have been addressed by the countries in the Project Brief, in the sections on Policy and Institutional Context in Mexico (p.21), and Policy and Institutional Context in the United States (p.22).</p>
<p>The above recommendations have been adequately addressed in the project documents, however the Co-financing letter from PEMEX is missing. Please resubmit the project and include all the co-financing letters.</p>	<p>The co financing from PEMEX (US\$1,200,000, or 1,2 % of total co financing) has been withdrawn at this time.</p>

C) STAP Roster Technical Review and Response to STAP comments

STAP ROSTER TECHNICAL REVIEW OF THE PROPOSED GEF-IW PROJECT: “INTEGRATED ASSESSMENT AND MANAGEMENT OF THE GULF OF MEXICO LARGE MARINE ECOSYSTEM

(MEXICO AND UNITED STATES OF AMERICA)

by J. A. Thornton PhD PH CLM

Managing Director

International Environmental Management Services Ltd – United States of America

INTRODUCTION

This review responds to a request from the United Nations Development Programme (UNDP) and the United Nations Industrial Development Organization (UNIDO) to provide a technical review of the proposed International Waters project seeking to develop a Strategic Action Program (SAP) for the Gulf of Mexico Large Marine Ecosystem (LME).

I note that I am a designated expert on the STAP Roster of Experts with particular experience and knowledge concerning watershed management and land-ocean interactions. I have served as Government Hydrobiologist with the Zimbabwe Government, Chief Limnologist with the South African National Institute for Water Research, Head of Environmental Planning for the City of Cape Town (South Africa), and, most recently, as Principal Environmental Planner with the Southeastern Wisconsin Regional Planning Commission (USA), a position that I hold concurrent with my position as Managing Director of International Environmental Management Services Ltd, a not-for-profit corporation providing environmental education and planning services to governments worldwide. In each of these positions, I have had oversight of projects and programs designed to assess contaminant loads to aquatic ecosystems from land-based activities, and to develop appropriate and affordable mitigation measures to reduce such loads and minimize their impacts on the aquatic environment, both freshwater and marine.

This review is based upon a thorough review of the UNDP Project Document (74 pages inclusive of the Logical Framework Analysis and Incremental Cost Reasoning), and the three Pilot Project narratives (“Restoring Depleted Shrimp Stocks through Ecosystem-based Management Practices in the Gulf of Mexico Large Marine Ecosystem,” 15 pages; “Joint Assessment and Monitoring of Coastal Conditions in the Gulf of Mexico,” 16 pages; and, “Habitat and Ecosystem Conservation of Coastal and Marine Zones of the Gulf of Mexico: Wetlands, Mangroves, Sea Grass Beds and Sand Dunes,” 34 pages) of the GEF-UNDP/UNIDO International Waters project, entitled: “Integrated Assessment and Management of the Gulf of Mexico Large Marine Ecosystem.” Other, relevant documents served as reference sources, including the GEF *Operational Strategy*, *Agenda 21*, and related materials establishing the necessity and priority of land-based activities to control marine pollution as set forth in the Global Program of Action for the Protection of the Marine Environment from Land-Based Activities (GPA).

SCOPE OF THE REVIEW

This review addresses, *seriatim*, the issues identified in the Terms of Reference for Technical Review of Project Proposals.

KEY ISSUES

Key issue 1. Scientific and technical soundness of the project. Overall, the project appears to be scientifically and technically sound. The approach proposed, which includes a further development of the preliminary Transboundary Diagnostic Analysis (TDA), conduct of targeted demonstration projects, formulation of an agreed Strategic Action Program (SAP), and implementation of project management arrangements—including

project monitoring and evaluation, designed to contribute to the creation of a formal intergovernmental cooperation mechanism for the transboundary waters of the Gulf of Mexico LME, adequately addresses the needs to initiate multilateral actions to reduce land-based impacts on the Gulf of Mexico LME.

The Gulf of Mexico is a major international waterway. As such, it has been extensively studied by the adjacent countries, at least insofar as their economic interests extend into its waters. Beyond that coastal economic zone, the oceanography of the Gulf has been studied since the Gulf of Mexico forms the point of origin of the Gulf Stream, a major contributor to the global circulation of the North Atlantic Ocean. However, all of these investigations, as is noted in the Project Document have been relatively uncoordinated or sectorally driven. This has resulted in a fragmented knowledge base, focused primarily on the nearshore waters of the Gulf of Mexico LME. Consolidation of this knowledge base would have significant scientific value to the oceanographic community, helping researchers to highlight gaps in knowledge, identify specific areas of research requiring attention, and develop greater insights into this globally-important marine resource.

It also should be noted that the coastal countries have differing capacities to conduct oceanic research and monitoring and differing abilities to respond to threats facing the Gulf of Mexico. Through the conduct of joint research and scientific activities within the framework of this project, it is anticipated that capacities will be strengthened. It is equally likely that the institutional relationships developed as a result of this project will contribute to the development of ongoing relationships between Gulf organizations that will extend beyond the project period. Indeed, it is a stated objective of the project to create not only the framework of an institutional mechanism for the joint management of the Gulf of Mexico but also contribute to a shared understanding the Gulf of Mexico LME.

As one of the first major transboundary ocean basins to evidence anthropogenic hypoxia, the Gulf of Mexico is potentially the forerunner of the future state of many enclosed oceanic basins in proximity to terrestrial nutrient sources, and receiving nutrient-rich runoff from major river systems. In the case of the Gulf of Mexico, the Mississippi River, draining the central portions of the United States of America (US) is the single largest source of nutrient input to the Gulf, but several major rivers draining the US southwest and Mexico also contribute to the development of hypoxia in the Gulf. As a result, this project can also serve as a demonstration project for actions to limit marine pollution from land-based activities, the goal of the Protocol to the United Nations Convention on the Law of the Sea (UNCLOS) of the same name. Lessons learned from this project, when shared through the scientific literature, technical symposia and the IW-LEARN best practices database, amongst others, could contribute to the prevention or management of similar conditions elsewhere in the world.

To this end, the inclusion of three demonstration projects within the proposed Gulf of Mexico project, and focused on the three priority concerns identified during the framework TDA preparation, seek to address specific issues of concern; namely, depleted shrimp stocks through ecosystem-based management practices, joint assessment and monitoring of coastal conditions, and habitat and ecosystem conservation of coastal and marine wetlands, mangroves, sea grasses and sand dunes. Experiences gained through these activities will contribute to the global knowledge base relating to LMEs and their associated drainage areas. The joint assessment and monitoring project will form the basis for ongoing collaboration between the coastal countries, while the shrimp production project will prepare a methodology, embodied in an ecosystem model, which could form the foundation for the development of similar approaches to managing other high value, over-harvested marine organisms within the Gulf (and elsewhere). The siting of all three demonstration projects within the area of the Terminos Lagoon takes advantage of the substantial body of knowledge already acquired on this embayment, in addition to contributing to the synthesis and integration of this knowledge the necessary policy instruments for the efficient and rapid implementation of a fully integrated near shore ocean management program within the project period.

In the end, the marriage of these scientific findings with the institutional, legal and policy instruments that currently exist or that will be developed during the project period will aid in the creation of an appropriate regulatory framework, and creation of the necessary infrastructure to support and sustain the environmentally-sound management of the Gulf of Mexico.

Key issue 2. Identification of global environmental benefits and/or drawbacks of the project, and consistency with the goals of the GEF. The proposed project establishes a framework within which to address the three major causes of environmental stress within the aquatic environment of the Gulf of Mexico; namely, eutrophication, habitat modification, and over-harvest of commercially important species. The activities associated with the development of a Strategic Action Program to address these three principal environmental concerns, identified during project preparation, will have relevance to the human response to these issues in other areas. Based upon the evaluation completed as part of the GEF IW-supported Global International Waters Assessment (GIWA), these three threats represent some of the most commonly occurring threats to the marine environment on a worldwide basis. Consequently, development of mechanisms to mitigate, moderate or manage these impacts is wholly consistent with the GEF IW focal area. Operational Program 9 (OP 9) of the GEF seeks to encourage a broadly based, multisectoral approach to resolving conflicts in the area of international and transboundary waters. Further elaborated as Strategic Objective 1 (SO-1) of the IW portfolio under GEF-4, OP 9 builds multi-state cooperation mechanisms to address priority concerns through an ecosystem-based management strategy.

To this end, the proposed project further addresses two strategic priorities within the GEF IW portfolio; namely, the management of fish stocks and associated biodiversity (SP-1), and the reduction of eutrophication or enrichment of coastal waters caused by anthropogenic nutrient inputs (SP-2). In terms of the former priority, this project would have crosscutting linkages to the protection of marine biodiversity, immediately relative to shrimp and ultimately relative to other species, especially those of economic value.

The participation of the relevant governmental organizations with responsibility for the marine environment, including environmental protection and marine fisheries agencies, would be an important element in ensuring the implementation of the project outcomes. This participation is provided through the relevant national, state, and local government agencies. Establishment of a functional operational agency, as proposed in the project document, also will contribute to achieving this objective.

Finally, true global benefit is presumed as a result of the connection of the Gulf of Mexico with the Atlantic Ocean by means of the Gulf Stream Current. This part of the Atlantic Ocean circulation has significant implications for the European climate, among other benefits.

Key issue 3. Regional context The Gulf of Mexico is bounded by the landmass of North America. Within this landmass, the nations of Mexico and the United States of America comprise the southern/western and northern extremes of the Gulf, respectively, while the island state of Cuba is located at the eastern extreme of the Gulf. While Cuba was a participant in the project development activities, the country has opted not to participate in the SAP formulation. From a socio-political perspective, this posture does not detract from the conduct of the proposed project, and the emphasis of the GEF IW program on information sharing and dissemination means that the results of the project will be available to the government of Cuba for their consideration. That said, the dominant geographic positions of Mexico and the US are such that the project area encompasses virtually all of the land mass draining to the Gulf.

Both Mexico and the United States are members, *inter alia*, of the North American Free Trade Agreement (NAFTA) area, which entity provides the regional context for this project. Amongst its other provisions, the NAFTA includes environmental provisions that are recognized and supported by this project. In addition, there are numerous other binational and international agreements to which the participating countries are party that contribute to the regional context for this project. One of the binational initiatives that merits noting is the Gulf of Mexico Alliance, comprised of the six Mexican and five US states that border the Gulf and supported by the federal agencies and other stakeholders from both countries. As noted in the project document, this Alliance could provide “a model for regional and international collaboration.”

The proposal clearly indicates an intention to disseminate information and results on a regional basis, both within the Gulf of Mexico Basin and elsewhere. In part, this dissemination process will utilize the offices of the national and state governments in both countries. The project also proposes inclusion of other stakeholders,

particularly from commerce and industry, nongovernmental organizations (NGOs), and academia, who will also contribute to the regional context within which the project is to be executed.

Key issue 4. Replicability. The implementation of the three demonstration projects is a key feature of this project, and clearly contributes to the potential for replication of beneficial practices and techniques. Further, the inclusion of mechanisms for disseminating information and results achieved fosters replication of effective and successful measures. To this end, the project explicitly includes a variety of stakeholders outside of the governmental bodies noted as participating in the project. As noted above, these stakeholders include the private sector, NGOs, and academia. The inclusion of the latter will promote the use of the project findings within classrooms and in the community. Participation of NGOs and academic institutions will help to disseminate knowledge of the Gulf, share information on best management practices (BMPs), and facilitate public “buy in” with respect to the project outcomes. Similarly, inclusion of the private sector participants will encourage their participation in the implementation of the strategies identified under the SAP.

Outside of the project area, the documentation of project results and dissemination of the outputs through websites, scientific publications, and other media will facilitate replication of the techniques and approaches in other LMEs bounded by significant landmasses. As noted elsewhere, potential areas for replication can be identified in the GIWA inventories; many of the world’s enclosed gulfs and seas would benefit from the integrated land and water resource management approach being proposed for the Gulf of Mexico. To this end, the participation in the project of global and regional NGOs, scientific institutions, corporations and other stakeholders provides a mechanism for targeted dissemination of information leading to possible replication of BMPs in appropriate situations elsewhere in the world.

Key issue 5. Sustainability of the project. A significant element of the sustainability of the project rests upon the participation of the local, state and national governments, their operational agencies, and other civil institutions. This participation is indicated in the project document through tasks to be performed by these (largely unspecified) entities, through the governmental financial commitments to the project (Section III), and through agency participation in project management (Section I, Part III). While there is always a risk that agency budgets may limit participation—this risk being identified in the project document—the likelihood is that these agencies and organizations will continue to maintain an interest in the project outcomes. In the case of this project, the level of risk has been determined to be low to moderate, which seems a reasonable representation of the prevailing situation in the region. Consequently, there is a high likelihood that the project will be sustainable beyond the period of GEF intervention. This likelihood is increased through participation in the project by civil society stakeholders, identified as NGOs, corporations, and local governments. These stakeholders, yet to be identified under most Outcomes except as external consultants in the organigram presented in Section 10.2 of the proposal (with the exception of Outcome 3 as elaborated in the pilot projects in Appendix C, have a more immediate and direct link to a sustainable strategy for the management of the marine resources of the Gulf and its riparian lands. Based upon the stakeholder identified in the Stakeholders Assessment (Appendix B), there is a high likelihood of the project securing sustainable participation in other aspects of the project.

Beyond this factual basis, the target of the project, embodied in at least one of the pilot projects, is sustainable management of high value marine resources; namely, shrimp. Development of resource management plans, a stated output of the project, and the inferred desire of the economic stakeholders for continuation of their livelihoods, would also suggest a strong potential for sustainability of the strategies developed within the framework of the SAP. Dissemination of the outputs of the project as a whole, and not only of the pilot projects, will encourage “buy in” by civil society in a more general sense, leading to sustainable outcomes.

Finally, the project proposes the creation of a bi- or multi-lateral body that would coordinate actions among the Gulf countries that will build from and continue the momentum of the project coordination unit (PCU) and its professional staff. The evolution of the PCU into a coordination mechanism bodes well for the sustainability of the project outcomes.

Key issue 6. Targeted Research Projects. Targeted technical demonstration and capacity building projects are key features envisioned within the GEF International Waters Operational Program. These activities are clearly included as major elements of this proposed project. The interventions proposed under the pilot projects, funded in part by the GEF, strive for sustainability and the continuation of successful interventions beyond the project period. Consequently, it is important that the demonstration projects continue to be monitored, and the results reported using the information dissemination mechanisms previously identified, beyond the project period. Such an approach is totally consistent with the catalytic nature of the GEF, and an essential element to the sustainability of the project.

Capacity building and institutional strengthening, envisioned in the project document, become the basic building blocks upon which this project will succeed or fail, both from the point of view of its sustainability and from its scientific and technical integrity. Inclusion in this aspect of the project of not only governmental entities but also corporate and community stakeholders should form a broad base from which targeted research can be translated to practical experience and hence into replicable BMPs.

SECONDARY ISSUES

Secondary issue 1. Linkage to other focal areas. This project is formulated as an International Waters project under OP 9 of the GEF *Operational Strategy*. While no specific crosscutting areas are identified, the project clearly has linkages to the crosscutting area of protection of aquatic biodiversity in terms of its potential beneficial impact on fisheries, as embodied under Strategic Priority 1 of GEF-4.

Secondary issue 2. Linkages to other proposals. The project constitutes the first LME project in the Latin America and Caribbean (LAC) Region. Consequently, no specific linkages exist between this project and other GEF IW initiatives in the LAC Region. However, the project does propose to make explicit use of the GEF IW-LEARN network as a means of disseminating the results and outputs of the project.

Additionally, the project identifies specific linkages with ongoing initiatives of the United Nations, including: the United Nations Environment Programme (UNEP) Wider Caribbean Regional Seas Programme, the Food and Agriculture Organization of the United Nations (FAO) Western Central Atlantic Fisheries Commission (WECAFC), and the United Nations Education, Scientific and Cultural Organization (UNESCO)-Intergovernmental Oceanographic Commission (IOC) Sub-commission for the Wider Caribbean (IOCARIBE).

The project also recognizes the complementarities between the management of transboundary waters of the Gulf of Mexico and the management of the national coastal waters, linking with national and state-level programs within each of the participating countries. In addition, the project has complementarities with other (global) projects utilizing land-based actions to minimize degradation of the marine environment as a result of land-based activities under the GPA.

These linkages contribute to a high degree of connectivity within this project, and contribute to the likelihood that the actions undertaken will be sustainable, and that the lessons learned can and will be transferred beyond the project boundaries to other, similar situations and locations.

Secondary issue 3. Other beneficial or damaging environmental effects. The project has no known or obvious damaging environmental impacts associated with the activities that it is proposed to execute. The beneficial impacts of the project have been fully articulated above, and include the implementation of targeted interventions that address both chronic land-based sources and potential, catastrophic ocean-based events that contribute to the degradation of the Gulf of Mexico and its resources.

The provision of trained staff and institutional capacities needed to enforce and enhance existing environmental protection regulations, and the dissemination of successful management measures further contribute to the benefit of the Gulf and its drainage basin in both coastal countries. All of these benefits accrue not only within the project area, but, as a result of their wider dissemination using the electronic and other media provided, also to the wider Caribbean basin and beyond.

In this latter regard, the explicit connections between the project and ongoing national initiatives are noteworthy. Specifically, these connections are embodied in large part within the elements of Outcome 2 that are fully cofinanced.

Secondary issue 4. Degree of involvement of stakeholders in the project. The involvement of stakeholders is extensive, although limited to national-, regional-, and international-level governmental bodies, functional bodies including academia and NGOs, and resource users. Involvement of the wider public is catered for through informational programming inherent in the project dissemination proposals, and through the involvement of NGOs. It should be noted that the proposal states that identification of local level stakeholders was not undertaken. Given the scale of the Gulf and its drainage area, and the potential numbers of such organizations, both governmental and nongovernmental, this decision is not unreasonable. Nevertheless, it is to be hoped that the involvement of national institutions will provide opportunities for these entities to liaise with their counterpart state and local governmental bodies during the course of the project. The exception to this generalization is the pilot projects, which make explicit linkages with such local institutions and organizations. In this regard, the participation of the relevant national regulatory agencies and ministries, NGOs and academic institutions in the execution and implementation of the project activities, including the project's explicit support for capacity building and institutional strengthening with respect to these organizations, is critical to the sustainability of the project and its expansion into areas not specifically involved in the pilot projects.

Secondary issue 5. Capacity building aspects. Capacity building is a critical element of the proposed project. Creation and strengthening of appropriate institutions, conduct of the pilot projects, and recognition of the need for regional level coordination within the Gulf of Mexico form the core of the GEF-financed elements of the project as noted under Outcomes 2, 3 and 5. Dissemination of lessons learned with respect to coastal development policy, fisheries management practices, and environmental information dissemination are essential elements of the GEF-financed pilot project activities (Outcome 3) and the information management system (Outcome 4). These latter elements also should be implemented in conjunction with the IW-LEARN initiative being executed by the UNDP and the UNEP best practices database. These efforts will enable wider dissemination of knowledge of practices that have positive effects. Such knowledge is an essential element in building capacity and strengthening institutions in the region. Institutional "twinning" between agencies of Mexico and the United States could also be considered in this vein.

Secondary issue 6. Innovativeness. Development of appropriate management practices for the management of hypoxia in enclosed and semi-enclosed LMEs, such as the Gulf of Mexico, is a critical element for the protection of the marine environment, within the context of an integrated land- and water-based management program. By creating and strengthening the appropriate human resources, institutions, data acquisition and dissemination systems, and shared management mechanisms, the proposed management program will complement other pollution abatement and "blue water" management measures being implemented by the basin governments and stakeholders. The proposed actions and approaches reflect state-of-the-art practices, and their application in the Gulf of Mexico will significantly advance current practice in this Basin as well as in the wider Caribbean region as a whole. In this manner, the project promotes innovation and development of regionally applicable remedial practices and experiences.

GENERAL CONCLUSION AND RECOMMENDATIONS

Overall, it is the conclusion of this reviewer that the proposed project is wholly consistent with the GEF International Waters operational program, its broader philosophy, and funding criteria. Consequently, this project is recommended for funding.

RESPONSE TO STAP REVIEW

We would like to thank the Reviewer for his very positive STAP Review. This includes his remarks that the proposed Gulf of Mexico LME project is: scientifically and technically sound; the proposed actions and

approaches reflect state-of-the-art practices; the approach is strongly participatory in ambit and provides a mechanism for targeted dissemination of information; its BMPs are potentially replicable globally; it is sustainable beyond the period of GEF intervention; and it is consistent with the GEF International Waters Operational Program, its broader philosophy, and funding criteria.

We appreciate the Reviewer's comments that support the aim of the project: namely, to marry its scientific findings with the institutional, legal and policy instruments that currently exist or that will be developed during the project period to assist in the formation of an appropriate regulatory framework, and to develop the necessary infrastructure to support and sustain the environmentally-sound management of the Gulf of Mexico through the LME approach.

The Reviewer further supports the five Outcomes of the project and stresses that the approach proposed adequately addresses the needs to initiate multilateral actions to reduce land-based impacts on the Gulf of Mexico LME. The reviewer is also supportive of the three pilot demonstration projects within the proposed Gulf of Mexico project which focus on the three priority concerns identified during the framework TDA preparation and indicates that experiences gained through these activities will contribute to the global knowledge base relating to LMEs and their associated drainage areas.

The only real criticism leveled at the project by the reviewer relates to the identification of stakeholder groups. Reference is made in the project document that a significant element of the sustainability of the project rests upon the participation of the local, state and national governments, their operational agencies, and other civil institutions. However, the reviewer states that the tasks to be performed under each Outcome will be undertaken by largely unspecified entities.

In response to this, we agree that stakeholder groups have not as yet been identified for specific Outcomes/Outputs (apart from Outcome 3). This is largely because the scale of the GoM LME will require the involvement of diverse stakeholder groups and although key groups have already been identified during the preparatory stage, the project itself will continue to enhance robust and informed stakeholder involvement. In order to ensure full stakeholder participation, the project will aim to identify the specific key stakeholders for each outcome and ensure active and informed participation from the relevant sectors (Output 5.5). It will also ensure that different stakeholder levels and groups are targeted through the development of a robust public awareness strategy (Output 5.6). Key groups will probably participate in more than one Outcome. Additionally, the engagement of other stakeholder groups, such as those working in specific watersheds including the Mississippi river to address land-based sources, will itself be a major undertaking within the project.

It is also noted that the reviewer has indicated that as capacity building is a critical element of the proposed project, the dissemination of lessons learned with respect to coastal development policy, fisheries management practices, and environmental information dissemination are all essential elements of GEF-financed pilot project activities (Outcome 3) and the information management system (Outcome 4). He indicates that they should also be implemented in conjunction with the IW-LEARN initiative being executed by the UNDP and the UNEP best practices database. We acknowledge that these efforts will enable wider dissemination of best practice and consequently have reflected this in the project document.

ANNEX C: CONSULTANTS TO BE HIRED FOR THE PROJECT

<i>Position Titles</i>	<i>\$/ person week*</i>	<i>Estimated person weeks**</i>	<i>Tasks to be performed</i>
For Project Management			
Local			
Chief Technical Advisor	1,200 (GEF)	204	Overall programme and strategy guidance; introduction of experience in strategic issues of the Gulf of Mexico, and policy consultation
Technical Assistant	850 (GEF and other sources)	204	Assist the CTA in programming and executing activities.
PCU Administrator	850 (GEF and other sources)	204	Monitoring and tracking Work Plan and finances
Database management and IT expert	850 (GEF and other sources)	204	Provide IT services for PCU, maintain database, develop and maintain web page
Socio-Economic Expert	1,000 (GEF and other sources)	102	Socio-economic analysis of the resources and services of the Gulf of Mexico
Stakeholder Expert	1,000 (GEF and other sources)	102	Update stakeholder analysis; formulate and monitor stakeholder plan and its implementation
No International consultants will be recruited for Project Management			
Justification for Travel, if any: Since the project involves two countries and three pilot projects, travel to Mexico City (4 trips per year x 4 years at \$2,000 each totals \$32,000) and Miami (2 travels per year x 4 years at \$2,000 each totals \$16,000) to coordinate with the national focal points for the project are expected. Also travel to Corpus Christi (Texas) (2 trips per year x 4 years at \$2,000 each totals \$16,000) to coordinate with the Harte Research Institute and the Texas A&M University campus there. Visits to the pilot projects in the field (4 trips per year x 4 years at \$4,000 each totals \$64,000), attendance to workshops (4 trips per year x 4 years at \$3,500 each totals \$56,000) and training courses (4 trips per year x 4 years at \$4,000 each totals \$64,000) etc., have also been considered.			
For Technical Assistance			
Local			
Pilot project technical advisor	1,500	615	Day to day management of the project, design technical aspects for restoration activities on ground and coordination of pilot project
Management Specialist in Marine and Coastal Protected Areas	1,200	208	Provide with specific information on Laguna de Terminos Lagoon Protected Area and linkage with pilot projects to develop in the area.
Watershed Management Specialist (Geo-morphology and hidrology monitoring)	1,200	120	Feasibility assessment of implementing integrated watershed management to enhance restoration of wetlands and mangroves. Including assessment of policies and governance mechanisms focused at minimizing land-based sources of pollution, surface soil erosion, and sedimentation.
Geographic Information System and Data Base Management	500	62	Analysis and systematization of environmental information; data collection; management of all digital data, maps and other related information to restoration processes
Wetlands and mangrove expert	1,200	208	Oversee the design of restoration plans, on-site inspection, co-ordination with local authorities, stakeholders and agencies involved in the process; prepare and submit technical reports

Sea grass expert	1,200	208	Conduct on-site inspection and develop an action plan for sea grass beds applicable to areas with these ecosystems; prepare and submit technical reports
Sand dune expert	1,200	208	Conduct on-site inspection and develop an action plan for sand dunes applicable to areas with these ecosystems; prepare and submit technical reports
Monitoring assistant	800	148	Develop data base with environmental information to assist restoration project and processes aligned with other pilot projects as well.
Stakeholder and public information outreach expert	1,200	116	Enhance public and stakeholder participation, update and disseminate information on project progress, prepare information bulletins, reports, etc.
Human ecology (including Socio economic aspects) and Fisheries expert	1,200	208	Analyze socio economic activities related to the local, regional and national chain market of fisheries, particularly related to the Laguna de Terminos Lagoon and assessment of all economic activities to enhance shrimp stock recovery
Certified Production advisor	1,200	30	Promote the adoption and oversee the application of sustainable production practices (fishing and product management best practices) including energy reduction, reduce nutrient loading to ecosystem,
Monitoring expert	1,000	116	Compile, analyze, and integrate environmental variability information, develop strategies to use of environmental friendly gear fishing technology.
Stakeholder and public information outreach expert	1,000	116	Enhance public and stakeholder participation, update and disseminate information on project progress, prepare information bulletins, reports.
Compliance expert	1,000	30	Review and prepare documents for compliance of all legal aspects of the project; submit applications for permits
Legislative policy and regulatory framework expert	1,000	30	Analyze and review all agreements and documents that fit within the regulatory framework of the project; develop strategies for legislative policy implementation with an ecosystem based approach
Environmental and Ecosystem monitoring expert (including pollution, fisheries, environmental quality and aquatic resources)	1,200	116	Compile, analyze, and integrate environmental variability information as well as integrate and update an environmental information system on pollution, fisheries, environmental quality and aquatic resources. Coordinate pilot project.
Municipal and state public policy expert	900	40	Enhance public policy information and participation from municipal and state stakeholders
International			
Fisheries analyst	3,000	104	Improve fisheries stocks assessment and data collection, planning and coordination of workshops and meetings with stakeholders, fisherman and authorities related to fisheries to discuss overall stocks assessments.

Fishing gear specialist	3,000	104	Develop strategies to apply available and viable new modern fishing gear technology to reduce impacts on the ecosystem including bycatch reduction strategies and improved mechanisms, particularly to protect endangered species around the Protected Area; enhance fishing efficiency with less environmental impacts
Coastal ecosystem indicator expert	3,000	36	Develop regional monitoring strategy, including a series of coastal ecosystem indicators that provides information for an environmental information system. Prepare mechanism to compare environmental indicators with those developed in the US by the EPA.
Marine ecosystem indicator expert	3,000	36	Develop a series of marine ecosystem indicators that provides information for an environmental information system.
SAP/NAP Coordinator	2,500	80	Coordinate country team activities leading to SAP and NAP formulation and approval
NAP Expert	2,500	8	Design and implement national training for formulation of NAPs
Justification for Travel, if any: See above			

* Provide dollar rate per person weeks or months as applicable; ** Total person weeks/months needed to carry out the tasks.

ANNEX D: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS

A. EXPLAIN IF THE PPG OBJECTIVE HAS BEEN ACHIEVED THROUGH THE PPG ACTIVITIES UNDERTAKEN.

The project preparatory phase was undertaken under the implementation of UNDP and the execution of UNIDO. Funding for execution was made effective in the second semester of 2005. After the recruitment of the Regional Coordinator and establishment of the project coordination office in Merida, Mexico, the inception workshop took place in January 2006. The inception workshop and subsequent technical and Steering Committee meetings were not attended by Cuba, in spite of the continuous efforts by both the IA and EA to facilitate the active participation of the country in all project activities. In February 2007, the Cuban Vice-Minister of the Ministry for Foreign Investment and Economic Collaboration (MIN VEC), Mr. Orlando Requeijo Gual, on behalf of the Government of Cuba officially informed the project partners of its decision not to participate in the project. In its decision, the Government of Cuba indicated that the project did not fit within the framework of the environmental priorities established in the country's Estrategia Ambiental Nacional (National Environmental Strategy). The GEF Agencies and the participating countries recognize that Cuba exercised its sovereign right to determine whether to participate in this initiative. Throughout the implementation of the preparatory phase, UNDP, UNIDO and the Mexican Government made continuous efforts to elicit the participation of Cuba in all project activities. Informal consultations were also carried out. Both the USA and Mexico have stated that Cuba's participation in the project would be beneficial, and that their reincorporation at any point in the process would be welcome. In the project launch workshop and subsequent steering committee meetings, the US and Mexican Delegations made statements regarding the "open door" policy for Cuban participation in the project, if the country decides to reincorporate itself in the process.

During PDF-B implementation, UNDP recommended that the TDA and SAP be integrated on a provisional basis, to be completed during the FSP execution phase. This allowed for the preparatory phase to be focused on the preparation of the Project Brief for inclusion in the GEF Work Programme for 2007. Mexico and the US accepted this recommendation as an informed decision drawn from the experience of similar GEF LME projects. With the guidance provided by the GEF agencies, a preliminary TDA was drawn in order to provide the scientific basis for the priority issues to be addressed in the FSP and subsequent SAP.

The timing of the preparatory phase coincided with extensive and substantial reforms within the framework of the GEF operational policies and project cycle. For the inclusion of the project in the GEF 2007 Work Plan, and adhering to the new GEF policies, the Government of Mexico decided to finalize the preparatory phase and to continue the FSP with UNIDO as the sole GEF agency. This issue was addressed directly between the Mexican Focal Point and Council Member and the CEO and Chairperson of the GEF during the week of 25 June 2007.

B. DESCRIBE FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION, IF ANY:

The project concept was elaborated with the participation of the three countries that share the resources of the Gulf of Mexico: Cuba, México, and the United States of America. As it has been explained in Annex A, the Government of Cuba chose not to participate in the project design. The possible integration of Cuba during project implementation may require adjustments to the project structure. Otherwise no major concerns have been identified.

C. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES AND THEIR IMPLEMENTATION STATUS IN THE TABLE BELOW:

<i>Project Preparation Activities Approved</i>	<i>Implementation Status</i>	<i>GEF Amount (\$)</i>			
		<i>Amount Approved</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>	<i>Uncommitted Amount*</i>
Project Coordination	Completed	166,600.59	136,192.39	0	30,408.20
TDA Preparation	Completed	132,478.43	94,683.02	0	37,795.41
Total National & Regional Stakeholder Dialogues & Preparation SAP	Completed	108,999.99	51,619.30	0	57,380.69
Development & Integration of GEF Project Document	Completed	54,422.41	35,640.00	0	18,782.41
Workshops Support	Completed	10,498.67	10,341.15	0	157.52
Total		<u>473,000.09</u>	<u>328,475.86</u>		144,524.23