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**MEXICO – FEDERAL GOVERNMENT**

[MAP OF CENTRAL AMERICA]

**NATIONAL PORTFOLIO FOR MEXICO TO BE FINANCED BY THE GLOBAL  
ENVIRONMENT FACILITY (GEF) DURING THE PERIOD 2010-2014**

October 2011

## NATIONAL EVALUATION COMMITTEE

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## **1. INTRODUCTION**

In November 2010, the heads of the National Commission for Protected Natural Areas (CONANP), the National Ecology Institute (INE), the National Forestry Commission (CONAFOR), the National Commission for the Knowledge and Use of Biodiversity (CONABIO), and the Under-Secretariat of Environmental Policy and Planning (SPPA) of the Secretariat of Environment and Natural Resources (SEMARNAT), signed an agreement (see document attached) to promote the adoption of the “National Portfolio” approach, in order for Mexico to gain access to the resources of the Global Environment Facility (GEF) under the System for Transparent Allocation of Resources (STAR), 2010-2014.

This agreement was presented to representatives of the Secretariat of Finance and Public Credit (SHCP), the Secretariat of Energy (SENER), and the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) for direct consultation, and they all agreed to support the proposal for the Mexican Government to formulate a National Portfolio under STAR.

As a result of this agreement, the National Evaluation Committee was established to review and approve project proposals as well as formulate the National Portfolio. This committee is comprised of the heads of the following institutions: the Deputy Directorate General for North America, Asia-Pacific, and the Caribbean of the SHCP, who is also the Focal Point for Mexico and a member of the GEF Council for the Constituency of Mexico and Central America, the Under-Secretariat of Environmental Policy and Planning of SEMARNAT, INE, CONANP, CONAFOR, and CONABIO, as well as the heads of the Directorate General of Information and Energy Studies of SENER, and the Directorate General of Regional Programs and Rural Organization of SAGARPA.

In order to formulate the National Portfolio, this committee received assistance from the GEF Project Coordination Mechanism, composed of representatives from federal government institutions that comprise the National Committee, who met on several occasions.

The main objective of this exercise was to identify and communicate the priorities of the Federal Government’s environmental policy set forth in: (a) the 2007-2012 National Development Plan; (b) the 2007-2012 sectoral programs for Agriculture, Livestock, Rural Development, Fisheries, and Food; Energy; the Environment and Natural Resources; and the Special Climate Change Program; (c) Mexico’s priorities and needs related to compliance with the CBD, the UNFCCC, and the UNCCD; (d) the institutional programs of CONAFOR, CONANP, CONABIO, and INE; and (e) the topics of the GEF Operational Strategy that constitute eligible activities, with the aim of contributing to the

incremental cost of national implementation and compliance with the conventions for which the GEF serves as the financing mechanism.

## **2. DESCRIPTION OF THE NATIONAL EVALUATION COMMITTEE (CNE)**

### **2.1 Members of the CNE**

1. **Claudia Grayeb**, Deputy Director General for North America, Asia-Pacific, and the Caribbean, of the Secretariat of Finance and Public Credit, who is also the GEF Focal Point for Mexico and a member of the GEF Council for the Constituency that includes the following countries: Guatemala, Honduras, Nicaragua, El Salvador, Costa Rica, Panama, Mexico, and Venezuela;
2. **Fernando Tudela**, Under-Secretary of Environmental Policy and Planning in the Secretariat of Environment and Natural Resources;
3. **José Sarukhán**, National Coordinator of the National Commission for the Knowledge and Use of Biodiversity (CONABIO);
4. **Luis Fueyo**, Commissioner of the National Commission for Protected Natural Areas (CONANP);
5. **Juan Manuel Torres Rojo**, Director General of the National Forestry Commission (CONAFOR);
6. **Francisco Barnés**, President of the National Ecology Institute (INE);
7. **Leonardo Beltrán**, Director General of Information and Energy Studies of the Secretariat of Energy (SENER); and
8. **Esteban Borromeo**, Director General of Regional Programs and Rural Organization, of the Secretariat of Agriculture, Livestock, Rural Development, Fisheries, and Food (SAGARPA).

The institutional rationale for the participation of each was as follows:

1. **The Secretariat of Finance and Public Credit (SHCP)** serves as the GEF Focal Point for Mexico and is therefore the highest national entity for the endorsement of project proposals sent to the GEF Secretariat.
2. **The Secretariat of Environment and Natural Resources (SEMARNAT)** is responsible for the implementation of the federal government's plans and is also responsible for monitoring and follow-up on compliance with public policies and for the powers and responsibilities of the federal government in environmental and natural resource matters, including compliance with the conventions that Mexico has

ratified on Climate Change, Biodiversity, Combating Desertification, and Pollutants. SEMARNAT is also the primary National Focal Point, along with the Secretariat of Foreign Affairs, and through the Under-Secretariat of Environmental Policy and Planning serves as the institution accountable to the SHCP, ensuring that programs and projects identified for GEF funding correspond to the national priorities in this regard.

3. **The National Commission for the Knowledge and Use of Biodiversity (CONABIO)** is responsible for the National Biodiversity Information System (SNIB) and is the National Focal Point for the following entities/areas under the Convention on Biodiversity (CBD): the Subsidiary Agency for Technical, Scientific, and Technological Advice (SBSTTA), the Information Facilitation Mechanism (CHM), the Global Strategy for Plant Conservation (GSPC), the Global Taxonomy Initiative (GTI), and Genetic Resource Access and Benefit-Sharing (ABS).
4. **The National Commission for Protected Natural Areas (CONANP)** is the institution responsible for drafting, developing, and enforcing legislation and regulations, programs and policies for the conservation of biodiversity and the environment in current protected natural areas, and for promoting new decrees to establish protected areas. It is also the National Focal Point for the Protected Areas Work Program of the CBD.
5. **The National Forestry Commission (CONAFOR)** is responsible for the federal government's programs and policies for the conservation, use, and sustainable management of the country's forest resources, and is also the Technical Focal Point for the Convention to Combat Desertification (UNCCD).
6. **The National Ecology Institute (INE)** is responsible for supporting the design of programs and policies for the environment sector through the provision of scientific knowledge and information derived from applied research in various spheres, including environmental economics and, in particular, climate change.
7. **The Secretariat of Energy (SENER)** is responsible for programs, policies, legislative initiatives, and regulations for energy development in the country.
8. **The Secretariat of Agriculture, Livestock, Rural Development, Fisheries, and Food (SAGARPA)** designs, handles, and executes federal government programs, public policies, and initiatives in the legislative and regulatory spheres, for all matters related to rural development, agriculture, livestock, food, and the fisheries subsector.

## 2.2 Meetings of the National Evaluation Committee

During the National Portfolio Formulation Exercise, the following meetings were held:

- November 2010. Establishment of the Project Coordination Mechanism and the National Evaluation Committee
- January 2011. Planning of the national workshop to set priorities

- February 2011. Workshop to identify priority topics, sub-topics, and project selection criteria
- April 2011. Working meetings to determine the scope of the public consultation
- June 2011. Holding of public consultation
- August 2011. Identification and publication of the call and procedures for project submission
- September 2011. Deadline for project submission and four working meetings to review the list of projects received and meeting of the CNE to evaluate projects and approve the National Portfolio

### **3 DESCRIPTION OF THE NATIONAL PORTFOLIO FORMULATION EXERCISE**

#### **3.1 Workshop to Set Priorities and Forms of Consultation**

Although the National Portfolio Formulation Exercise (NPFE) could include all GEF-eligible areas, in keeping with the decision of the National Evaluation Committee, this Portfolio was established exclusively for the identification and weighting of initiatives eligible for the programming of STAR resources available to Mexico in the focal areas of Biodiversity, Climate Change, and Land Degradation.

Projects for the focal areas not considered under the STAR (persistent organic pollutants and international waters) and for which endorsement is requested in order to be considered eligible for GEF-financing will be directly submitted, on an individual basis, to the Focal Point or through SEMARNAT. The CNP mechanism will not apply to these projects. Efforts will nonetheless be made to ensure that these projects are aligned with those to be included in the National Portfolio in order to create synergies and use resources more effectively.

The National Committee convened and coordinated a planning exercise through a “GEF Coordination Mechanism Workshop in Mexico to define the process and priorities for formulating the National Portfolio,” which was held on February 3 and 4, 2011.

The priority topics were identified, as well as the sub-topics, and project selection criteria for each of the three GEF focal areas to which resources will be allocated. The basic content of the federal government’s public policy planning instruments was also reviewed.

Therefore, for each of the focal areas, namely, Biodiversity, Climate Change, and Land Degradation, reviews were conducted of the policy content in the 2007-2012 National Development Plan; the sectoral programs for energy, agriculture, livestock, rural development, food and fisheries, and the environment and natural resources;

and the institutional programs for biodiversity, forest resources, and natural protected areas.

Likewise, for each topic, Mexico's commitments under international conventions were reviewed, which, when linked to national policies and strategies, will ensure the consistency and completeness of the planning exercise and its application at the time of preparation of the National Portfolio.

### **3.2 Public Consultations as Part of the National Portfolio Formulation Exercise**

The sub-topics for each priority topic and the criteria approved were opened to media-based public consultation from May 27 to June 10, 2011.

The comments received were reviewed and addressed and final versions of these documents were produced. Of note were the changes made to the topic of Land Degradation and the creation of a fourth topic pertaining to the Incentive Program for Sustainable Forest Management (REDD+). (See Annexes I and II)

Later on, in August 2011, the invitation was published for project proposals to comprise the National Portfolio. The notice included, as additional information, the final version of the priority topics, sub-topics, and project selection criteria. A presentation format was developed that will ensure that all the proposals submitted make reference to the priorities identified. (Annex III)

### **3.3 Consultations with GEF agencies**

In order to identify the implementing agencies of the United Nations system, in view of the fact that most project sponsors are already working with some of these agencies, the CNE decided that each institutional project sponsor would organize the meeting to present the project and determine the potential for acceptance by the respective agency.

## **4 DESCRIPTION OF MEXICO'S OVERALL ENVIRONMENTAL CHALLENGES IN DIFFERENT SECTORS**

### **4.1 Climate Change (Mitigation)**

In 2007, Mexico published its 2007-2012 National Development Plan, which includes in its fourth topic, "Environmental Sustainability," setting forth the objectives and strategies for the area of climate change. The 2007-2012 Sectoral Program for Environment and Natural Resources sets forth three objectives: (a) implement the National Climate Change Strategy; (b) recognize vulnerability according to type of threat and social sector in terms of climate change, and initiate national and locally-adapted capacity building projects; and (c) prevent risks associated with hydro-meteorological phenomena and address their effects. In keeping with Mexico's commitments as a party to Annex I of the United Nations Framework Convention on

Climate Change (UNFCCC), the country has submitted four National Communications to the Convention. In 2007, Mexico published its National Climate Change Strategy (ENACC), which identified broad opportunities for the mitigation of greenhouse gas emissions and adaptation to the effects of climate change. Subsequently, the Special Program on Climate Change (PECC) 2009-2012, which sets forth and develops the guidelines contained in the ENACC, drafted by the Intersecretarial Commission on Climate Change (CICC), was opened to public consultation and published in 2009. The PECC has four components: long-term vision, mitigation, adaptation, and elements for the main policies. In the long-term vision, Mexico has set itself the national goal of reducing its greenhouse gas emissions by 50 percent by 2050 relative to emissions in 2000 and protecting the population from the effects of climate change.

In 2009, CONANP published its Climate Change Strategy for Protected Natural Areas, in which it examined the issues of biodiversity and climate change. The Strategy outlined the components that CONANP should consider in its management plans and the execution of pilot projects in regions.

#### **4.2 Biodiversity**

Mexico is a “megadiverse” country as it has one of the most diverse biota on the planet (between 10 and 12 percent of the species described in the world). Apart from the high diversity of species, many of them are endemic: between 50 and 60 percent of the vascular plants, 163 species of freshwater fish, 174 amphibians, 368 reptiles, 125 birds, and 169 mammals.

As part of the fulfillment of Mexico’s commitments to the CBD, Mexico published its first country study in 1998 and its National Biodiversity Strategy in 2000. In 2009, CONABIO published three of the five planned volumes of its second country study, entitled “Natural Capital of Mexico [*Capital Natural de Mexico*].” More than 800 experts contributed to this publication, using the conceptual framework of the Millennium Ecosystem Assessment. It is the most comprehensive and up-to-date compilation of biodiversity information on Mexico and contains an inventory of all the species and ecosystems registered in Mexico, identifies the main threats to biodiversity and the trends in the different biological groups and ecosystems, along with the progress made in conservation efforts and the main tools for sustainable use, and provides an insightful analysis of the relevant public policies.

In addition, CONABIO is currently promoting the development and publication of government strategies for the Conservation and Sustainable Use of Biodiversity in 22 of the country’s 32 federal entities.

In 2004, Mexico established its Protected Areas Work Program and is among the countries that have made the most progress toward achievement of its targets set. Mexico has completed three studies in order to fulfill the commitments arising from the Conference of Parties: the analysis of the conservation gaps (*GAP Analysis*) for

(a) ecosystems that require conservation; (b) areas of opportunity and capacity building in protected areas; and (c) funds required to adequately meet the needs of the 174 protected natural areas that are managed at the federal level.

At the 2011 Workshop, Mexico, taking into account the Fourth National Report to the CBD, as well as the natural capital, identified the priority areas for the proper implementation of the CBD, using as a reference the Aichi-Nagoya Targets (2011-2020) established during COP 10 in Nagoya.

#### **4.3 Land Degradation**

With regard to land degradation, Mexico published its Desertification Action Plan in 1994, prior to the signing of the United Nations Convention to Combat Desertification in 1995. The country had a long way to go to broaden the concept of desertification to encompass non-desert ecosystems, recognizing that land degradation affects the productivity of the land throughout the country and is related to migration and environmental degradation. The Focal Point for the United Nations Convention to Combat Desertification is the National Forestry Commission (CONAFOR). SEMARNAT, through the Secretary, chairs the National System for Combating Desertification and the Degradation of Natural Resources (SINADES), with CONAFOR as deputy chair. CONAFOR has implemented important programs to promote sustainable forest management, conserve land, support restoration through reforestation, and promote commercial forest plantations. CONAFOR, as part of SINADES, participates in the updating of the Desertification Action Plan, which will be based on the Sustainable Land Management Strategy, based on a long-term vision, which should be aligned with the UNCCD's Ten-Year Strategy.

#### **4.4 Priorities of Other Focal Areas and GEF-financed Topics**

As indicated at the start of this document, based on a CNE decision, the National Portfolio will comprise only projects that address the three GEF Focal Areas: Biodiversity, Climate Change, and Land Degradation. Other areas will follow the traditional project cycle path, taking into consideration the fact that those projects will seek to create synergies with the areas in this portfolio, in order to expand the benefits of the projects.

### **5 ALLOCATION OF STAR RESOURCES AND PRIORITY PROJECTS: NATIONAL PORTFOLIO**

As a result of the public invitation to submit GEF National Portfolio projects for Mexico, a total of 51 proposals were received from the academic, civil society, and private sectors, as well as federal and state government institutions. Once the proposals received during four working meetings of the Coordinating Mechanism had been reviewed and a final meeting of the National Evaluation Committee had been held, this Committee decided to approve the inclusion of the following projects in the National Portfolio:

BIODIVERSITY - Total Allocated by GEF: \$52.75 million

	<b>Title</b>	<b>Total</b>	<b>Sponsor</b>	<b>Agency</b>
1	Increase Mexico's capacities to manage invasive species by implementing the National Invasive Species Strategy	\$ 6,000,000	CONABIO	United Nations Development Programme (UNDP)
2	Fifth Operational Phase of the GEF Small Grants Programme in Mexico	\$ 1,665,000	PPD-Mexico	UNDP
3	Strengthening of actions to recover at-risk species and their habitats in protected natural areas and their zones of influence	\$ 6,120,000	CONANP	World Bank (to be confirmed)
4	Conservation of coastal basins in changing environments	\$ 18,000,000	CONANP	World Bank
5	Capacity building with respect to access to genetic resources and the fair and equitable distribution of the benefits derived from their use	\$ 2,500,000	SEMARNAT - SSGPA	To be determined
6	Conservation of Biodiversity and Sustainable Forest Management in the Sierra Tarahumara	\$ 5,500,000	CONANP	United Nations Environment Programme (UNEP)
7	Strengthening of the effectiveness and resilience of protected natural areas for the conservation of biodiversity under climate change conditions	\$ 11,300,000	CONANP	UNDP
8	Project on a priority topic underrepresented among those selected in the biodiversity focal area (Monitoring, Economy and Incentives, or Plant Strategy)	\$ 1,665,000	To be determined depending on the project selected by the CNE	UNDP (to be confirmed)
	<b>TOTAL</b>	<b>\$ 52,750,000</b>		

CLIMATE CHANGE - Total Allocated by the GEF: \$40.03 million

	<b>Title</b>	<b>Total</b>	<b>Sponsor</b>	<b>Agency</b>
1	Improvement of production systems in communities within the Ocoté Forest Biosphere Reserve as a mitigation and climate change adaptation strategy	\$ 500,000	Cooperativa AMBIO SC de RL	To be determined
2	Strengthening of national capacities for the sustainable implementation of small hydro-electric power plants (less than 5MW) in Mexico	\$ 4,800,000	Electrical Research Institute	United Nations Industrial Development Organization (UNIDO)
3	Large-scale grid-connected photovoltaic systems	\$ 2,800,000	Electrical Research Institute	UNDP
4	Mitigation of greenhouse gases through the distributed generation of electricity with biogas in the Mexican fisheries' sector	\$ 1,200,000	Electrical Research Institute	UNDP
5	Development of Sustainable Energy Technologies for Climate Change (DTECC)	\$ 18,400,000	SENER	World Bank
6	Development of a Regulation Strategy to Encourage the Use of Renewable Sources of Generation and Energy Efficiency in the Mexican Electricity Sector	\$ 1,000,000	Energy Regulatory Commission	UNEP
7	Conservation of coastal basins in changing environments	\$ 12,000,000	CONANP	World Bank
8	Sixth Communication from Mexico to the United Nations Framework Convention on Climate Change	\$ 4,000,000	INE	UNDP
9	Complete Evaluation of Short-Term Climate Drivers in Mexico: Short-Term Climate Protection, Energy Efficiency, and Benefits of Clean Air	\$ 1,000,000	Molina Center for Energy and Environment	UNEP
	<b>TOTAL</b>	<b>\$45,700,000</b>		

LAND DEGRADATION- Total Allocated by the GEF: \$5.47 million

	<b>Title</b>	<b>Total</b>	<b>Sponsor</b>	<b>Agency</b>
1	Conservation of coastal basins in changing environments	\$ 3,470,000	CONANP	World Bank
2	Education, training, and dissemination program on the Mexican Strategy for Sustainable Land Management	\$ 2,000,000	Education and Training Center for the Sustainable Development and General Management of the Primary Sector and Renewable Natural Resources SEMARNAT	UNEP
	<b>TOTAL</b>	<b>\$ 5,470,000</b>		

This list includes the project “*Conservation of coastal basins in changing environments,*” which will cover the three focal areas in order to seek funding from the Incentive Program for Sustainable Forest Management (REDD+).

## **6 CONTRIBUTION TO THE FULFILLMENT OF OBLIGATIONS UNDER THE CONVENTIONS (CBD, UNCCD, UNFCCC) AND THE CNP**

**CBD:** The proposals selected for the National Portfolio are in conformity with the list of priorities prepared by Mexico in establishing the Convention’s work programs and, at the same time, they will generate strategies for addressing the main threats to biodiversity outlined in the fourth report to the CBD: transformation of habitat, over-exploitation of species, pollution of ecosystems, introduction of invasive species, and climate change.

**UNFCCC:** The Climate Change project portfolio will have a direct impact on the voluntary targets set by the country for reducing greenhouse gas emissions, promote the identification and achievement of synergies among the conventions, and contribute to strengthening the country’s technical capacity to integrate its national communications into the Framework Convention.

**UNCCD:** The initiatives proposed in the land degradation portfolio will help with the identification and use of relevant techniques for the conservation of basins and biodiversity areas in arid, semi-arid, and sub-humid zones. They will also help improve dissemination and execution of the activities of the Mexican Strategy for Sustainable Land Management, as well as develop technical and institutional capacities for its effective implementation.

## **7 ACRONYMS AND ABBREVIATIONS**

CBD	Convention on Biological Diversity
UNFCCC	United Nations Framework Convention on Climate Change
UNCCD	United Nations Convention to Combat Desertification
CONABIO	National Commission for the Knowledge and Use of Biodiversity
CONAFOR	National Forestry Commission
CONANP	National Commission for Protected Natural Areas
CNE	National Evaluation Committee
CNP	National Portfolio
INE	National Ecology Institute
SAGARPA	Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food
SEMARNAT	Secretariat of Environment and Natural Resources
SENER	Secretariat of Energy
SHCP	Secretariat of Finance and Public Credit
SNIB	National Information System on Biodiversity
SPPA	Under-Secretariat of Environmental Policy and Planning