



## Mainstreaming Biodiversity in Rural Landscapes of Mexico

### Part I: Project Information

GEF ID

10574

Project Type

FSP

Type of Trust Fund

GET

CBIT/NGI

CBIT

NGI

Project Title

Mainstreaming Biodiversity in Rural Landscapes of Mexico

Countries

Mexico

Agency(ies)

CI

Other Executing Partner(s)

Ministry of Agriculture and Rural Development (SADER)

Executing Partner Type

Government

**GEF Focal Area**

Multi Focal Area

**Taxonomy**

Focal Areas, Land Degradation, Sustainable Land Management, Income Generating Activities, Sustainable Fire Management, Improved Soil and Water Management Techniques, Sustainable Pasture Management, Restoration and Rehabilitation of Degraded Lands, Integrated and Cross-sectoral approach, Sustainable Livelihoods, Sustainable Agriculture, Biodiversity, Mainstreaming, Agriculture and agrobiodiversity, Influencing models, Demonstrate innovative approach, Convene multi-stakeholder alliances, Transform policy and regulatory environments, Strengthen institutional capacity and decision-making, Deploy innovative financial instruments, Stakeholders, Private Sector, Capital providers, Non-Grant Pilot, Project Reflow, Financial intermediaries and market facilitators, SMEs, Individuals/Entrepreneurs, Large corporations, Type of Engagement, Partnership, Consultation, Participation, Information Dissemination, Local Communities, Civil Society, Academia, Community Based Organization, Non-Governmental Organization, Indigenous Peoples, Beneficiaries, Gender Equality, Gender results areas, Access and control over natural resources, Awareness Raising, Capacity Development, Participation and leadership, Knowledge Generation and Exchange, Access to benefits and services, Gender Mainstreaming, Women groups, Sex-disaggregated indicators, Gender-sensitive indicators, Capacity, Knowledge and Research, Enabling Activities, Knowledge Generation, Innovation

**Rio Markers****Climate Change Mitigation**

Climate Change Mitigation 0

**Climate Change Adaptation**

Climate Change Adaptation 0

**Duration**

60 In Months

**Agency Fee(\$)**

807,688

**Submission Date**

3/23/2020

## A. Indicative Focal/Non-Focal Area Elements

Programming Directions	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
BD-1-1	GET	7,179,450	55,000,000
LD-1-1	GET	1,794,862	14,000,000
	<b>Total Project Cost (\$)</b>	<b>8,974,312</b>	<b>69,000,000</b>

**B. Indicative Project description summary****Project Objective**

Project Objective: Mainstream biodiversity in rural landscapes by implementing sustainable policies and practices in the agriculture sector Indicator (a): Number of hectares of rural landscapes under improved management to benefit biodiversity Target: 889,106 hectares Indicator (b): Number of hectares of degraded agricultural land restored by intensification practices. Target: 63,000 hectares

<b>Project Component</b>	<b>Financing Type</b>	<b>Project Outcomes</b>	<b>Project Outputs</b>	<b>Trust Fund</b>	<b>GEF Amount(\$)</b>	<b>Co-Fin Amount(\$)</b>
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Component 1 Policies and regulations of the agriculture sector incorporate biodiversity and sustainable land use consideration	Technical Assistance	1.1 Policy and regulatory frameworks include criteria for biodiversity and sustainable land use.	1.1.1 Policy Recommendation Guide on how to incorporate criteria for sustainable use of biodiversity and land use in agriculture is submitted for approval.	GET	500,000	500,000
		<i>Indicator: Number of agriculture programs incorporate biodiversity and sustainable land use criteria.</i>	1.1.2 A system that facilitates inter-institutional alignment of sustainable programs in rural landscapes, designed.			
		<i>Target: At least 2 public programs in the agriculture sector include biodiversity criteria.</i>	1.2.1. A capacity-building training program for biodiversity and sustainable land use for the agriculture sector is developed and operational.			
		1.2 Key stakeholders in rural landscapes with improved decision-making capacities for sustainable land use in rural landscapes	1.2.2 A leadership training program for key stakeholders, to include biodiversity and sustainable land use criteria in local decision-making mechanisms in the rural landscapes in place.			
		<i>Indicator: Number of local decision-makers with improved capacities to make better-informed decisions on biodiversity and sustainable land use in agriculture</i>				
		<i>Target: At least 60 people (men and woman)</i>				

2. Land use plans and extension programs incorporate biodiversity management and sustainable land-use practices	Technical Assistance	2.1 Rural landscapes under sustainable practices to improve biodiversity and land use management	2.1.1 Sustainable land use plans for biodiversity use and management per landscape unit are under implementation	GET	4,218,784	28,000,000
		<i>Indicator: Areas of landscapes under sustainable practices that improve biodiversity</i>	2.1.2 Extension Services Providers Guide and Training Program to incorporate biodiversity and sustainable in place			
		<i>Target: 889,106 Ha.</i>				
		<i>Indicator: Number of hectares of land restored</i>	2.1.3. Extension packages for biodiversity and sustainable land use under implementation			
		<i>Target:63,000 Ha.</i>				
		2.2 Increased access to producers' organizations to responsible markets	2.2.1. Producer organizations improve post-harvest business practices, marketing, and commercialization of sustainable agricultural products			
		<i>Indicator: Number of producer organizations that access new responsible buyers</i>	2.2.2. Business plans for producer organizations to help access diverse markets with responsible buying practices designed and approved			
		<i>Target: at least 18 producer organizations have new responsible buyers as clients</i>				

3. Blended finance mechanisms in the agriculture sector include biodiversity and sustainable land use criteria.	Technical Assistance	<p>3.1 Financial institutions apply sustainability criteria in financial instruments for the agricultural sector</p> <p><i>Indicator: Number of Financial institutions that implement the Criteria and Principles Guide for the Integration of sustainable land use and biodiversity in their financial instruments</i></p> <p><i>Target: at least 3: 1 development bank, 1 impact fund, 1 grant mechanism for agriculture</i></p>	<p><b>3.1.1.</b> Criteria and Principles Guide for the integration of sustainable land use and biodiversity in financial instruments is developed and jointly published with the financial sector.</p> <p><b>3.1.2.</b> Financial institutions launch instruments for the agriculture sector, with sustainable land use and biodiversity criteria in the six landscapes</p>	GET	3,402,827	36,000,000
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4. Monitoring and evaluation and knowledge management	Technical Assistance	4.1 Project M&E data contributes to efficient decision making and adaptive management.	4.1.1 M&E system designed to evaluate project progress, including the three project components.	GET	425,353	4,000,000
		<i>Indicator: Project M&amp;E operational for the six landscapes</i>	4.1.2 Landscape Assessment Framework (LAF) in each landscape is designed, to communicate progress towards natural resources management, commodities produced, financing and human wellbeing			
		<i>Target: 1 M&amp;E system operational</i>				
		<i>Indicator 2: LAF implemented in 6 rural landscapes for monitoring and informed decision-making processes</i>	4.1.3 Knowledge management strategy in place to systematize and share best practices and lessons learned			
		<i>Target: 6 rural landscapes with LAF approach</i>				
		<i>Indicator: Active knowledge management platforms underuse</i>				
		<i>Target: 1 platform operative for the six landscapes</i>				

Sub Total (\$)

8,546,964

68,500,000

**Project Management Cost (PMC)**

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GET	427,348	500,000
<b>Sub Total(\$)</b>	<b>427,348</b>	<b>500,000</b>
<b>Total Project Cost(\$)</b>	<b>8,974,312</b>	<b>69,000,000</b>

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## C. Indicative sources of Co-financing for the Project by name and by type

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount(\$)
Government	Secretaría de Agricultura y Desarrollo Rural (SADER)	Grant	Investment mobilized	8,000,000
Government	Oficina de Presidencia de la Republica – Agenda 2030	In-kind	Recurrent expenditures	300,000
Government	Instituto Nacional de la Economía Social (INAES), Bienestar	Grant	Recurrent expenditures	200,000
Others	Instituto Interamericano de Cooperación para la Agricultura (IICA Mexico)	In-kind	Recurrent expenditures	200,000
Others	Centro Internacional de Mejoramiento de Maíz y Trigo (CIMMYT)	In-kind	Recurrent expenditures	200,000
Government	Comisión Nacional de Zonas Áridas (CONAZA)	In-kind	Recurrent expenditures	100,000
Government	Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero (FND)	Loans	Investment mobilized	50,000,000
Private Sector	Sector Privado (LOOM CAPITAL, Grupo PAISANO, Co-CAPITAL)	Loans	Investment mobilized	10,000,000
			<b>Total Project Cost(\$)</b>	<b>69,000,000</b>

**Describe how any "Investment Mobilized" was identified**

The \$8 million grant from SADER are funds that the office of Climate Change General Direction in SADER, who leads this project proposal, will request to the institution from 2022 to 2026, as an addition to its annual budget to co-finance the activities of the project. This is considered Investment Mobilized as this is not a recurrent expenditure. The funding will be time-bound with a specific scope of work that will contribute to this project. Additionally, there are SADER ongoing government programs, two of them (Production for Wellbeing Program and the Fertilizers Program) are part of the project baseline, that through support of these projects will include biodiversity and sustainable land use criteria in its sub-programs and incentives/subsidies and will therefore increase the investments of SADER in activities that support biodiversity and sustainable land use, and that the GEF will complement. These are tagged as Recurrent Expenditures. The funding

from SADER for recurrent expenditures will be included in the PPG phase. For INAES and Agenda 2030 contribution, the project expects in-kind contributions from their ongoing programs, co-financing is counted starting in 2022 when implementation is expected to start. Also, in the case of INAES, it is expected that the institution channels the existing financial mechanisms to producers directly and this will be considered leveraged funding in Component three. FND will provide loans to the agricultural sector to align with component 2 and 3. The Private sector will provide impact investment funding in sustainable agriculture to align with component 2 and 3. Investment Mobilized is Co-financing that excludes recurrent expenditures. The sources identified above as investment mobilized are expenditures that are time-bound with a specific scope of work, which will contribute to this program. Recurrent expenditures mean expenses that are incurred whether a specific project is under implementation or not. This is usually a line item that is in the budget on a yearly basis and that is not time-bound and does not have a specific scope.

## D. Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
CI	GET	Mexico	Biodiversity	BD STAR Allocation	7,179,450	646,150	7,825,600
CI	GET	Mexico	Land Degradation	LD STAR Allocation	1,794,862	161,538	1,956,400
<b>Total GEF Resources(\$)</b>					<b>8,974,312</b>	<b>807,688</b>	<b>9,782,000</b>

## E. Project Preparation Grant (PPG)

PPG Required



PPG Amount (\$)

200,000

PPG Agency Fee (\$)

18,000

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
CI	GET	Mexico	Biodiversity	BD STAR Allocation	160,000	14,400	<b>174,400</b>
CI	GET	Mexico	Land Degradation	LD STAR Allocation	40,000	3,600	<b>43,600</b>
<b>Total Project Costs(\$)</b>					<b>200,000</b>	<b>18,000</b>	<b>218,000</b>

## Core Indicators

### Indicator 3 Area of land restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
63000.00	0.00	0.00	0.00

### Indicator 3.1 Area of degraded agricultural land restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
63,000.00			

### Indicator 3.2 Area of Forest and Forest Land restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

### Indicator 3.3 Area of natural grass and shrublands restored

Ha (Expected at PIF)

Ha (Expected at CEO Endorsement)

Ha (Achieved at MTR)

Ha (Achieved at TE)

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Indicator 3.4 Area of wetlands (incl. estuaries, mangroves) restored

Ha (Expected at PIF)

Ha (Expected at CEO Endorsement)

Ha (Achieved at MTR)

Ha (Achieved at TE)

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Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)

Ha (Expected at PIF)

Ha (Expected at CEO Endorsement)

Ha (Achieved at MTR)

Ha (Achieved at TE)

889106.00	0.00	0.00	0.00
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Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)

Ha (Expected at PIF)

Ha (Expected at CEO Endorsement)

Ha (Achieved at MTR)

Ha (Achieved at TE)

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**Indicator 4.2 Area of landscapes that meets national or international third party certification that incorporates biodiversity considerations (hectares)**

Ha (Expected at PIF)

Ha (Expected at CEO Endorsement)

Ha (Achieved at MTR)

Ha (Achieved at TE)

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Type/Name of Third Party Certification

**Indicator 4.3 Area of landscapes under sustainable land management in production systems**

Ha (Expected at PIF)

Ha (Expected at CEO Endorsement)

Ha (Achieved at MTR)

Ha (Achieved at TE)

889,106.00			
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**Indicator 4.4 Area of High Conservation Value Forest (HCVF) loss avoided**

Ha (Expected at PIF)

Ha (Expected at CEO Endorsement)

Ha (Achieved at MTR)

Ha (Achieved at TE)

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**Documents (Please upload document(s) that justifies the HCVF)**

Title

Submitted

Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	69,000			
Male	161,000			
<b>Total</b>	230000	0	0	0

## Part II. Project Justification

### 1a. Project Description

#### 1a. *Project Description:*

1. Mexico's continental surface has 1.9 million square kilometers. It is the 13th largest country in the world and 5<sup>th</sup> for its biological and cultural diversity. Mexico is one of the five megadiverse countries that together hold between 60-70% of the known biodiversity in the world. A good part of Mexican species is endemic to the country. In terms of agrobiodiversity, it is also estimated that at least 118 plants of economic importance were partially or fully domesticated by pre-Hispanic farmers in Mexico, consequently, more than 15%<sup>[1]</sup> of the species consumed today in the world were originated in Mexico.
2. Mexico has identified 152<sup>[2]</sup> Priority Biodiversity Areas (PBA); these are Mexico's priority biodiversity areas as determined by CONABIO in 2000 (years before IUCN established the Global Standard for the Identification of Key Biodiversity Areas IUCN 2016) and several of them are part of the World Database of Key Biodiversity Areas. These PBAs include relevant sites for their high ecosystem richness and presence of endemic species compared to the rest of the country. These PBA areas represent a real opportunity for biodiversity conservation with a total area of 51 million hectares (1/4 of Mexico's land Surface). From these, 14.5 million hectares overlap with national natural protected areas (NPAs). This means that only 28% of the PBA are under any form of protection (SEMARNAT, 2019) and it becomes urgent to promote landscape management approaches in the remaining 36.5 million Ha., (72% of the PBA). This landscape management approach needs to incorporate policies, criteria, regulations, not only of economic development but for biodiversity conservation and management.
3. One-third of Mexico's population lives in rural regions, which means that more than 30 million Mexicans relate to agriculture production areas. Most indigenous communities are established in rural zones and depend greatly on agriculture for their wellbeing. Currently, 110 million hectares are for cattle ranching as pasturelands and rangelands, above 20 million hectares are used for crops and staples, close to 40 million are forest or preferred forest areas and the rest of the country area mountain ranges and drylands, cities, and infrastructure. The agriculture sector represents 8% of the Gross Domestic Product (GDP) and in the last decade has been growing at the same rate that the rest of the economy, generating employment and income from exports.
4. Biodiversity importance has been little recognized in Mexican policies in the past 60 years. It is imperative to change this view through the design and implementation of policies, regulations and medium-size scale projects that demonstrate that biodiversity of global importance can be conserved while increasing yields and productivity in the agriculture sector. Also, it is extremely important to recognize the importance of alpha and beta biodiversity in Mexico agroecosystems for the future of agriculture and the strategic importance of native species for securing crops during climate change events.

5. A shift in lands dedicated for the Mexican population, low productivity in the agriculture sector combined with the increase of food demands by a growing population, has promoted the expansion of the agricultural frontier into marginal productive lands and it constitutes a major threat to areas of global biodiversity importance (mountain ranges, hill terrains and drylands). Unsustainable agricultural practices with low yields have depleted and degraded natural resources and have further perpetuated poverty. Arid and semiarid areas of the country are particularly vulnerable to this trend of environmental degradation and impoverishment of farmers. These areas represent 60% of the national territory.

6. In addition to unsustainable agriculture practices, key areas of biodiversity of global importance are threatened by slash and burn agricultural practices, that combined with longer droughts due to climate change, increase the risk of forest fires. It is estimated that 40% of the annual forest fires in Mexico are caused by poor fire management practices for agriculture.

7. To change this trend, the Ministry of Agriculture and Rural Development (SADER) in collaboration with the Ministry of Environment and Natural Resources (SEMARNAT), has incorporated the concept of *produce conserving and conserve producing* in their national programs and political discourse. Their coordinated work aims to influence policies, regulations and economic instruments to promote agricultural practices that include biodiversity and ecological connectivity considerations in rural landscape management.

8. Bringing together these two historically different approaches on land use for sustainable development can only be achieved with the engagement of all relevant stakeholders and all levels of government. Since this is a relatively new approach in Mexico, a high-impact project that catalyzes these joint interventions is required. Working in areas with good governance is crucial to succeeding in the implementation of this new approach to *produce conserving and conserve producing*.

9. Six rural landscapes across the country, are the main focus of this project: Northwestern, Sonoran state; North Pacific, states of Jalisco and Nayarit; Northeastern, states of San Luis Potosi, Tamaulipas and Nuevo Leon; Central, México City, State of Mexico and Morelos; South Pacific, States of Guerrero and Oaxaca; Southeastern, States of Oaxaca and Chiapas (see detailed maps in Annex A). The selected landscapes have a high biodiversity value, but they lack regulations for biodiversity protection and the natural resources in these areas are under considerable human pressure. Project landscape ecosystems include dry grasslands, pine and oak forest, and tropical dry and humid forest.

10. In the proposed landscapes, land use change from natural vegetation to agriculture is the main cause of biodiversity and ecosystem resources loss. Widespread unsustainable agricultural practices increase the pressure on forested areas and adjacent protected areas, for example, slash and burn, inadequate and intensive use of agrochemicals, crop plots on steep terrain, shifting cultivation, and water depletion. The expansion of the agricultural frontier is due to the increase of the population in rural Mexico and the shift from irrigated lands into seasonal cultivation of crops and staples for Mexican people.

11. The proposed landscapes have a total area of 8,337,112 hectares. The landscapes selected for this project are high priority areas for biodiversity identified by CONABIO because of the diversity and richness they have and the present condition where they are under pressure from agricultural activities. The urgency and importance of work in these places are because 60% of the herpetofauna, 14% of mammals and 30% of the flora are at risk of extinction. The landscapes were selected based on criteria relevant for biodiversity, existing GIS layers information to ensure the areas are relevant for both environmental and productive purposes.

12. The landscapes were selected based on criteria relevant for biodiversity, existing GIS layers information to ensure the areas are relevant for both environmental and productive purposes. The selection criteria and layers for the six rural landscapes are:

- Priority areas for globally important biodiversity areas with high levels of pressure from unsustainable agricultural practices
- Threat of the agriculture frontier expansion into natural habitats
- Priority areas where agricultural incentives are given by SADER (including the Fertilizers and Production for Wellbeing Programs)
- Previous investments of SADER in capacity building and engagement from the Programa de Desarrollo Territorial (PRODETER)
- Geomatic shape of micro-watersheds
- Exclusion of areas of the GEF6 Sustainable Production Landscapes (SPL) project investments, GEF6 Mainstreaming Biological Diversity in Landscapes of Chiapas and Oaxaca project investments and investments from the Mainstreaming Biodiversity into the Mexican Agricultural Sector project, funded by Internationale Klimaschutzinitiative-Integración de la Biodiversidad en la Agricultura (IKI-IBA)

**Figure 1: Summary of the Selected Rural Landscapes**

Rural Landscapes	Polygon (Ha.)	Localities	Population	PBAs in Rural Landscapes (Ha.)
North West	1,895,350	782	770,654	235,436
North East	1,727,598	622	113,013	326,705
Pacific North	1,228,869	1,653	702,463	252,777
Center	113,109	242	196,596	66,512
South Pacific	2,029,905	2,810	809,950	490,175
South East	1,342,281	1,217	119,638	953,993
Total	8,337,112	7,326	2,712,314	2,325,598

13. The main characteristics of each landscape are described below.

**14. Northwestern landscape.** The total area is 1,895,350 hectares. Most of the area (57%) consists of the high-value biodiversity areas (PBA). The main ecosystems are subtropical dryland, oak forest. The land use is mainly irrigated agricultural fields, cattle ranching, pine forestry, and mining activities. The landscape highlights the unique habitat for micro-leaf trees and more than 300 species of flora and fauna such as whitetail deer (*Odocoileus virginianus*), birds as Tzenzontle (*Mimus polyglottos*), red cardinals (*Cardinalis cardinalis*), desert turtle (*Gopherus agassizii*), Gila monster (*Heloderma suspectum*) and palms (*Dioon tomasellii*) (CONABIO, 2017). The expansion of shifting agriculture and livestock impacts forest degradation and deforestation.

**15. North Pacific landscape.** This region has a total area of 1,228,869 hectares, of which 48% is considered of high value for biodiversity (PBA). The main species found in the area are pine and oak forest, natural grassland, mangrove, low size and medium size forest. This landscape includes the best-preserved mangrove area in the pacific coast and a large concentration of local and migratory birds (*Rhynchopsitta pachyrhyncha*), squirrels (*Tamias sp.*) and wild turkey populations (*Meleagris gallopavo*) (CONABIO, 2017). The main land use is like the northwestern landscape seasonal agriculture, cattle ranching, and pine forestry. Shifting agriculture on secondary growth lands from indigenous communities and the increase of cattle ranching (causing deforestation) from settlers are the main problems for biodiversity.

**16. Northeastern landscape.** This landscape area is 1,727,598 hectares. It consists of almost two-thirds of high-value biodiversity priority land (PBA) totaling 1,097,227 hectares (64%). In this zone, xeric conditions are predominant, including dry grasslands and halophyte vegetation, as well as oak vegetation and mesophyll mountain forest. Relevant and important species are badger (*Taxidea taxus*), desert fox (*Vulpes velox*), prairie dogs (*Cynomys mexicanus*), royal eagle (*Aquila chrysaetos*), prairie owl (*Athene cunicularia*) rattlesnake (*Crotalus scutulatus*), gobernadora (*Larrea peacock*) and palma loca (*Yucca sp.*) (CONABIO, 2017). Land uses include seasonal shifting agriculture and cattle ranching. Water depletion for agriculture and cattle ranching impact soil and dry forest degradation.

**17. Central Landscape.** This landscape is the smallest in the project, with an overall area of 113,109 hectares of which 32,738 Ha., (29%) are considered of high biodiversity (PBA). This area includes the Xochimilco RAMSAR site. Some species biologically relevant found in this landscape are the Teporingo rabbit (*Romerolagus diazi*), prairie sparrow tero (*Xenospiza baileyi*), hummingbird (*Amazilia beryllina*), swift (*Streptoprocne semicollaris*), hawk (*Falco sparverius*), rabbit (*Sylvilagus sp.*), lynx (*Lynx rufus*), skunk (*Mephitis macroura*), peacock (*Sciurus aureogaster*), whitetail deer (*Odocoileus virginianus*), "axolotl" (*Rhyacosiredon zempoalensis*), mountain rat (*Neotomodon alstoni*) and quail (*Cyrtonyx montezumae*) (CONABIO, 2017). Land use in this area is a combination of pine forest and important opuntia agriculture (nopal), sheep and goat ranching and forestry activities. Tourism and the associated impacts (forest degradation) are relevant because of its proximity to large cities like Mexico City.

18. **South Pacific Landscape.** This is the largest landscape in the project, with an area of 2,029,905 hectares, of which 624,046 hectares. (31%) have high biodiversity value (PBA). The main species found in this area include pine and oak forest, mid-size tropical forest and dry forest, some mesophyll forest and a large forest. Pino Oak forest areas are some of the best managed and protected in Mexico, among that forest it is possible to find Copal (*Buserra excelsa*) cuachalalate (*Amphipterygium adstringens*), palo de arco (*Apoplanesia sp.*), panicua (*Cochlospermum sp.*) and "palo iguanero" (*Caelsapinia eriostachys*). Relevant mammals are puma (*Puma concolor*), ocelote (*Leopardus pardalis*), "tejón" (*Meles meles*), "tlacuache" (*Didelphis virginiana*), river otter (*Lontra longicaudis*) (CONABIO, 2017). Threats to this species are due to small plots for shifting corn agriculture and agave seasonal agriculture and goat ranching, which are the main land-use types of this area. Growth of commercial crops like agave that expand into natural habitats, slash and burn practices on secondary growth areas and water depletion are the main threats for biodiversity.

19. **Southeastern Landscape.** This region has an area of 1,342,281 hectares of which 823,521 Ha. (61%) are high biodiversity value areas (PBA). This landscape includes one of the largest tropical forest areas of the country. The main vegetation types are tropical rain forests and mesophyll mountain forests. The region has a high biodiversity with more than 569 species of land vertebrates that include 30 amphibians, 49 reptiles, 387 birds and 103 mammals. Relevant species are the "ocelote" (*Leopardus pardalis*), tapir (*Tapirus bairdii*), jaguar (*Panthera*) and puma (*Puma concolor*), bird species like the quetzal (*Pharomachrus moccinno*) and the peacock (*Oreophasis derbianus*) (CONABIO, 2017). As in the other landscapes, seasonal corn agriculture and cattle ranching are the main threats to biodiversity. Not regulated timber extraction is also a threat in this region.

20. In the Figures below, additional information is provided for the selected landscapes. The Figure below shows the relevance of biodiversity in the selected landscapes, by explaining the species that exist in each landscape.

#### Figure 2: Endemic species in risk by landscape

Species	Category	NW	N Pacific	NE	Central	S Pacific	SE	Total
Amphibian	Endemic	8	37	20	29	58	40	134
	Endemic in risk (NOM 059)	1	14	12	20	31	23	79
	% of endemic species in risk status	12%	38%	60%	69%	53%	57%	59%
Reptile	Endemic	22	69	31	52	85	61	211
	Endemic in risk (NOM 059)	14	34	15	29	54	42	129
	% of endemic species in risk status	64%	49%	48%	56%	63%	69%	61%
Mammals	Endemic	4	22	24	19	19	19	77
	Endemic in risk (NOM 059)		4	3	2	2	1	11
	% of endemic species in risk status	0%	18%	12%	10%	10%	5%	14%
Plants	Endemic	7	36	58	13	48	53	176
	Endemic in risk (NOM 059)	2	7	23	4	9	17	53
	% of endemic species in risk status	29%	19%	40%	31%	19%	32%	30%

Source: National Biodiversity System: <http://geoportal.conabio.gob.mx/>

## Global environmental problems

21. In the last six decades, Mexico has had a strong and fast transformation of natural ecosystems into productive landscapes. This process has been mostly sustained by economic models and political reasons. Two of the main global environmental problems identified are habitat loss and fragmentation of relevant sites for biodiversity and the unsustainable use of natural resources for agriculture practices due to overexploitation of natural resources.

22. **Fragmentation, degradation, and habitat loss:** most natural ecosystems have been transformed and the ones remaining, due to their size area, are unable to sustain the biodiversity they once had. In less than 30 years, half of the country (100 million hectares) was transformed for agriculture resulting in deforestation of tropical and temperate forests, degradation of drylands, and habitat fragmentation. Most of the natural vegetation is gone and at its best 50% of the land is still partially covered with some natural vegetation it had in the past.

23. **Biodiversity loss due to overexploitation of natural resources:** The loss and degradation of natural habitats result in a loss of biodiversity. At the end of the 20<sup>th</sup> century, ecosystem services like pollinators and biodiversity were diminished to a point that productivity was reduced. The option to maintain production was to expand the agriculture frontier into natural ecosystems resulting in overexploitation of natural resources. Hence, contributing to the vicious cycle of biodiversity loss and land degradation.

24. **Agro-biodiversity loss due to overexploitation of natural resources:** Mexico is one of Vavilov diversification centers in the world. It is estimated that at least 118 plants of economic importance were partially or fully domesticated in Mexico and that more than 15%<sup>[3]</sup> of the species consumed today in the world were originated in Mexico. Unfortunately, the agrobiodiversity loss is occurring at such accelerated pace since the “green revolution” that monocultures and standardization of commodities are becoming the norm, endangering wild relatives of present crops and leaving small-scale producers with diversified, seasonal, native crops out of market opportunities.

### Root Causes

25. Despite all the efforts conducted by the federal government, productive and social organizations, civil society and international cooperation, Mexico has not been able to overcome the root causes of loss, fragmentation, and degradation of important habitats for biodiversity and overexploitation of natural resources. Three root causes have been identified.

26. **Root cause 1: The prevalence of an extensive agriculture model.** Since the 1960s, Mexico has had an extensive agricultural system, with market incentives, economic models and policies that do not integrate the value of biodiversity, and that have promoted the expansion of the agriculture frontier resulting in habitat loss, degradation, and fragmentation.

27. After 1994, irrigation fields changed crops from staples for Mexican people to export products like fruits and vegetables. In consequence, corn is now produced on almost 10 million hectares in mountain ranges. These white corn parcels are adjacent to high biodiversity areas and represent a threat to biodiversity because of constant land expansion. Also, technological packages for slopes and seasonal agriculture have not been developed and producers are not optimizing agrochemical use, which impacts agrobiodiversity, native pollinators, beneficial insects, soil microbiota and water sources, depleting land productivity and increasing deforestation to maintain production goals.

28. Most of the public policy proposals in the rural sector, like guidelines for subsidies and land use plans, have been developed without participatory processes, and conservation and production considerations. Institutional capacities to include environmental and cultural considerations through participatory processes during their planning phases are limited and incipient. All these elements represent a barrier for appropriate regulation, design, and planning of the uses of the territory and its renewable natural resources and lack free, prior and informed consent processes that support sustainable use and development.

**29. Root cause 2: Unsustainable practices.** Due to poverty, remote location and lack of options producers have low yields that further exacerbate the expansion of the agricultural frontier and unsustainable practices, deepening the negative cycle of biodiversity loss and degradation. Agricultural production in the country takes place on approximately 22 million hectares by over 5 million rural economic units. Of these units, 74% are characterized by low productivity and limited market access (SADER, 2019). One of the most widely used cultural practices in Mexico is the use of fire in agriculture (slash and burn agriculture). Fire is used to prepare the land for agriculture activities. In the country, 98% of forest fires are caused by humans and many of these fires impact forest areas. In 2019, nationwide 429,838 Ha. were impacted by fires and of those 137,366 Ha. were burned to clear the area for agricultural activities. Overgrazing, agrochemical abuse and deforestation cause soil degradation, and loss and degradation of forests and other natural habitats. In Mexico, soil degradation in productive areas is constant. The main drivers are overgrazing because of cattle ranching and the incorrect use of agrochemicals (INECC, 2001). Xeric soils are more sensitive to these impacts and half of the Mexican territory is covered with xeric lands. In the landscapes selected, 38% of the land has some soil degradation.

**30. Root cause 3: High production costs of biodiversity-friendly and sustainable land use agriculture products.** Agro-biodiverse systems with sustainable practices, tend to be small-scale and therefore become very expensive to reach buyers since they lack the scale to make it financially viable to reach store shelves where the end consumer is. If they make it to shelf, they usually need to be certified in order to enter a niche market that recognizes its value. These two facts - plus several other issues like expensive production costs, lack of transformation, distribution, logistics, accessible financing, and commercialization - make them more expensive than conventional agricultural products. As a result, a very small percent of consumers can afford these biodiversity-friendly food products. On the other hand, those products that have to reach mainstream markets have already saturated the domestic market like coffee and honey. A handful of biodiversity-friendly products have been successful and several of them have been supported by other GEF projects during their life spans like Chicza from Campeche (organic chewing gum) that was supported by SPS, or UCIRI (organic instant coffee from Oaxaca) currently being supported by the Sustainable Landscapes GEF 6 project in Oaxaca-Chiapas.

## Barriers

31. While some barriers presented below are cross-cutting, many manifest differently across value chains, regions, and genders. Women face greater barriers than men in accessing finance that is needed to transition to sustainable practices. Also, women are less likely to be landowners and therefore have less ability to make decisions about land use or financing. However, some ejidos (social property of land) do have more equal participation of women in terms of land ownership, participation in programs, and decision-making responsibilities, and represent an opportunity for learning and replication. The following barriers are deepening the root causes, resulting in biodiversity loss and land degradation. The project will directly address the three barriers described below.

**32. Barrier 1: Lack of policies that support sustainable agriculture models in rural landscapes.** Existing agriculture policies and incentives are designed to address conventional markets and international commercial agreements like NAFTA (USCMA), standards and needs. A handful of sustainable production systems have been able to reach markets thanks to the systemic support of the development sector (NGOs, donors, multilaterals like GEF, etc.). Scaling up sustainable models in agriculture requires a policy framework that supports, promotes and incentivizes the incorporation of biodiversity management criteria and land use in its programs, regulations, and subsidies.

33. **Barrier 2: Lack of land use plans and the absence of extensionist services.** The lack of land use planning and the absence of extensionist services in rural areas result in biodiversity loss and land-use degradation, as well as weak local capacities in the primary production sector to get organized (for transformation, transportation, negotiation, and commercialization); to participate in decision-making local processes related to natural resource and land use, and have solid projects to access government programs and financing.

34. According to the OECD (organization for economic cooperation and development) in Mexico, there is no formal extensionist program per se. Services for the rural areas that include training and capacity building are given through Professional Services Providers (PSP) that work on a project by project basis. This means that they must find as many projects as possible to make it financially attractive. This, in turn, results in PSP not being able to fully support the capacity building and production processes to adopt new technologies and practices for sustainable production. Likewise, services provided by PSP have mainly focused on project formulation to access government subsidies and provide technical assistance to achieve productivity but are lacking an approach for sustainable use and management of natural resources.

35. The National Agriculture Census of 2017, reports that only 4.5% of the Production Units received some sort of assistance or training in environmental topics, being the control of erosion, fires and pest and diseases monitoring the most common. The lack of technical services in rural areas limits the dissemination and adoption of sustainable production practices and hinders the development of production organizations.

36. Limited participation of social stakeholders in defining a common vision of development and land uses in decision-making mechanisms. Under the Mexican regulatory framework, there are several formal mechanisms for decision making concerning actions that affect or benefit the territories: The Municipal Councils of Sustainable Rural Development, Watershed Councils, *Ejidal* and Communal Assemblies are some examples. However, there are several limitations to its effective operation. In general, these mechanisms are not binding and some of them have limited representativeness of the communities. This results in a lack of agreements and convergence of actions between the productive sector, inhabitants, and the local and federal authorities. Thus, there is no coordination on how the land will be used, resulting in overexploitation or unsustainable uses.

37. Small-scale and medium-sized producers are seldomly organized and tend to operate on an individual basis to access markets. They have high production costs; they pay high prices when purchasing supplies and they receive low payments for their products. Intermediation is usually their only channel to access markets which are costly for them and are low revenue generators, leaving a very negative impact in their profitability, and they are left indebted at high rates impossible to pay back, left only with options to either increase the agriculture frontier to make ends meet or to simply abandon their farms.

38. **Barrier 3. Lack of financing instruments designed and accessed by rural farmers.** There are multiple public and private financing options for farmers. However, due to their weak capacities to formulate projects, low productivity to be financially sound, lack of a network of contacts and the costs of formal financing they usually finance their activities from the informal sector like intermediaries. According to the International Fund for Agricultural Development (FIDA), only 3 of 10,000 poor homes in rural areas in Mexico have access to credit. Formal coverage of financial services and access to financing are a major challenge, and this is a critical issue for small-scale farmers. Even though Mexico has solid development banks like FIRA and FND, the financial instruments do

not respond to rural population needs. The high transaction costs and the inherent risks of agricultural production make financing inaccessible for small-scale rural producers working in primary activities, as they do not have the capacity to access debt including guarantees, insurance and comply with the requirements. This lack of funds makes farmers unavailable to implement innovative sustainable practices because they cannot cover the initial investment to shift from the traditional practices already in place.

39. FIRA, for example, launched the Special Program for Productive Activities Micro-credit, which benefited 1.1 million producers in 2017. However, the majority of the small-scale rural farmers do not have the capacities to formulate projects and financing requests that would meet the bank's standards, or they can hardly put together the credit request documents. "Green portfolios" that are working well in Mexico have been geared towards community forest enterprises or greenhouses production. Another example is the Program to Support Sustainable Products which is operated by FIRA and funded by the European Union and the French Agency of Development for 36.1 million euros. The goal of this fund is to facilitate access to credit to an investment project in rural areas while benefiting the environment and the mitigation and adaption capacities. However, to access this fund, several requirements that are beyond the capacity of small-scale poor rural producers should be met.

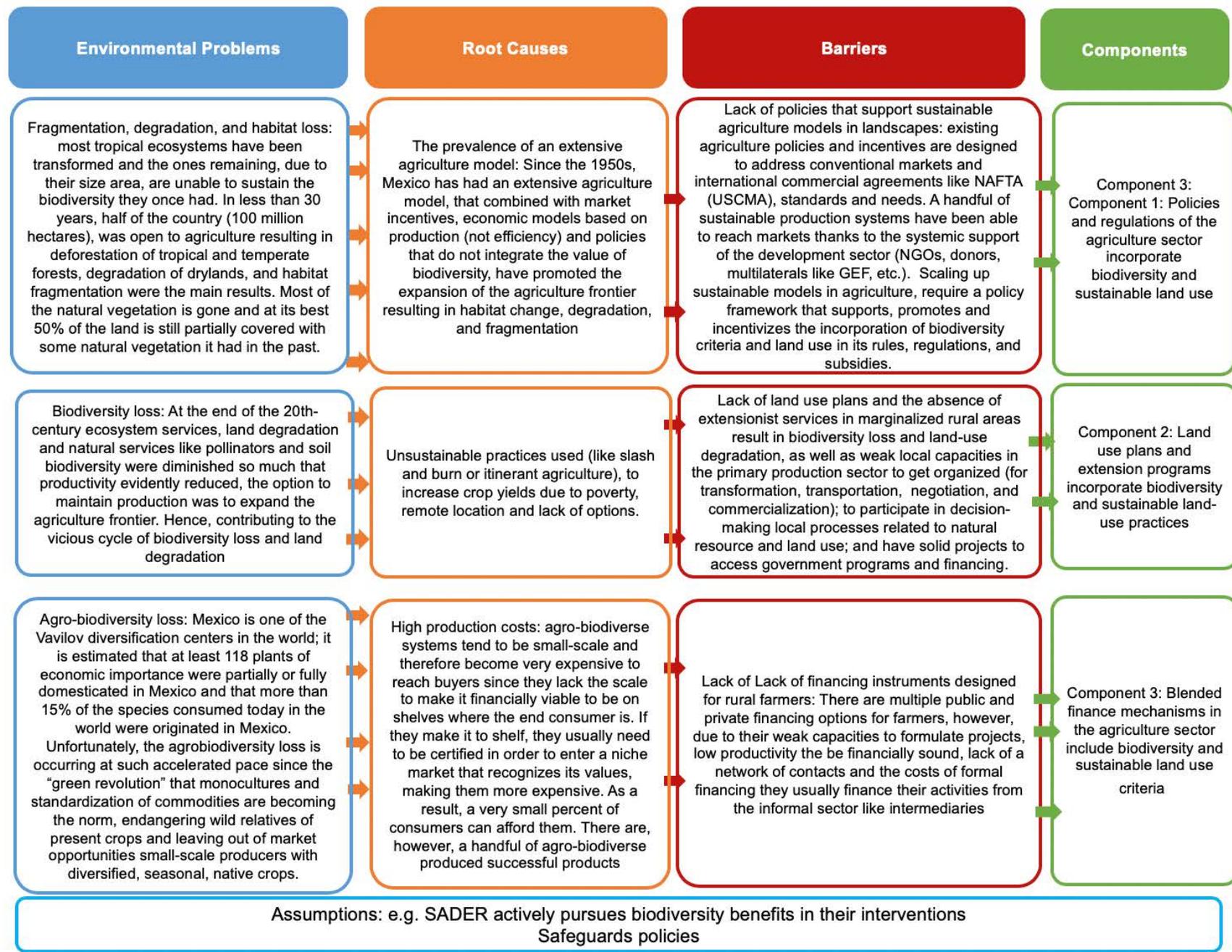
40. To address these three barriers across the agriculture sector, the project will work simultaneously in the following components across six landscapes that are described in section 1a Project Summary.

- Component 1: Policies and regulations of the agriculture sector incorporate biodiversity and sustainable land use
- Component 2: Land use plans and extension programs incorporate biodiversity and sustainable land-use practices
- Component 3: Blended finance mechanisms in the agriculture sector include biodiversity and sustainable land use criteria.
- Component 4: Component for monitoring and evaluation and knowledge management.

41. The following Figure summarizes the project environmental problems, root causes, barriers and project components and it is linked to the Theory of Change Figure; Project Investments by Landscape Figure and GEBs Figure.

### Figure 3: Environmental Problems, Root Causes, Barrier and Components

## Environmental Problems, Root Causes, Barrier and Components



### The baseline scenario and any associated baseline projects.

42. In the past ten years, the Mexican government, supported by bilateral donors, development banks, corporations and private donors (to mention a few GEF, USAID, AFD, FND, FIRA, NORAD), have financed several sustainable landscapes initiatives in Mexico, primarily through grants and subsidies, and loans on a more limited basis. Some programs have achieved important results in terms of coordination and demonstration of viable small-scale rural producer's financing models.

43. Nevertheless, it is still pending to prove that these models can be implemented across the agriculture sector and landscapes. Most of the past efforts were relatively small and did not include market-based models with clear "exit" strategies to mobilize follow-on investment from the private sector. Achieving transformative and systemic change across the sector and landscapes, to include criteria of biodiversity and sustainable use of agriculture, requires an inter-institutional collaboration and public-private participation to link biodiversity and land-use friendly practices, with financing, technical assistance, market access and public policy in an orchestrated manner. It also requires new forms of interaction that will build trust across key stakeholders in the environmental and productive systems, increase investments to promote the consumption of sustainable products, and the right incentives in place in sustainable land use rural landscapes.

44. Currently, there are several ongoing initiatives from multilateral and bilateral donors, development banks, foundations, corporations and government programs in the country, that are advancing sustainable production solutions, strengthening producer organizations and providing financing for sustainability projects. Below, a summary is given of the government-led efforts grouped into three areas that they are supporting: i) productivity, ii) socio-economic development and iii) financial inclusion. The most relevant ongoing efforts that will be linked to this project are the following.

45. **Initiatives supporting production activities.** SADER leads the national efforts to promote agricultural production and productivity in the country.

46. A preliminary analysis of SADER programs and rules for agriculture, livestock and rural development conducted by GIZ[4], indicate that all SADER programs represent an opportunity to increase positive impacts on biodiversity and ecosystem services. For the project, we aim to impact at least two programs with the most opportunity to increase benefits for biodiversity and ecosystem services in its incentives: The Fertilizers Program with a 2019 budget of US\$60 and the Production for Wellbeing Program with a 2019 budget of US\$250 million.

47. Figure below summarizes the top 5 SADER programs with the most relevance to this project (two programs not mentioned below include one for fisheries and one for safety and sanitation).

Figure 4: SADER Programs/Incentives with positive impacts on BD and ES

PROGRAM	SUB-PROGRAMS	Incentives/subsidies given by program	Number of incentives with a direct positive impact on BD & ES
Agriculture development	11	25	16
Livestock development	4	15	7
Rural development	4	15	2
<b>Production for wellbeing</b>	<b>3</b>	<b>14</b>	<b>3</b>
Livestock credit	4	12	8
<b>Fertilizers</b>	<b>1</b>	<b>1</b>	<b>0</b>
TOTAL		82	36

Source: Analysis of the impacts in biodiversity of the public programs of SADER 2019 and its operation rules (SADER-GIZ white paper)

48. **Initiatives supporting the development of the social economy.** INAES is the public entity responsible for public policies for the promotion and development of the social economy. Its program Social Economy Development is one of the instruments to contribute to social wellbeing and equity by strengthening capacities of the organisms of the social sector of the economy.

49. **Social Economy Program of INAES.** This program aims to strengthen the capacities of organizations of the social sector of the economy with initiatives for finance, production and consumption inclusion based on collective work. It has nationwide coverage, with particular emphasis in areas of high rates of marginalization, violence, and presence of indigenous population. It supports the implementation, development, consolidation, and growth of production and consumption projects of the social economy.

50. Additionally, during 2019, INAES launched a pilot project in Miahuatlan, Oaxaca and Calakmul, Campeche, to support a sustainable territorial management planning process and the creation of technology ventures within the principles of social economy.

51. **Financial inclusion initiatives.** FND and FIRA lead public financing to support productive activities in the rural landscape through credits, aiming to increase productivity and improve the standard of living of small-scale producers. FIRA is currently implementing a Program to Support Sustainable Projects called ProSostenible. With funding from LAIF (Latin American investment fund) and the French Agency for Development (AFD), around 40 Million USD, since 2013 they

have been supporting climate mitigation and adaptation projects in the agriculture sector through financing support and technical assistance until 2022. The main objective of ProSostenible is to facilitate access to credit for investment projects that help rural development and environmental benefits, as well as increasing capacities for climate mitigation and adaptation. Eligible projects include environmentally sustainable agriculture, efficient water use, energy efficiency, and renewable energy.

52. In addition to the government programs, there are several initiatives from international cooperation that support the country in sustainable agriculture-related topics. The Figure below describes the GEF funded projects as well as initiatives funded by other donors that constitute a baseline for the proposed project and explains the links seen with the interventions in rural landscapes proposed.

**Figure 5: Associated Baseline Projects**

Project Name	Years (Start-End)	Budget (USD)	Donor(s)	Objectives/Brief description of how it is linked to this GEF project
<b>Sustainable Productive Landscapes</b>	2020-2025	21,862,385	GEF6	To strengthen sustainable management of productive landscapes and increase economic opportunities for rural producers in priority areas of Mexico. Rural Landscapes has taken a step further sustainably produced processes in a landscape by incorporating the private sector and blended finance in the approach. SEMARNAT will be testing how to conserve producing, and SADER how to produce conserving.
<b>Conservation and Sustainable Use of Biological Diversity in Priority Landscapes of Oaxaca and Chiapas</b>	2018-2023	7,219,450	GEF6	Strengthening the conservation of globally significant biodiversity in the national system of protected areas and corridors, through integrated management of culturally diverse coastal and terrestrial landscapes of Oaxaca and Chiapas, Mexico. This project is making good progress in applying safeguards in productive activities with a landscape approach and testing market-driven value chains for sustainably produced products with mainstream and niche buyers. The GEF 7 proposal aims at scaling this a

				<p>The GEF 7 proposal aims at securing this good results in this landscape and other landscapes prioritized for their biodiversity relevance.</p>
<b>Sustainable Production Systems and Biodiversity Project</b>	2012-2019	11,688,182	GEF5	<p>To conserve and protect nationally and globally significant biodiversity in Mexico through mainstreaming biodiversity-friendly management practices in productive landscapes in priority biological corridors. Materials produced like catalogs of products friendly with biodiversity and producer guidelines for various commodities will be a great help to advance the communication techniques of the Rural Landscapes project.</p>
<b>Mainstreaming the Conservation of Ecosystem Services and Biodiversity at the Micro-watershed Scale in Chiapas</b>	2010-2015	1,484,000	GEF5	<p>Biodiversity conservation is mainstreamed into natural resources management at the sub-watershed level through the integration of ecosystem services considerations in future decision-making in the Sierra-Costa region of Chiapas, Mexico. Challenges faced in this project to find buyers for the producers supported by the project with capacity building, technical assistance, and others, have been useful guidance in the design of this PIF. Relationships build with buyers from that project have matured and today they show a greater will to work with us since the design like Green Corner, Walmart, and others.</p>
<b>Mainstreaming Biodiversity into the Mexican Agricultural Sector – IKI IBA</b>	2016-2020		IKI-IBA	<p>The project's objective is to recognize and integrate the value of biodiversity and ecosystem services into decision-making and planning instruments of public and private key actors in the Mexican agricultural sector. Once results are systematized and socialized internally in SADER, the project will i</p>

				include lessons and processes in the project design during the PPG phase to build on the pilot states of Oaxaca, Querétaro/Guanajuato, Jalisco, and the Yucatán Peninsula.
<b>Inter-municipal agencies for Sustainable Territorial Management</b>	2016 -2020	2,000,000	AFD	The objective of this project is to promote microregional environmental management alliances in Jalisco and the Yucatan peninsula. Lessons from inter-municipal regional cooperation as a governance mechanism in rural landscapes.
<b>Biocultural Landscapes</b>	2010 - 2015	1,200,000	AFD	A model for integrated landscape management that generated lessons, materials, collective brands and practices that could be replicated through exchanges with key stakeholders of the rural landscapes.
<b>MIP Integrated Landscape Management</b>	2018 -2020	2,000,000	GIZ	Promote biological corridors of sustainable production in the Neovolcanic mountain range (Veracruz, Puebla, Tlaxcala and San Luis Potosi). Sustainable best practices for agriculture and cattle ranching will serve as a model for rural landscapes.

### 3) The proposed alternative scenario.

53. The project approach is to implement four components (described below) in each landscape and to differentiate specific activities based on root causes and barriers per landscape. The figure below shows a preliminary analysis of the barriers and root causes per landscape to better characterize each landscape. Detailed information per landscape will be developed during the PPG phase when consultations in each landscape with local stakeholders will take place.

**Figure 6: Barriers, root causes, type of agriculture and presence of indigenous peoples per Rural Landscape**

Region

Landscape Specific Barriers

Landscape Specific Root Causes Indigenous groups Agriculture activity

Northwestern	Subsidies and incentives for exports (quantity and price) Access to finance for exports	Prevalent agriculture model: extensive agriculture and over-exploitation of water and land	None	Grape, grasslands, cattle sorghum, alfalfa, nut
North Eastern	Subsistence subsidies rather than entrepreneurship development Lack of financing due to small scale and lack of guarantees	Prevalent agriculture model: extensive agriculture and slash and burn Marginalization and low production yield Lack of extension services and packages	None	Corn, sugar cane, grasslands, bean, sorghum, orange, green alfalfa, cattle oats, dry pepper, tomato
North Pacific	Subsidies and incentives for exports (quantity and price) Access to finance for exports	Prevalent agriculture model: extensive agriculture and over-exploitation of water and land	Huhichol, Cora, Tepahuano del Sur, Nahua	Bean, grasslands, corn, sorghum, mango, sugar cane, coffee, cherry, cattle oats, palay rice, avocado.
Central	Subsistence subsidies rather than entrepreneurship development Lack of financing due to small scale and lack of guarantees	Prevalent agriculture model: extensive agriculture and slash and burn Marginalization and low production yield Lack of extension services and packages	Nahua, Otomí	Corn, cattle oats, opuntia leaves, peas, potato, broad beans, avocado.
South Pacific	Subsidies and incentives for exports (quantity and price) for some crops Lack of financing due to small scale and lack of guarantees	Prevalent agriculture model: slash and burn High production costs Lack of extension services and packages	Mixteco, Zapoteco, Triqui, Nahua, Tlapaneco, Tacuate	Corn, beans, grasslands, coffee, cherry, alfalfa, agave, tomato, peanut, avocado, chickpea
South Eastern	Subsistence subsidies rather than entrepreneurship development Lack of financing due to small scale and lack of guarantees	Prevalent agriculture model: slash and burn High production costs and marginalization, low production yields	Mixe, Zapoteco, Zoque, Tsolsil, Zoque, Tseltal	Corn, grasslands, beans, sorghum, mango, rubber, coffee, cherry, peanut

		Lack of extension services and packages	t, orange, sesame
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54. In these landscapes, the number of communities is 7,326 and the total population is 2.7 million, meaning an imminent pressure on resources in the near future that must be addressed now. Most rural populations in Mexico use adjacent natural lands for firewood, cattle ranching, timber and non-timber products, hunting and future areas for agriculture once soils have properly recovered. These activities must be disincentivized, agriculture land inside PBA must be transformed into agroforestry or silvopastoral systems compatible with protected areas. A clear-cut frontier between agriculture and natural territories must be established following models like Areas Voluntarily Dedicated to Conservation which are formal agreements with rural communities in Mexico to establish a No-Go zone for agriculture. A summary of the proposed project interventions is as follows:

**Figure 7: Summary of Rural Landscapes Project Interventions**

RURAL LANDSCAPES: SUMMARY PROJECT INTERVENTIONS		
Zoning	Surface area: 8 million	Project interventions
Non-PBAs	6 million hectares	Transition area from agriculture/livestock activities to natural sites where micro-watersheds are shared.
PBAs with some agriculture activity	1.3 million hectares	Indirect intervention: public programs and incentives labeled for the landscapes
PBA with active livestock and agriculture frontier	1 million hectares	Direct Intervention: management (889K hectares), passive restoration (38K hectares) and active restoration (25K hectares)
National Level	Scaling up at the national level	National public programs and incentives: Fertilizers and Production for Wellbeing Program

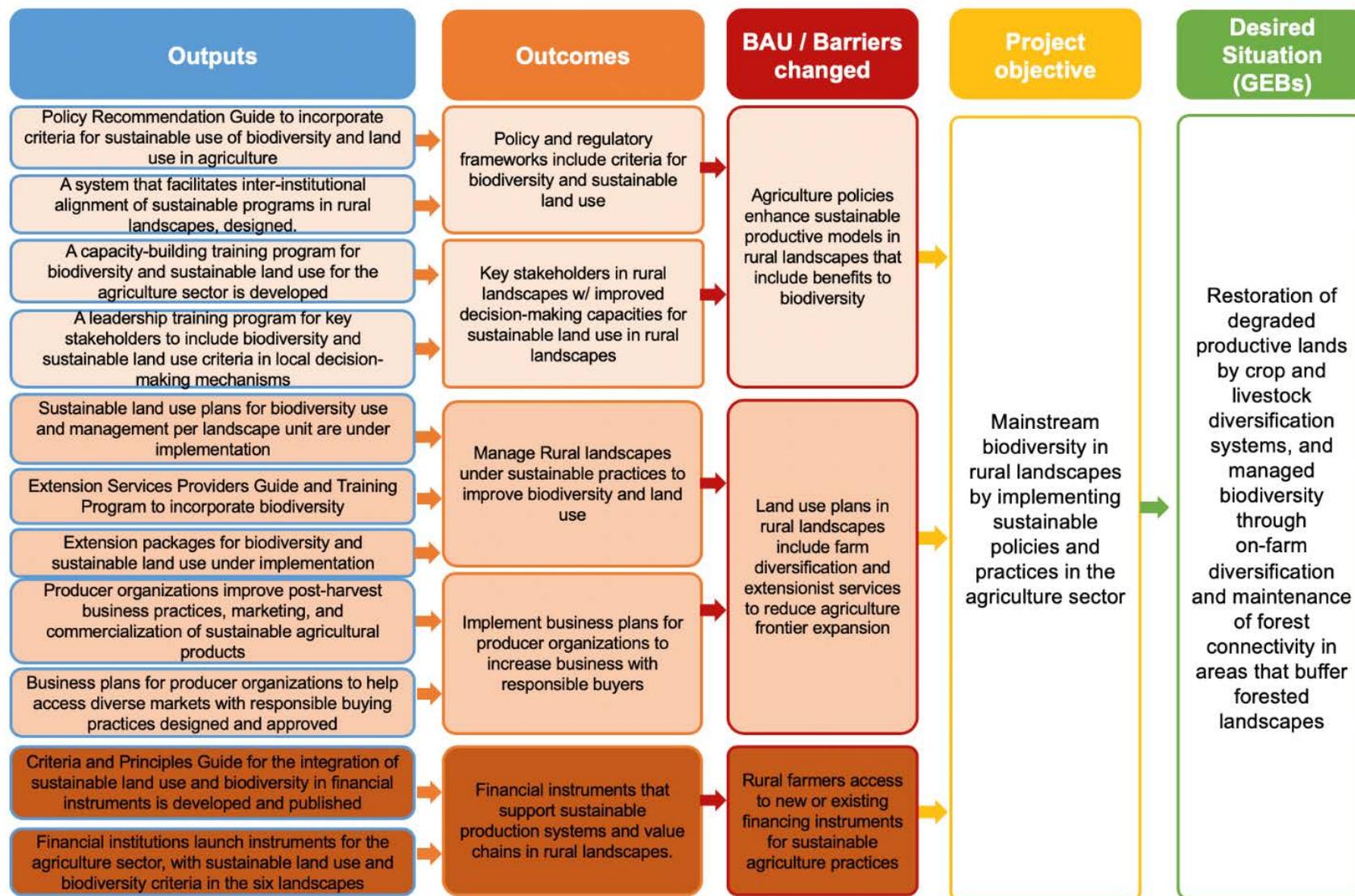
55. A Free Prior and Inform Consent (FPIC) process which part will take place at the PPG phase for design and will continue when the project starts its execution. This way the specific and differentiated project interventions in each landscape will respond to its unique biodiversity threats, socio-cultural and economic context, opportunities for collaboration, and the interest and will of local stakeholders in each landscape.

56. The project theory of change is described in the Figure below. To reach the desired situation "Restoration of degraded productive lands by crop and livestock diversification systems, and managed biodiversity through on-farm diversification and maintenance of forest connectivity in areas that buffer forested landscapes" that will provide Global Environmental Benefits, the project aims to mainstream biodiversity across the agriculture sector in six landscapes,

working simultaneously in three components with aligned biodiversity-criteria: (a) policies, two agriculture sector programs: Fertilizers and Production for Wellbeing; (b) sustainable production practices through extension services providers and restoration actions; and (c) blended finance given by development banks and impact funds.

57. Business as usual scenario agriculture/livestock policies, extension services, and financial mechanisms, designed by a 1950's model of "extensive agriculture", will face a paradigm shift, by excluding for the first time in 70 years of agriculture frontier expansion, PBAs as no-go areas for agriculture/livestock production. Incentives will be given across the agriculture/livestock in six landscapes, to consider biodiversity and soil conservation in their practices. If the three project components are executed simultaneously in the six landscapes, taking into account the local context in terms of population and agriculture activities, then biodiversity will be protected in PBAs, ensuring no agriculture expansion happens in natural areas of the selected landscapes.

#### Figure 8: Theory of Change Rural Landscapes



Cross cutting elements: safeguards, M&E and Knowledge Management  
 Assumptions: SADER actively pursues biodiversity benefits in their interventions

**58. Component 1. Policies and regulations of the agriculture sector incorporate biodiversity and sustainable land use considerations.** Component 1 will address barrier #1. It aims at establishing agriculture policies that incorporate the sustainable use and management of biodiversity and ecosystem services into sustainable production. It will do so by designing new rules for at least two of the existing SADER programs (Fertilizers and Production for Wellbeing Programs) and its incentives and strengthen local capacities and engagement of key stakeholders, in particular, landowners and public entities working in the selected landscapes. These two programs were selected because they lack sustainability criteria and have the greatest opportunity to have a positive impact on the biodiversity of global importance in PBAs.

59. The project will build on previous investments and associated baseline projects and will follow CBD guidelines to derive the criteria that will help advance the objectives of SEMARNAT and SADER that seek to consolidate interventions in the agriculture sector with biodiversity and sustainable land use considerations. Specifically, it will help improve biodiversity in agriculture and livestock areas in PBAs inside the six rural landscapes: improvement in cover and soil, conservation of native species and its genetic varieties, technology for the sustainable use of water and other natural resources and efficient use of inputs within the interventions of at least two government programs identified.

**60. Fertilizers Program.** Distributes fertilizers of up to 600 kilograms per registered producer for priority crops in their area. The project will establish mechanisms for the optimal use of fertilizers and promote the production and use of biofertilizers at the local scale as the alternative.

**61. Production for the wellbeing of People Program.** The objectives of the program are to produce enough food to meet the national needs, produce sustainably and strengthen the rural economy with employment and higher income to rebuild social cohesion and peace. The program offers advance payments for basic staple grain production and farmers need to meet two conditions: effective sowing and using best agroecological practices. This program targets small and medium farmers, in particular those in indigenous communities, in particular in the south and southeast regions of the country with an annual budget higher than US\$1 billion. Crops prioritized by this program are maize, wheat, rice, beans, sugar cane, and coffee. There is a need to work with extension service providers so that they are trained and have the tools and incentives to incorporate a sustainable and long-term perspective, replacing the current short-term vision focused only on production

**62. Outcome 1.1 Policy and regulatory frameworks include criteria for biodiversity and sustainable land use.** This outcome seeks to mainstream biodiversity management into at least the Fertilizer and Production for Wellbeing programs (sub-programs and incentives) by including sustainability criteria to influence the production practices of farmers and producer organizations. Initial criteria that will be further developed at PPG phase are:

- Improvement in vegetation cover and soil quality
- Conservation of native species, its genetic varieties, and wild relatives
- Technology for the sustainable use of water and other natural resources
- Reduction of chemical inputs that harms biodiversity

63. The criteria will be further developed during the PPG phase, including the key information that will be collected as part of each criterion used (baseline) and also, once they are integrated and applied as part of the two government programs Fertilizers and Production for Wellbeing.

64. The criteria will be included in the policy guidelines and selection processes; beneficiaries will have to comply with them to access the incentives given by these two programs. The changes in policies and regulations will also impact those directed to Service Providers (SP) so that sustainability criteria become mandatory in their agriculture extensionist packages to qualify for funding.

**65. Outcome 1.2 Key stakeholders in rural landscapes with improved decision-making capacities for sustainable land use in rural landscapes.** To improve landscape management, key stakeholders must understand and value biodiversity and ecosystem services as well as the relationship with their agricultural activities to engage in informed decision-making processes. The project will strengthen capacity building processes, starting with a FPIC so that landowners and users of ecosystem services increase their understanding of how to conserve the natural resources and how they can engage in decision-making mechanisms in the landscape.

**66. Component 2. Land use plans and extension programs incorporate biodiversity management and sustainable land-use practices.** This component aims to address barriers #2 and #3. It seeks to reduce the negative impacts on biodiversity and ecosystem services from agricultural and livestock production activities in PBAs inside the landscape to stop the agriculture frontier, improve cover and soil, decrease fragmentation and reduce the excessive use of chemical fertilizers. The project has identified two approaches: best practices management and restoration (passive and active).

67. The preliminary biodiversity metrics for the project include:

- Hectares improved in vegetation cover and soil quality
  - Presence/absence of endemic species and species of global importance
  - Number of native species, genetic varieties and wild relatives
  - Number of alternative technologies for the sustainable use of water and other natural resources
  - Reduction of metric tons/hectare of chemical inputs harmful to biodiversity

**68. Outcome 2.1 Rural landscapes under sustainable practices to improve biodiversity and land use management.** The Project will spearhead participatory territorial planning activities to implement practices that benefit biodiversity.

69. There are great differences between the Northern and the Central and South rural landscapes. Based on those differences the root causes and barriers will be addressed differently from one region to another. The North-Western and Eastern landscapes have, by far, a greater amount of irrigation land, large production plots, access to commercial financing, extension services, and technical packages, no indigenous groups. Agriculture (including livestock) practices

follow modern models. Examples of the interventions in these Northern landscapes include best practice management and mostly passive restoration silvo-pastoral systems; rainwater collection; wildlife management passive restoration, promotion of bio-fertilizer use; revegetation with native species; natural vegetation corridors and islands; and tillage.

70. In the Central and Southern Landscapes agriculture is mostly seasonal, production practices are based on cultural knowledge (slash and burn agriculture is heavily used), access to commercial financing is below the national average 3%, small plots family farming, very disperse, remote and marginalized (mosaic agriculture). Access to extension services and technical packages is limited, producer organization and local capacities are weak. Examples of the interventions include best practice management and mostly active restoration through agroforestry corridors; silvo-pastoral systems; maize fields interspersed with fruit trees; associated crops; live fences; integral plague management; cover crops; crop rotation; promotion of bio-fertilizer use; soil improvers; wildlife management; rainwater collection; soil conservation practices; drainage; composting techniques and use (manure).

71. The six landscapes comprise 8.3 million hectares of which 2.3 million hectares are PBAs and 6 million hectares are transition areas (buffer zones between agriculture/livestock and natural areas sharing micro-watersheds). Within the 2.3 million hectares of PBAs the project will promote three types of interventions:

- **Direct impact:** best practice implementation in 889K hectares for improved management for biodiversity conservation
- **Direct impact:** restoration (active and passive) in 64K hectares to contribute to Land Degradation Neutrality (LDN).
- **Indirect impact in the landscapes:** public programs and incentives (at least in Fertilizers and Production for Wellbeing) labeled for the rural landscapes, will include biodiversity criteria impacting the remaining 1.3 million

72. Additionally, the Project will have an **Indirect Impact through the public programs and incentives** (at least in Fertilizers and Production for Wellbeing Programs) in 6 million hectares of transition areas (between active agriculture/livestock areas and natural areas sharing micro-watersheds), by “labeling[5]” the incentives given by these two programs in the rural landscapes, with biodiversity criteria and ultimately, scaling up the criteria beyond the six landscapes into the national level.

73. The average cost to restore is US\$100 to US\$2,000 per hectare, depending on if it is passive or active restoration and the techniques. Areas of low and medium degradation that the project will invest with active restoration are 25,000 hectares, with an approximate cost of \$250 /hectare (US\$6.2 million). Passive restoration of 38,000 hectares with an approximate cost of US\$100 dollars/hectare (US\$3.8 million). A summary of preliminary interventions by landscape can be found in the Figure below:

**Figure 9: PBAs in Rural Landscapes and examples of project investments**

Rural Landscapes Names and hectares	Non-KBAs	KBAs NAMES (hectares)	KEY BIODIVERSITY AREAS IN RURAL LANDSCAPES (2,325,598 hectares)							
	Transition Area		INDIRECT PROJECT INTERVENTION (public programs and incentives)	DIRECT PROJECT INTERVENTION (public programs and incentives; SME development; extension packages; blended finance; M&E and Knowledge Management; Safeguards)						
			Hectares with some agricultural activity	Hectares with active agriculture frontier with poor management practices	Best Practices in Management	Hectares with active livestock frontier with low/medium degradation	Passive restoration in livestock land use	Hectares with active agriculture frontier with low/medium degradation	Active restoration in agriculture lands	
North West	1,659,914	Cañada Mazocahui, Sierra Mazatán y Sierra Libre	47,087	169,436	Silvo-pastoral systems (voisan); revegetation with native species; rainwater collection; wildlife management	18,564	Pasive restoration, revegetation with native species; natural vegetation corridors and islands; and tillage	0	None	
	1,895,350	235,436								
North East	1,400,893	El Huizache y pastizales gepsófilos	65,341	241,617	Agro-forestry corridors; silvo-pastoral systems; maize fields interspersed with fruit trees (MIAF); associated crops; live fences; integral plague mangement; Cover crops; crop rotation; Promotion of bio-fertilizer use; soil improvers; wildlife management rainwater collection	19,383	None	0	Soil conservation practices; drainage; composting techniques and use (manure); cover crops; soil improvers; agro-forestry corridors	
	1,727,598	326,705								
Pacific North	976,092	Cuenca del Río Jesús María y Marismas	50,555	198,959	Agro-forestry corridors; silvo-pastoral systems; maize fields interspersed with fruit trees (MIAF); associated crops; live fences; integral plague mangement; Cover crops; crop rotation; Promotion of bio-fertilizer use; soil improvers; wildlife management rainwater collection	0	None	3,041	Soil conservation practices; drainage; composting techniques and use (manure); cover crops; soil improvers; agro-forestry corridors	
	1,228,869	252,777								
Center	46,597	Ajusco-Chichinautzin	53,210	11,242	Agro-forestry corridors; silvo-pastoral systems; maize fields interspersed with fruit trees (MIAF); associated crops; live fences; integral plague mangement; Cover crops; crop rotation; Promotion of bio-fertilizer use; soil improvers; wildlife management rainwater collection	0	None	1,758	Soil conservation practices; drainage; composting techniques and use (manure); cover crops; soil improvers; agro-forestry corridors	
	113,109	66,512								
South Pacific	1,539,730	Sierra Triqui Mixteca, El Tlacuache, Sierra Sur y Costa	392,140	85,514	Agro-forestry corridors; silvo-pastoral systems; maize fields interspersed with fruit trees (MIAF); associated crops; live fences; integral plague mangement; Cover crops; crop rotation; Promotion of bio-fertilizer use; soil improvers; wildlife management rainwater collection	0	None	12,486	Soil conservation practices; drainage; composting techniques and use (manure); cover crops; soil improvers; agro-forestry corridors	
	2,029,905	490,175								
South East	388,288	Selva Zoque-La Sepultura	763,194	182,339	Agro-forestry corridors; silvo-pastoral systems; maize fields interspersed with fruit trees (MIAF); associated crops; live fences; integral plague mangement; Cover crops; crop rotation; Promotion of bio-fertilizer use; soil improvers; wildlife management rainwater collection	0	None	8,662	Soil conservation practices; drainage; composting techniques and use (manure); cover crops; soil improvers; agro-forestry corridors	
	1,342,281	953,993								
	8,337,112	6,011,514	2,325,598	1,371,527.0	889,106	None	38,000	None	25,000	None

74. **Outcome 2.2 Increased access to producers' organizations to responsible markets.** The project will support producer organizations that received training and that are implementing extensionist packages with biodiversity and sustainable land use criteria, to produce business plans to respond to market and financing opportunities that the project will bring.

75. **Component 3. Blended finance mechanisms in the agriculture sector include biodiversity and sustainable land use criteria.** This component will address barrier #2 and #3 seeking to increase the participation of public and private financial entities through financial instruments for sustainable agriculture practices that include biodiversity management considerations. The enabling conditions needed will be assessed in the PPG phase to determine the best way to design blended finance mechanisms in coordination with the National Rural Development Bank (FND) and the National Institute to Social Economy, as government financial institutions, and Loom Capital and Grupo Paisano as impact funds. Impact funds like Loom Capital can invest in scaling up successful business models through incubation and acceleration modalities. The project will work with development banks like FND and INAES, to facilitate access to credit lines to mainstream sustainable business models and to consolidate the transformation and commercialization aspects. Finally, this component seeks to support the process of building a credit history to help the producers evolve into other types of financing that incorporate sustainability criteria for agricultural production activities.

**76.Outcome 3.1 Financial institutions apply sustainability criteria in financial instruments for the agriculture sector.** An essential aspect of the project implementation is incorporating sustainable use of biodiversity and ecosystem services criteria into financial instruments. Interest and opportunities for collaboration in social banks, development banks (FIRA and FND), impact funds and investment funds (Loom Capital, Co Capital, Grupo Paisano) have been identified during PIF development. The project intends to facilitate the access of different types of funding with producers in the rural landscapes through this outcome. In collaboration with partners and BIOFIN (Biodiversity Financial Initiative), and taking into consideration existing documents from baseline projects, the project will support the design of criteria and principles to help integrate the sustainable use of biodiversity and land use in financial instruments of the agriculture sector. The baseline to be used for this effort will be FIRA's work in the "Programs to Support Sustainable Projects" which received feedback from pilot efforts, for the integration of conservation and biodiversity use criteria.

**77.Component 4. Monitoring and evaluation and knowledge management.** This component seeks to implement a monitoring and evaluation strategy that supports operations in all 6 rural landscapes. It includes knowledge management and experience exchange to allow future scale-up and future replicability of the project actions.

**78.Outcome 4.1 Project M&E data contributes to efficient decision making and adaptive management.** The Project Management Unit (PMU) will set up early on an M&E system using software previously used in other similar GEF projects. The M&E will monitor the progress of the project based on monthly activities undertaken, against results and burn rate.

#### 4) Alignment with GEF focal area and/or Impact Program strategies.

79.This project is fully aligned with the GEF-7 biodiversity focal area strategy to help maintain globally significant biodiversity in landscapes by contributing to the goal of mainstreaming biodiversity across agriculture priority sector, as well as landscapes with the project objective: Mainstream biodiversity in rural landscapes by implementing sustainable policies and practices in the agriculture sector. Specifically, objective 1-1 was the biodiversity focal area that seeks to mainstream biodiversity in landscapes of priority sectors. In the case of this project, the rural landscapes where agriculture is the main productive activity are the focus of this project because these areas are also relevant for biodiversity. The project is also aligned with the Land Degradation focal area. Through the interventions in the landscapes, the project aims to reduce land degradation by implementing sustainable production and extensionist packages with farmers. The Figure below explains the alignment of the project components with each focal area in more detail.

**Figure 10: Alignment with GEF7 focal areas Biodiversity and Land Degradation**

Biodiversity focal area	
Biodiversity Mainstreaming in priority sectors: agriculture	Rural Landscapes Components
Developing policy and regulatory frameworks that re	Component 1. Policies and regulations of the agricul

move perverse subsidies and provide incentives for biodiversity-positive land and resource use that remains productive but that does not degrade biodiversity.	<b>ture sector have biodiversity and sustainable land use criteria.</b> This component will address policies and regulations, capacity building of key decision-makers in the landscapes and incentives.
Spatial and land-use planning to ensure that land and resource use is appropriately situated to maximize production without undermining or degrading biodiversity.	<b>Component 2. Land use plans and extension programs incorporate biodiversity management and sustainable land-use practices.</b> Will address land-use planning and technical service providers (extension)
Improving and changing production practices to be more biodiversity-positive with a focus on sectors that have significant biodiversity impacts (agriculture) through technical capacity building and implementation of financial mechanisms that incentivize actors to change current practices that may be degrading biodiversity	<b>Component 3. Blended finance mechanisms in the agriculture sector include biodiversity and sustainable land use criteria.</b> It will help incentivize producer organizations and extensionist service providers to change their practices and incorporate technical packages that include biodiversity and sustainable land use criteria.
<b>Land Degradation focal area</b>	
<b>Integrated land management and restoration of degraded production landscapes</b>	<b>Rural Landscapes Components</b>
GEF will continue to apply a comprehensive landscape approach as the best way forward to address the broad multi-faceted nature of land degradation across the range of agro-ecological and climatic zones globally.	<b>The project will work</b> six rural landscapes across the country. The selected landscapes have a high biodiversity value, but they lack regulations for biodiversity protection and the natural resources in these areas are under considerable human pressure. Project landscape ecosystems include dry grasslands, pine, and oak forest and tropical dry and humid forest.
The LD Focal Area investments will focus on production landscapes where agricultural and rangeland management practices underpin the livelihoods of poor rural farmers and pastoralists.	Through <b>Component 2. Land use plans and extension programs incorporate biodiversity and sustainable land-use practices</b> , the project will address directly <b>Barrier 2: Lack of land use plans and the absence of extensionist services in marginalized rural areas</b> result in biodiversity loss and land-use degradation, as well as weak local capacities in the primary production sector to get organized (for transformation, transportation, negotiation, and commercialization); to participate in decision-making local processes related to natural resource management.

	<p>te in decision-making local processes related to natural resource and land use, and have solid projects to access government programs and financing; and indirectly <b>Root Cause 2. Unsustainable practices</b> used (like slash and burn or itinerant agriculture), to increase crop yields due to poverty, remote location and lack of options; and</p>
<p>Access to finance and technical assistance for small holders and small businesses in most land sectors is a big challenge. Small and medium-sized enterprises (SMEs) are critical contributors in the agricultural sector at the leading edge of both environmental impact and solutions to mitigate these. Strategies pursued with the private sector will target SMEs that are promoting innovations in agriculture and livestock production systems.</p> <p>Several new private sector funds have emerged recently, e.g. the Moringa, &amp; Green, and the LDN fund. These funds invest in profit-generating sustainable land management and restoration projects worldwide. The LD Focal Area will explore potential cooperation with such funds through providing the technical assistance necessary and facilitate de-risking to make projects bankable.</p>	<p><b>Component 3. Blended finance mechanisms in the agriculture sector include biodiversity and sustainable land use criteria</b>, which will address directly <b>Barrier 3. Lack of financing instruments designed for rural farmers</b>: There are multiple public and private financing options for farmers, however, due to their weak capacities to formulate projects, low productivity the be financially sound, lack of a network of contacts and the costs of formal financing they usually finance their activities from the informal sector like intermediaries.</p> <p>For the blended finance solutions, during PPG, the project will reach out to the Moring &amp; Green, the LDN Fund and others mentioned in the GEF7 Guidance.</p>

##### 5) Incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing.

80. The baseline projects described in section 2 above share a vision of the traditional agriculture sector, where production and commercialization of commodities do not take into account the natural resources, in particular biodiversity. Traditionally, the government policies in Mexico incentivize the expansion of the agriculture frontier, as a means for local development and to satisfy market demands. In the past years, with the support of international cooperation projects, there have been efforts to change this model by incorporating sustainable practices and environmental criteria. These changes have been led mainly by the environmental sector. Although changes can be seen in some areas of the country, the scale of these results is limited given the incidence the environmental sector has in the agriculture sector. The development trend will continue mainly as it has been working for the last fifty years if there is not a shift in the agriculture sector and the associated financial institutions that fund agriculture activities.

81. In this context, the GEF project constitutes an enormous opportunity to shift the agriculture sector because it aligns with the new government paradigm “conserve producing, produce conserving” that seeks to integrate environmental considerations into production patterns. Moreover, this project is the first GEF funded initiative lead by the Ministry of Agriculture (SADER), which represents an opportunity to, in coordination with the Ministry of Environment, influence directly the agriculture policies and programs that can shift the local interventions in the Mexico States. Through the project, three main interventions are considered crucial to achieving biodiversity management in the productive lands: (1) integrate biodiversity management and sustainable land use criteria into the government lead programs in the agriculture sector; (2) improve biodiversity in agriculture land through specific activities in the productive areas which will increase productivity and reduce pressure on natural areas; (3) mobilize additional funding to sustainable productive activities by working with financial institutions that have programs to finance agriculture and are willing to work with this project to revise the financial instruments and include biodiversity-friendly requirements to redirect the funding to sustainable agriculture actions.

82. This project will be able to mobilize funding from government programs that have an aligned vision of interventions in the field, such as SADER programs while supporting the Sustainable Development Goals Mexico has committed to achieving through the Agenda 2030 work. It will also mobilize significant funding by working with Development Banks that support the agriculture sector and impact investment initiatives, interested in investing in sustainable agriculture in Mexico. Also, this project has formed an alliance with key partners working in different landscapes and will work closely with these institutions to ensure coordinated interventions in the field. Benefits achieved with the project will come from influencing the agriculture sector at a national and landscape level, incorporating biodiversity and land use considerations while mobilizing funding and technical partners for mainstreaming biodiversity in the agriculture sector.

#### **6) Global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF).**

83. The landscapes have been selected based on their importance as priority biodiversity areas and high levels of threats by the agriculture/livestock frontier and unsustainable production practices. The specific global environmental benefits are divided by landscapes located in the North (Northwestern and Northeastern) and the ones located in central and southeast (Pacific North, Central, Pacific South, and Southeast). As shown in the Figure below, the impacts will depend on the type of project interventions: direct and indirect.

84. Within the 8.3 million hectares of the six landscapes, 6 million hectares will serve as transition areas between agriculture/livestock land and natural areas that share micro-watersheds. In the 2.3 million remaining hectares, 952,106 hectares have been identified to have the most active agriculture land and require two types of project interventions: improve management practices in 889,106 hectares and active/passive restoration of 63,000 hectares of low/medium degraded land.

85. The global environmental benefits the project will contribute towards Mexico's international commitments can be summarized in stopping the expansion of agriculture/livestock frontier into 2.3 million hectares of PBAs. There are three specific global environmental benefits based on the intervention:

- Indirect intervention: through including BD criteria in public policies of two agriculture programs, 7.3 million hectares we will avoid land degradation and deforestation (1.3 million hectares of PBAs and 6 million hectares of the landscapes area).
- Direct intervention: by improving management practices in 889,106 hectares, fragmentation will be avoided, the size of the natural areas will increase, improving connectivity between PBAs giving greater areas for movement, refuge and nesting of species (home range).
- Direct intervention: by restoring 63,000 hectares the project will help recover soil structure and fertility to advance LDN, conditions of endemic species are improved, increase the presence of pollinators, small mammals and birds that disperse seeds and recover ecosystem functions.

Figure 11: GEBs in Rural Landscapes

Non-KBAs	KEY BIODIVERSITY AREAS IN RURAL LANDSCAPES							
	INDIRECT PROJECT INTERVENTION (public programs and incentives)	GEBs from indirect interventions	DIRECT PROJECT (public programs and incentives; SME development; extension packages; blended finance; M&E and Knowledge Management; Safeguards)					
Transition Area	Hectares with some agricultural activity		Hectares with active agriculture frontier with poor management practices	Best Practices in Management	GEBs from best management practices	Hectares with active livestock and agriculture frontier with low/medium degradation	Passive and active restoration in livestock and agriculture land use	GEBs from active and passive restoration
North West	47,087	Incorporating biodiversity and sustainability criteria in two government programs for the agriculture sector, so that these substantial government investments are aligned with the objectives to protect globally important biodiversity and avoid land degradation in KBAs.	169,436	Silvo-pastoral systems (voisan); revegetation with native species; rainwater collection; wildlife management	Habitat improvement for biodiversity; avoid fragmentation due to deforestation of natural habitats; increase the size of natural areas through connectivity; establish refuge and nesting areas.	18,564	Passive restoration, revegetation with native species; natural vegetation corridors and islands; and tillage	Recover soil structure and fertility to advance land-degradation neutrality (LDN); vegetation structure is recovered; conditions for endemic species improved; increase presence of pollinators, small mammals and birds that disperse seeds; ecosystem services recovered (water infiltration, solar radiation reduction, micro-climate improves, resilient habitat)
1,659,914								
North East	65,341		241,617			19,383		
Pacific North	50,555		198,959	Agro-forestry corridors; silvo-pastoral systems; maize fields interspersed with fruit trees (MIAF); associated crops; live fences; integral plague mangement; Cover crops; crop rotation; Promotion of bio-fertilizer use; soil improvers; wildlife management rainwater collection		3,041	Soil conservation practices; drainage; composting techniques and use (manure); cover crops; soil improvers; agro-forestry corridors	
976,092	53,210		11,242			1,758		
Center			85,514			12,486		
South Pacific	392,140							
1,539,730								
South East	763,194		182,339			8,662		
388,288								
6,011,514	1,371,527.0		889,106	None	63,000	None	None	

## 7) Innovation, sustainability, and potential for scaling up.

86. The innovation of the project is a major paradigm shift in the country: for the first time in 70 years, the Ministry of Agriculture leads a project to mainstream biodiversity across the agriculture sector addressing simultaneously policies/incentives of the agriculture sector, with practices through extension service providers and land use plans and blended finance.

87. Sustainability is expected via the adoption of biodiversity and land use criteria in government programs by agricultural agencies, which will continue after this project ends. Institutional sustainability will happen by implementing the capacity building program with local decision-makers to ensure capacities are in the rural landscapes where interventions need to happen. Working directly with the local partners is also part of the sustainability strategy because after the project ends it is expected that productive practices will continue. Also, close coordination with government entities such as INAES and SEMARNAT will strengthen the relationship with other institutions and this will be consolidated through the Agenda 2030 platform that works to align all policies and interventions to achieve the sustainable development goals Mexico has committed to achieving.

88. Financial sustainability will be reached by the appropriation of development banks of the biodiversity criteria as part of the requirements for agriculture/livestock credits and grants. Working with development banks and private investments such as impact funds is a key piece for sustainability because the project will set the conditions for those funds to continue flowing to sustainable agriculture at the local level after the project ends.

89. The GEF funding will play a catalytic role in integrating development and conservation in territories hitherto prone to environmentally unsustainable interventions. The long-term sustainability strategy is based on the National Development Plan: the Mexican government is committed to promoting sustainable development, territorial planning that will guide investments for local development based on a shared vision of managing natural resources. such as water, soil, and agrobiodiversity. This coordination of political, sectoral, institutional and community interests will allow the harmonized development of sustainable productive activities, taking as their premises, productive intensification, the conservation of biodiversity to guarantee the provision of ecosystem services and the maintenance and improvement of livelihoods of local communities. Improved territorial planning will allow regional entities to make more accurate and informed decisions and make investments to improve local economies and reduce pressure on areas with a high biological diversity of rural landscapes.

90. This project is scaling up previous GEF successful models that were implemented at a smaller scale, to incorporate criteria for biodiversity use and management and sustainable land use. If this project succeeds as we expect, by the end of this administration in 2024, the Ministry of Agriculture may integrate biodiversity and land use considerations in all of its programs. The fact that this project is led by SADER and in collaboration with IICA and CIMMYT, is the guarantee that when the project ends, these efforts will continue to be led by them in the sector. On the other hand, to achieve sustainability of field interventions, the project investments in extension programs, policies and blended finance to support market-driven business planning should allow the public and private sector to continue this effort and take it to the next level.

91. The potential to scale up this project is given by the work SADER will lead with their local offices, decentralized across the country and in the rural landscapes where interventions are expected. Also, by working with partners that have interventions at a local level such as IICA and CIMMYT will ensure that actions of this project can be scaled up in the future either to new intervention hubs in the same landscapes or to new landscapes where the actions can be replicated in the future.

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[1] Capital natural de México, CONABIO. 2008-2009 and 2016

[2] Regiones terrestres prioritarias. CONABIO 2000

[3] Mexico's Natural Capital, CONABIO, 2008-2009 and 2016

[4] Analysis of the impacts in biodiversity of the public programs of SADER 2019 and its operation rules" (SADER-GIZ white paper) as part of the project IKI-IBA "Mainstreaming biodiversity in Mexican Agriculture" (96 pp. Elvia de la Cruz Robles. Mexico.)

[5] Government programs can label or tag incentives and subsidies to differentiate criteria that has to meet in specific territories (states, municipalities, or regions like the case of the six landscapes), in order to qualify for those Programs. In this case, SADER can label/tag the incentives in the six landscapes with the specific biodiversity criteria.

## 1b. Project Map and Coordinates

**Please provide geo-referenced information and map where the project interventions will take place.**

92. The project area is 8'337,112 Ha., agriculture plots include 2.3 million Ha. The population in these landscapes is 2'712,314 with 15 indigenous cultures. It is expected that this area will be influenced positively by the direct interventions of the project. Direct interventions are planned in 952,106 hectares of six rural landscapes shown in the map below. Annex A includes more data about rural landscapes

### Figure 12: Rural Landscapes



## 2. Stakeholders

Select the stakeholders that have participated in consultations during the project identification phase:

Indigenous Peoples and Local Communities Yes

Civil Society Organizations Yes

Private Sector Entities Yes

If none of the above, please explain why:

In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.

93. The selected six rural landscapes were selected from a set of criteria, including the interest of communities and municipalities in specific value chains, based on previous work in the field through PRODETER (territorial development projects, funded by SADER). The Figure below lists the stakeholders that were identified during the PIF formulation. No consultations with stakeholders in the territory were done during this phase, the analysis is based on secondary information and a team that works at a local level in SADER. Consultations are expected to happen in each landscape during the PPG phase.

Figure 13: Stakeholder analysis at PIF

Stakeholder	Means of consultation/involvement during project execution	The means and timing of engagement	The means of information dissemination
Indigenous peoples	<p>FPIC process consultation and workshops during PPG Phase</p> <p>Involvement as beneficiaries of the project through the following project outputs: 1.2.1; 1.2.2; 2.1.1; 2.1.2; 2.1.3; 3.1.2; 4.1.2 and 4.1.3</p>	<p>PIF through ongoing efforts and initiatives of SADER, CI, INAES, Agenda 2030, CIMYT, ICCA, CONAZA in the landscapes, as well as efforts from the National Institute of Indigenous Peoples (INPI)</p> <p>PPG: IP will be supported financially to attend the consultations and workshops for project FPIC and for those who wish to participate, means of engagement</p> <p>Beneficiaries during project ex</p>	<p>Through direct relationship through SADER, CI, Agenda 2030, INAES and the National Institute of Indigenous people.</p> <p>During PPG the project will design the means of information dissemination for project execution, that is appropriate for indigenous people, including languages and the traditional channels used by them like local radios and their traditional governance mechanisms.</p> <p>And through the knowledge management strategy.</p>

		Beneficiaries during project execution in outputs mentioned.	
Producer organizations	<p>FPIC process consultation and workshops during PPG Phase</p> <p>Involvement as beneficiaries of the project through the following project outputs: 1.2.1; 1.2.2; 2.1.1; 2.1.2; 2.1.3; 3.1.2; 4.1.2 and 4.1.3</p>	<p>PIF through ongoing efforts and initiatives of SADER, CI, INAES, Agenda 2030, CIMYT, ICCA, CONAZA in the landscapes</p> <p>PPG: Producer organizations will be supported financially to attend the consultations and workshops for project FPIC and for those who wish to participate, means of engagement</p> <p>Beneficiaries during project execution in outputs mentioned.</p>	<p>Through direct relationship through SADER, CI, Agenda 2030, INAES and the National Institute of Indigenous people.</p> <p>During PPG the project will design the means of information dissemination for project execution, that is appropriate for producer organizations, including the traditional channels used by them like local radios and their traditional governance mechanisms.</p> <p>And through the knowledge management strategy.</p>
Municipalities and State governments	<p>Consultation and workshops during PPG Phase</p> <p>Involvement as partners and beneficiaries of the project through the following outputs: 1.1.1.; 1.1.2; 1.2.1; 1.2.2; 2.1.1; 2.1.2; 2.1.3; 3.1.2; 4.1.2 and 4.1.3</p>	<p>PPG and project execution in the outputs mentioned.</p>	<p>Direct communication via email and phone, and through the knowledge management strategy.</p>
Civil society organizations	<p>Consultation and workshops during PPG Phase. Invited to participate in calls for proposals during project execution.</p>	<p>PPG and project execution in the outputs mentioned.</p>	<p>Direct communication via email and phone, and through the knowledge management strategy.</p>
Private sector entities	<p>One-on-one presentations to introduce the project to them and invite them to collaborate with SADER-CI in the project preparation phase (workshops at the landscapes and other planning meetings). Collaboration in 3.1.1., 3.1.2, 3.1.3; 4.1.2; and 4.1.3</p>	<p>PIF through one-on-one meetings and calls.</p> <p>PPG through round table discussions, workshops, and meetings</p> <p>Project execution in outputs mentioned.</p>	<p>Direct communication via email and phone, and through the knowledge management strategy.</p>

94. Organized producers, local communities, indigenous peoples, civil society, other governmental institutions, and the private sector, will be invited to engage in the project preparation phase. The identification of these stakeholders will derive from ongoing work with key stakeholders and decision-makers in these landscapes, as well as the ongoing work of other project partners (CI, CIMMYT, IICA, CONAZA), including work with vulnerable groups (youth, indigenous communities, women). These groups will be invited to attend project presentations, to guarantee a free, prior and informed consent process from design. The attendance will be supported financially. Those stakeholders genuinely interested in participating or benefiting from the project and who want to engage in the preparation workshops will also be supported financially to attend the workshops. Consultations will be specifically designed to engage these groups to gather their views, concerns, and support. The workshops will be facilitated by an expert in participatory processes with a rights-based approach.

95. In the case of other governmental institutions and the private sector, we will hold one-on-one presentations to introduce the project to them and invite them to collaborate with SADER-CI in the project preparation phase (workshops at the landscapes and other planning meetings).

96. Progress has been made on how indigenous people and producer organizations will engage in this project since there exists previous work done by the Territory Development Program (PRODETER) from SADER. Technicians from PRODETER (extension) have already identified food and agriculture value chains of interest for the municipalities that are part of the selected landscapes.

### 3. Gender Equality and Women's Empowerment

**Briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis).**

97. Women in the project landscapes face different challenges due to imbalances in social norms and power relations, lack of equal access to natural resources and exclusion from the economic activities and entities responsible for decision-making. Also, women have generally less access to and control over natural resources on which they depend on their livelihoods. Because of the deep knowledge they have about communal customs and the many productive activities that are carried out, women are key players in programs dealing with the sustainable use of natural resources so that their integration in the initiative is a basic premise to maximize the project's impact. Finally, institutional strengthening can increase the participation of women in management plans or local associations increasing the chances of ensuring their inclusion in decision-making.

98. During the design and implementation of the project, specific activities will ensure the involvement and active participation of women, elderly people, youth and minorities. The project will ensure that such groups have room to express their interests and issues and equal opportunities to participate in project planning. Gender equity considerations will be taken into account throughout the process of program development, implementation and evaluation to bring about changes for both environmental and gender issues. During the PPG phase, gender indicators will be identified.

**Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes**

**closing gender gaps in access to and control over natural resources;**

**improving women's participation and decision-making; and/or Yes**

**generating socio-economic benefits or services for women.**

**Will the project's results framework or logical framework include gender-sensitive indicators?**

Yes

#### 4. Private sector engagement

**Will there be private sector engagement in the project?**

Yes

**Please briefly explain the rationale behind your answer.**

99. The Rural Landscapes project has already generated interest from private sector partners. We have been approaching companies ready to buy sustainably produced products by small-scale producer organizations through the *GEF6 Sustainable Landscapes Oaxaca-Chiapas* project lead by CONANP-CI. We have also seized opportunities to replicate and escalate those lessons into the GEF7 Rural Landscapes project. Also, we met with key people that lead the *GEF5 ECOSECHAS* project executed by CONANP-CI and *Sustainable Products Systems (SPS)* project of executed by CONABIO-WB, to take into consideration lessons learned from their collaboration with private sector partners. With the support from the *GEF6 Sustainable Production Landscapes* designed by CONABIO-WB, we have met with key financial institutions interested in further collaborating in GEF projects. A summary is presented below.

100. **Component 2: Land use plans and extension programs incorporate biodiversity management and sustainable land-use practices.** Companies like Green Corner (fish, fruits, seeds, flours, other), Small-scale Producer Program with Walmart (fruits and vegetables), Toks (coffee, honey, and seeds), sustainably produced cacao buyers in Europe (like Original Beans and Darnhower), Danoné (strawberries), La Costeña (chiles), Herdez (fruits and vegetables) and other, are ready to collaborate with the Rural Landscapes Project. During the PPG phase, these partners will be invited to co-design the full proposal with us and engage in co-financing this GEF project with the end goal of continuing their engagement with the producers and SADER in these landscapes after the project ends.

101. **Component 3. Blended finance mechanisms in the agriculture sector include biodiversity and sustainable land use criteria.** We have approach public and private financial institutions that could potentially collaborate with the Rural Landscapes project in a blended finance mechanism. During the first 2 years of the project, grants will be needed for small-scale producers to consolidate their organizations, produce feasibility studies and business plans, improve productivity, diversify their systems, etc. The organizations that can support this phase include FCCF, Grupo Paisano, INAES, and FND. In year 3, venture capital would be required for incubation and acceleration with support from investors like Loom Capital, Co-Capital, and Grupo Paisano. Years 4-5 and beyond, capital investment and debt will be needed for those organizations that have promised letters from buyers and need to make investments in transformation, commercialization, logistics, and distribution. FIRA, FND, FINDECA, and ProSostenible are ready to support this effort. Also, BIOFIN project has shown interest in helping to provide related and associated private capital funds with biodiversity (green funds) and other development banks.

## 5. Risks

Indicate risks, including climate change, potential social and environmental risks that might prevent the Project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the Project design (table format acceptable)

98. The following table analyzes the potential risks that have been identified for this project proposal as well as mitigation measures proposed to address them.

CI-GEF has included a Safeguard Analysis as a separate attachment. This analysis is done at the PIF stage and has identified the following areas as potential safeguard risks: Restrictions on Land Use and Involuntary Resettlement, Indigenous Peoples, Resource Efficiency and Pollution Prevention, Labor and Working Conditions, and Community Health, Safety and Security. The project will be further screened during the PPG Phase to determine whether the above policies will be triggered. The results of the secondary screening will inform the mitigation measures to be undertaken by the project and will be reflected in the CEO endorsement submission.

Table 8: Project risks and mitigation measures

Risks	Risk Mitigation Measures
<p><b>Drought and Fires:</b> the incidence of fires in dry years due to agricultural production practices (slash and burn agriculture), can divert actions in the management of the rural landscape</p> <p>High</p>	<p>Forests caused by agriculture production practices should be changed and disincentivized by awareness campaigns,</p> <p>capacity building to producer organizations and financial support for equipment, organizing and training fire brigades, improving practices and protection measures (firewalls) all around protected areas, reduce on the ground firewood, black lines and burn control areas.</p> <p>If fires intensify during the life of the project, we should have a contingency fund to help react quickly with equipment, brigades, and mobilization.</p>
<p><b>Climate change:</b> Extreme meteorological events like hurricanes and droughts may greatly affect productivity and crops could be completely lost. Also, the increase in temperatures intensify the prevalence and spread of epidemics like leaf rust.</p> <p>High</p>	<p>Improve production practices like diversification, restoration efforts and investment packages with agricultural insurance associated with credits.</p> <p>During extreme events, the project measures will include prevention with the communities by monitoring early alerts and adaptive management techniques for project management. Close communication with the implementing agency to inform of the changes in scenarios and what the new plan would look like will be key in these instances.</p>
<p><b>Social conflicts:</b> Existing divisions in the local communities (or conflicts generated by the project due to a difference in the vision and consent of the Rural Landscapes project interventions, or delays in the project start-up phase that could generate a loss of trust) that could cause internal conflicts</p>	<p>A solid communications strategy since project design at PPG phase that includes a stakeholder engagement plan safeguards strategy and free, prior and informed consent process, and a well-established grievance mechanism should be the basis to reduce and manage these potential social risks and level project</p>

<p>phase that could generate a loss of trust) that could cause internal conflicts around benefit distribution or unrealistic project expectations.</p> <p>High</p>	<p>the basis to reduce and manage these potential social risks and level project expectations among key stakeholders and beneficiaries.</p> <p>The project will activate the grievance mechanism safeguard so that we have the project governance in place to respond to any unforeseen conflict that might occur. It will be key to keep a good communication strategy with the communities so that we get early information about any potential conflict to mediate on time. We also need to guarantee communities have the information needed to access this mechanism, like the hotline.</p>
<p><b>War on drugs/safety and security:</b> Presence of drug cartels in particular in the landscapes located in the northern and central states that could put at risk our staff, our partners or investments.</p> <p>High</p>	<p>Through community engagement and the participatory process during the PPG phase, the team will engage key stakeholders that understand these risks, so that the project avoids interventions close to any known or potential area of conflict.</p> <p>If for any reason our activities fall within an area of insecurity or conflict related to drug cartels, we will have to pause or suspend our interventions in that site and develop and transition plan.</p>
<p><b>Inter-institutional coordination:</b> The project design was a close collaboration between several institutions including SADER, CI, Agenda 2030, INAES, CIMMYT, CONAZA, and IIC. This poses an opportunity for collaboration and impact at scale, and a risk in terms of slowing project decision making, internal misalignment of priorities, etc.</p>	<p>The project governance mechanism with clear roles and responsibilities will be key for healthy collaboration between partners.</p> <p>If things don't work out as planned, the same governance mechanism of the project will help mediate or have a healthy termination of a relationship with a partner if needed, so that it does not negatively impact achieving project results.</p>
<p><b>Financial:</b> Co-financing from project partners is crucial to meet project objectives, reach scale and sustainability. However, current world context with dropping government revenues from oil prices markets response to coronavirus pandemic and economic health after the quarantine could put at risk cashflow from partners from the private sector, impact funds or the same GEF. The scenario in PIF designed could be completely different during implementation.</p>	<p>The project is designed and will continue to be designed at the PPG phase diversifying the financial sources of the project so that if one or a few changes their level of investment, we have other sources to keep up with the work, while new financing sources are identified.</p> <p>However, if financial or co-financing sources for project implementation change negatively, and due to the current world context the project does not find the level of commitments needed to succeed, two things could happen: 1) that this context is affecting all GEF projects and that the GEF makes changes for all approved projects to adjust to the new reality, or 2) the concept will have to be scaled down to those landscapes where there are higher chances to succeed.</p>

## 6. Coordination

**Outline the institutional structure of the project including monitoring and evaluation coordination at the project level. Describe possible coordination with other relevant GEF-financed projects and other initiatives.**

103. Conservation International is the GEF Implementing Agency for this project. The GEF Agency is well-positioned to implement the project in Mexico because of the institution's experience in landscape management where mainstreaming biodiversity in productive activities is a key pillar of CI interventions. One of the four pillars of CI's institutional strategy consists of sustainable landscapes and seascapes. This involves protecting essential ecosystems, unlocking finance, creating scalable models that integrate protection and production, and developing landscape assessment tools. For landscape level work, CI focusses on large ecological systems with the most important for people and nature to develop self-sustaining and scalable conservation models for areas that often include a mosaic of production systems, protected areas, and communities. The Agency project pipeline constitutes a robust experience in topics related to biodiversity conservation and management, sustainable productive activities in landscapes and seascapes, and financial instruments aligned with the GEF focal areas of biodiversity, land degradation, climate change, and Non-Grant Instruments.

104. The Executing Agency is the Ministry of Agriculture (SADER), specifically the General Director for Climate Change in Agriculture division under this institution. SADER is the leading government institution for the agriculture sector, with broad experience and influence at a local level through the local offices, which are also in the selected landscapes. Project coordination will take place by a Project Management Unit (PMU) within the executing agency SADER and Financiera Nacional de Desarrollo (FND) will administer the funds for SADER.

105. A Steering Committee will be the decision-making platform of the project that will ensure strategic guidance and approval of how the funds are used, making sure the proposed outcomes of the project are achieved. It is expected that the following institutions are part of the PSC: SADER, INAES, Agenda 2030 and CI. One Technical Committee per landscape, with representation from the local communities' key stakeholders, state and municipal government representation, and project partners including SADER, INAES, FND, IICA, CONAZA, CIMMYT, Loom Capital and Co Capital. Each committee will be defined based on the analysis per landscape done during the PPG phase. The project management unit will be formed by core staff that executes the project activities managing the day to day of the project. It is expected to work at a local level in each landscape in coordination with SADER offices in each territory. Monitoring and evaluation will be the responsibility of the PMU with the support of SADER and CI.

106. **Describe possible coordination with other relevant GEF-financed projects and other initiatives.** The proposal also seeks to consolidate previous GEF investments in the Mexico portfolio addressing sustainable agriculture; learn from lessons on how to apply safeguards correctly in market-driven processes with local communities (from Mainstreaming biodiversity in Sustainable Landscapes in Oaxaca-Chiapas and CONECTA); agriculture best practices tools developed (manuals of the SPS projects and ECOSECHAS), strong relationships with financial institutions and buyers that are now more aware and willing to collaborate with GEF projects (ECOSECHAS, SPS, SPL, CONECTA and Sustainable Landscapes in Oaxaca-Chiapas), to mention a few.

**Figure 15: Coordination with other GEF projects**

GEF Project Name	Years (Start-End)	Possible Coordination with Sustainable Landscapes
<b>Sustainable Productive Landscapes</b>	2020-2025	SEMARNAT will be testing how to conserve producing, and SADER how to produce conserving.
<b>Conservation and Sustainable Use of Biological Diversity in Priority Landscapes of Oaxaca and Chiapas</b>	2018-2023	This project is making good progress in applying safeguards in productive activities with a landscape approach and testing market-driven value chains for sustainably produced products with mainstream and niche buyers. The GEF 7 proposal aims at scaling this good results in this landscape and other landscapes prioritized for their biodiversity relevance.
<b>Sustainable Production Systems and Biodiversity Project</b>	2012-2019	This project has ended, however, tools and materials produced like catalogs of products friendly with biodiversity and producer guidelines for various commodities will be a great help to advance the communication techniques of the Rural Landscapes project. Also, the M&E system established for this project will be the bases for the rural landscape's M&E system.
<b>Mainstreaming the Conservation of Ecosystem Services and Biodiversity at the Micro-watershed Scale in Chiapas</b>	2010-2015	This project ended already, however, challenges faced in this project to find buyers for the producers supported by the project with capacity building, technical assistance, and other, have been useful guidance in the design of this PIF. Relationships build with buyers from that project have matured and today they show a greater will to work with us since the design like Green Corner, Walmart, and others.

## 7. Consistency with National Priorities

### Is the Project consistent with the National Strategies and plans or reports and assessments under relevant conventions

Yes

**If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc**

107. X- National Biodiversity Strategies and Action Plan (NBSAP) under UNCBD Mexico's 2016-2030 national biodiversity strategy (EnBioMex) has 4 mechanisms) agriculture, forestry, tourism, and fisheries) to incorporate biological diversity values in the productive sector. The project will help mainstream biodiversity across the agriculture and forestry sectors. These planning instruments will be implemented and evaluated in the six landscapes

108. This project will improve management in 889,106 hectares with diversification, increase production, conservation of native species and wild relatives of crops. This will contribute to National Determined Contributions, in particular Agriculture/ Livestock and LULUCF. Also, it will help advance the National 6th Communication goals through GHG reduction by improved agriculture practices (reduce of chemical use that impact air quality) and climate change adaptation of landholders and in the 8.3 million hectares of the project landscapes. The project will also contribute Mexico's Special Climate Change Program 2020-2024 and the National Adaptation Policy, strategies: Food security and resilient production systems and Conservation, restoration, and sustainable use of biodiversity and ecosystem services by improving production management (diversification, intensification, best practices) in 2.3 million hectares of PBAs.

109. The Project will help advance Mexico's commitments to SDGs like responsible consumption and production, climate action, life on land, through its agriculture by linking sustainably produced food with markets; climate action already mentioned above and biodiversity protection and sustainable land use through best management and restoration of agriculture land in PBAs.

## 8. Knowledge Management

**Outline the Knowledge management approach for the Project, including, if any, plans for the Project to learn from other relevant Projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.**

110. It is becoming more important for the GEF and the countries implementing GEF projects, to learn from previous and ongoing experiences systemically and that this knowledge is available for other projects to learn from. This project will contribute to Mexico's knowledge and exchange of GEF projects experience through the following actions:

- **Collect and systematize project information and data:** This strategy defines where is the project information located, how it is generated through field activities and it is analyzed and transformed so that it is available to local and national stakeholders, and how it is shared (to be transformed through others inputs and how we make visible this information for others to use).
- **GEF project exchanges:** We will promote in-country GEF project exchanges and south-south exchanges with communities, government, and other CI offices, implementing similar GEF projects addressing policy, practices, and financing to mainstream biodiversity in agriculture with a landscape approach.
- **Knowledge sharing:** Channels and tools to make the information visible to others and refers to activities the project will undertake to publish studies and results, training manuals, and other information systematized. The systematized information will be shared through events, meetings, workshops, webinars, conferences, scientific publications, online platforms (social media, closed systems, institutional website), to landowners and users of ecosystem services, to government institutions, private sector, and financial partners, and the environmental sector at large. Conservation International tool Landscape Assessment Framework (LAF), will be established for each landscape (output 4.1.3.), to communicate progress towards natural resources management, commodities produced, financing and human wellbeing. The LAF is a system of indicators that collectively characterize the sustainability of a landscape against broader management objectives. Applying the LAF will provide partners and stakeholders of the project, a holistic view of landscape sustainability, credible data to inform decision-makers and consistent information to support adaptive management. The LAF will provide unique outputs to support effective decision-making and communications and will be an integral part of the Knowledge Management strategy.
  - LAF application enables stakeholders to answer questions about a landscape like What is driving ecosystem degradation? How sustainable is the level of agricultural productivity? Are people benefiting from interventions? The Landscape Assessment Framework is a tool used to evaluate the landscape's sustainability through key indicators which are: natural capital -including biodiversity- sustainable production, human well-being, and governance. For this tool to be applied, the status and trends of each landscape will be assessed during the initial years of project execution, after the free prior and informed consent process starts in each of the six landscapes. The LAF provides three unique outputs to support transparency and effective decision making: a framework summary card to capture overlying trends at the landscape level, an interactive online dashboard for monitoring and communication, an interactive online web map allowing stakeholders to perform additional simple analysis and interpret different visualizations.

**Part III: Approval/Endorsement By GEF Operational Focal Point(S) And Gef Agency(ies)**

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the Operational Focal Point endorsement letter with this template).

<b>Name</b>	<b>Position</b>	<b>Ministry</b>	<b>Date</b>
Fernanda Montero Lara	GEF Operational Focal Point for Mexico	Secretaria De Hacienda Y Credito Publico	3/23/2020

**ANNEX A: Project Map and Geographic Coordinates**

Please provide geo-referenced information and map where the project intervention takes place

**Figure 16: Northwestern landscape**

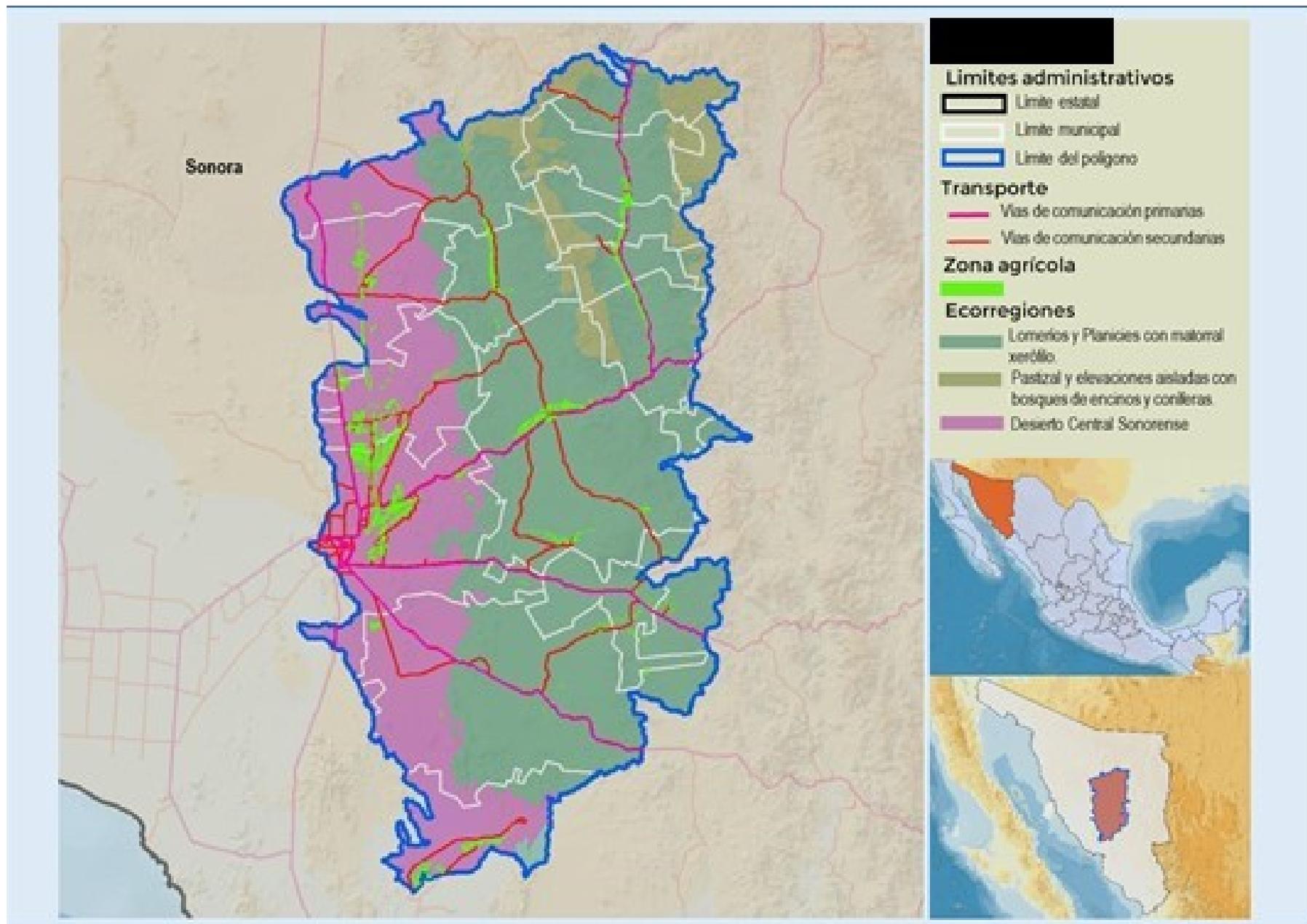


Figure 17: North Pacific landscape

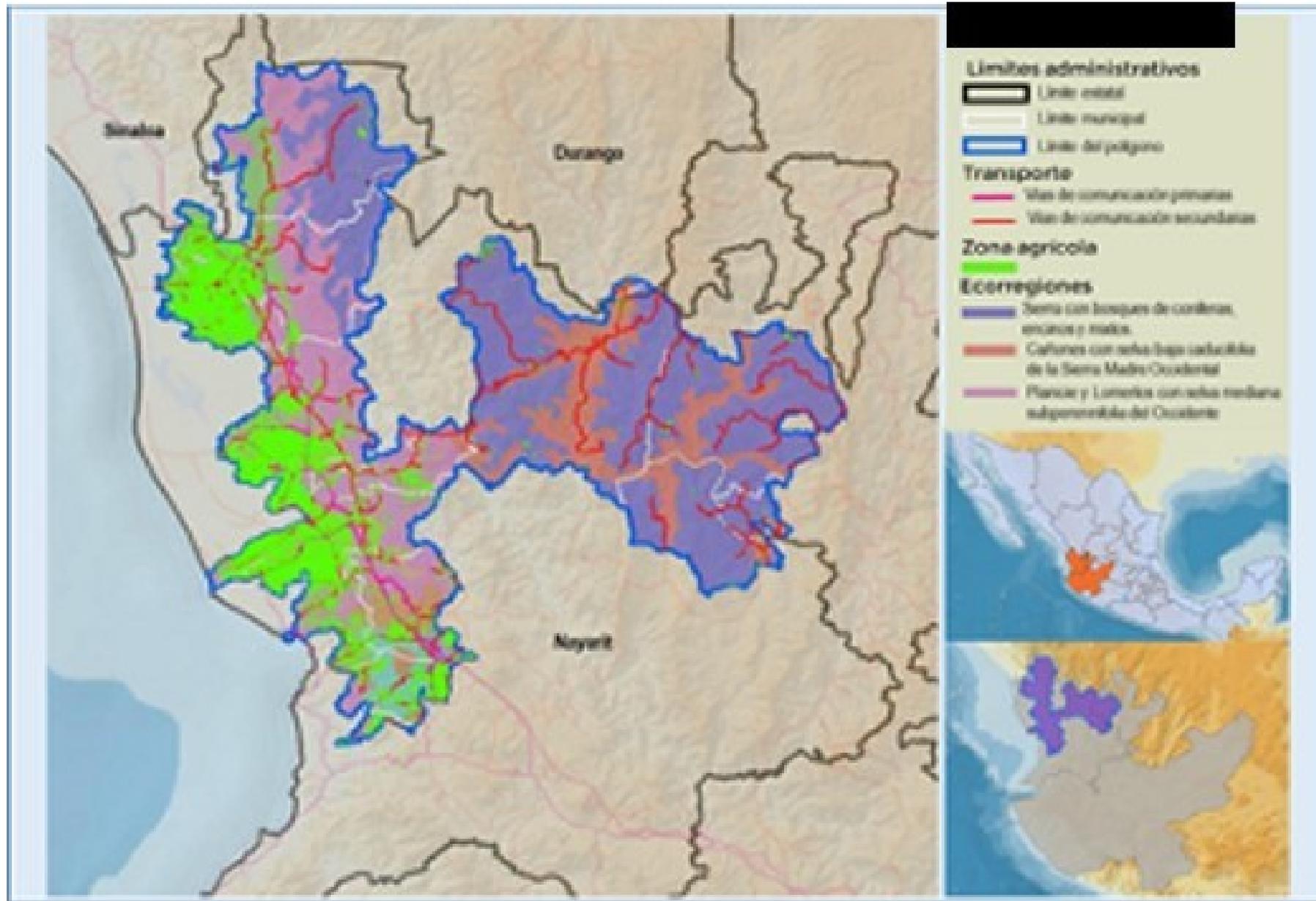


Figure 18: Northeastern landscape

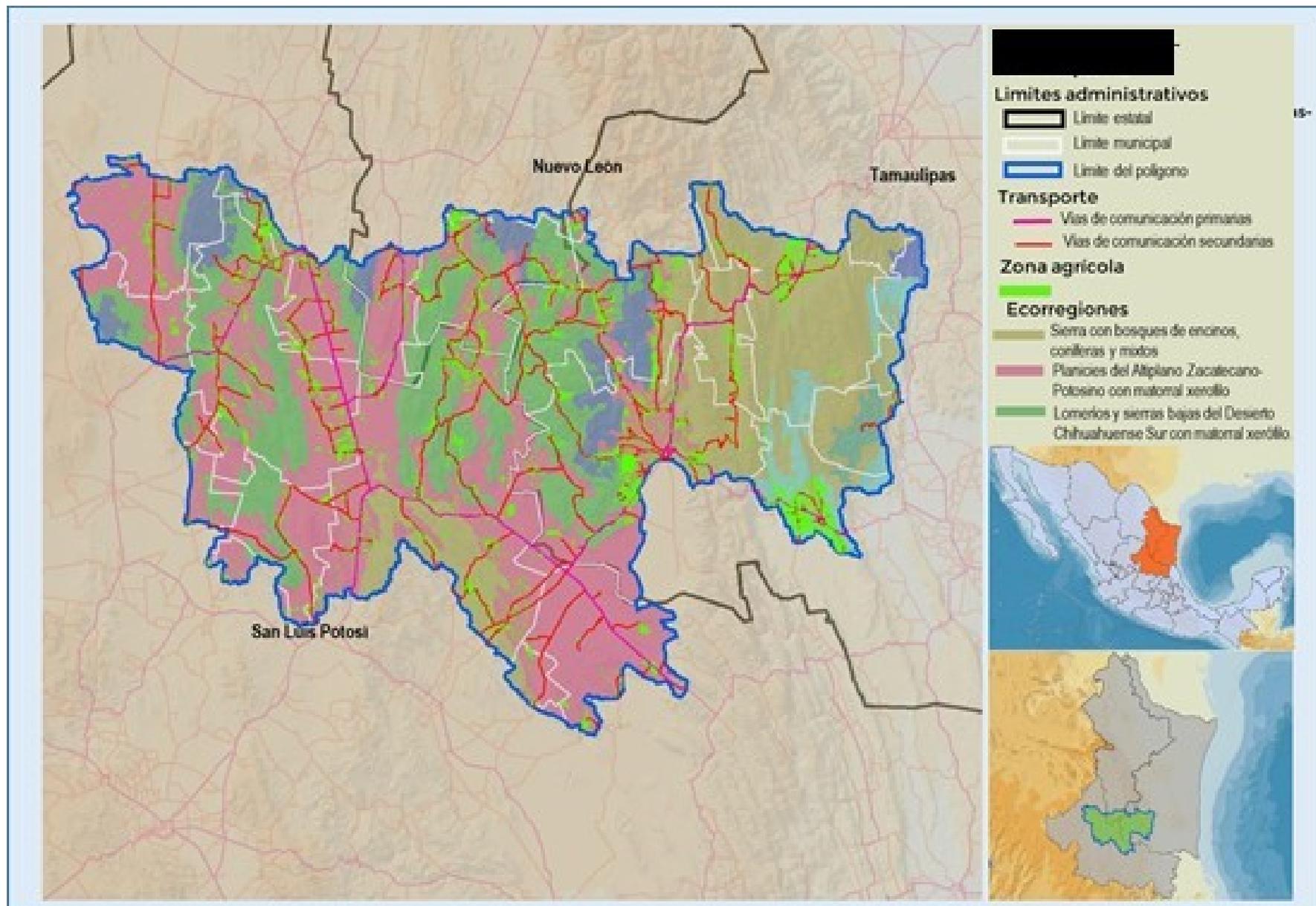


Figure 19: Central landscape

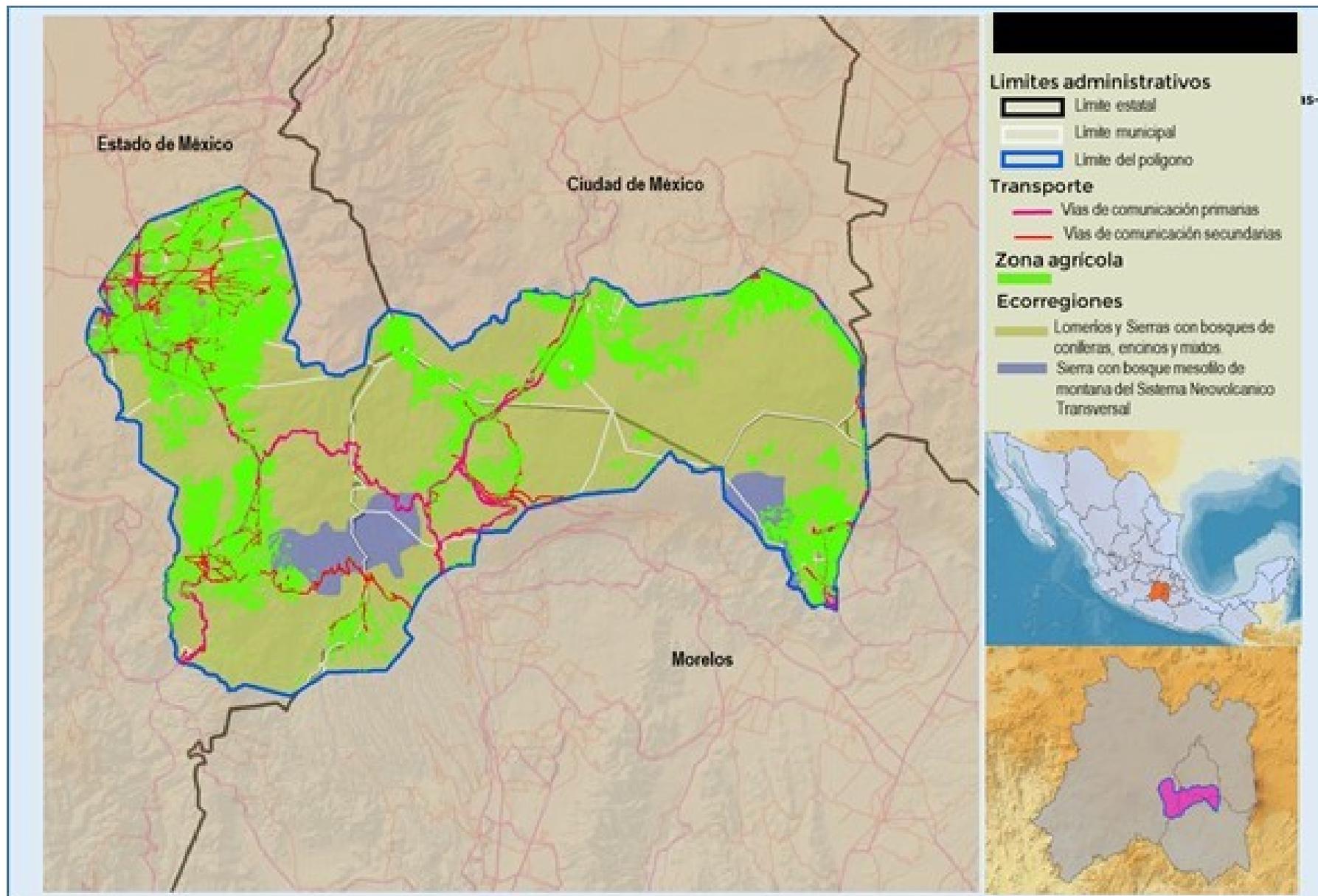


Figure 20: South Pacific landscape

