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# RURAL PROSPERITY & CONSERVATION INITIATIVE

**SEMIANNUAL PROGRESS REPORT  
REPORTING PERIOD OCTOBER 2005 – MARCH 2006  
CONTRACT NO. PCE-I-26-99-00003-00**

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This publication was produced for review by the United States Agency for International Development. It was prepared by the Mexico RPC team under the supervision of Gerald Schmaedick.

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency of International Development or the United States Government.

## The Mission of USAID/Mexico's Rural Prosperity and Conservation Initiative:



We foster the conservation and sustainable use of natural resources to improve the quality of life of rural residents by promoting sound land use management and developing and strengthening economic enterprises.

### Our Motto:

We strengthen rural enterprises for the protection of the environment.



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## EXECUTIVE SUMMARY

The Mexico Rural Prosperity and Conservation Project known in Mexico as *La Iniciativa de Prosperidad Rural y Conservación de USAID* (IPRC/USAID) began operations in Oaxaca, Mexico in October 2004. As the project enters into Year 2 of operation, the groundwork laid in the first year of implementation has begun to pay off. Using partnerships and linkages created during Year 1, IPRC/USAID has developed and implemented creative interventions in value chains such as coffee, cacao, tourism, forestry, and hothouse agriculture to leverage these relationships into high-quality and high-impact projects.

This semiannual progress report provides a concise overview of the performance of IPRC/USAID from October 2005 through March 2006. This document serves to highlight resources invested and progress made by IPRC/USAID in achieving the goals set forth in the 2006 Annual Work Plan. In terms of presentation, the report is divided into three main sections: Section I provides a quick look at success stories in three of the main IPRC/USAID value chains of coffee, cacao and tourism. Section II, Table 5 compares results to date against activities planned in the 2006 Annual Work Plan. The final section provides an activity by activity description of interventions completed and activities programmed by IPRC/USAID to meet the project's goals for 2006.

The main goal of IPRC/USAID is to assist USAID/Mexico and its partners in strengthening private businesses and community enterprises in efforts to generate additional income while protecting the natural resources of Mexico. To accomplish this goal, IPRC/USAID intervenes at three different levels: national policy level, regional or association level, and individual or producer level. The Rural Prosperity Fund, which is the small grants fund mechanism operating under IPRC/USAID, assists in providing financing to projects and organizations at all levels of intervention. In general, activities are organized around four main tasks set out in the project's contract. Sections II and III of this report are organized by these tasks.

IPRC/USAID's achievements during this reporting period are many. The following summary cites specific advances under each task that are of great importance in achieving significant impact and creating a solid foundation for future IPRC/USAID activities.

### THE IPRC TASK STRUCTURE

#### **Task 1 – Enhance National Enabling Environment to Foster Conservation of Natural Resources and Promote Economic Development**

Working at the national and sector policy levels to address key bottlenecks and take advantage of opportunities to generate macro-level benefits for project beneficiaries.

#### **Task 2 – Identify Best Practices for Conservation and Economic Development**

Delivering interventions at the site-specific level to individual business units and producer associations to disseminate best practices and strengthen rural producers.

#### **Task 3 – Strengthen community-based natural resources & watershed management**

Scaling up successful site level interventions to increase regional adoption of best practices

#### **Task 4 – Expand Cooperation with Mexico for Sustained Rural Prosperity**

Expanding impact and strengthening the capacity of collaborating institutions through co-financing of initiatives through the Rural Prosperity Fund.

### **Task 1 – Improving the National Context to Foster Conservation of Natural Resources and Promote Economic Development**

- Implementing the USAID/SEMARNAT Memorandum of Understanding (MOU): Work plan drafted, approved, and being implemented for CONANP working group. Work plans for PROFEPA and CONAFOR also developed and pending approval.
- Terms of reference written and consultant contracted to assist CONANP in the development of a tourism policy for Mexico's national protected areas. Policy to be tested during July 2006 in seven pilot areas.
- Terms of reference written for the development of projects in environmental service payments. Focus is on carbon sequestration.
- Funded 50 percent and provided technical assistance for the CECADESU tourism training course. Twelve of 25 participants received "M" certification upon graduation.
- Completed *Guía para la formulación de proyectos productivos rurales en áreas prioritarias para la conservación de Oaxaca y Chiapas* to be used and tested in community workshops during May and June 2006.

### **Task 2 – Defining and Implementing Best Practices for Conservation and Economic Development**

- Signed and began implementation of a subcontract with the Coffee Quality Institute (CQI) to provide technical assistance to five coffee producing groups benefiting 2,036 farmers.
- Identified the most promising cacao producer groups and began assistance to Orgánicos de Chontalpa S.A. de C.V., a marketing organization servicing 2,407 cacao producers
- Drafted Memorandum of Understanding between USAID and Corigins chocolate company for future technical assistance in cacao sector. Awaiting signing by U.S. ambassador and Corigins.
- Facilitated the presentation of a Nestle cacao disease expert on the control of Moniliasis that helped public-private stakeholders to jointly endorse a plan of attack on the disease threatening Mexico's entire cacao sector.
- Continued implementation of the subcontract to provide training and technical assistance to COTAS, the Oaxaca Valley irrigation organization, completing its strategic plan and starting income-generating activities.
- Selected four COTAS tomato producer organizations and began implementation of training programs in production and marketing.
- Completed analysis of value chains in the Santa María Chimalapas area, identifying livestock and forestry as most promising. Developed Terms of Reference to reactivate a 2001 Forest Management Plan.
- Led in the design, organization and launch of Senda Sur, an innovative tourist information and reservation center in Chiapas, combining community-run attractions with private sector tour operators.

### **Task 3 – Strengthening Community Watershed Management and Conservation of Natural Resources**

- Directed CQI (see Task 1) assistance two new coffee umbrella groups Más Café and Productores de Café de Putla.

- Funded and led leaders of Santa María de Chimalapa on a study tour to visit an outstanding model of community forestry enterprises, the Ejido Noh Bec in Quintana Roo.
- Organized a visit by COTAS and CNA leaders to TIES program at the University of Querétaro that led to an agreement on collaborative, income-generating activities.
- Facilitated the technical assignments of two U.S. Forest Service experts to assess the equipment needs of two community forestry enterprises and provide recommendations on improved practices with the potential to increase yields by 50 percent.
- Supported community tourism activities in the Monarch Butterfly Reserve: by funding two study tours to San Nicolas Totolapán for Anganguero leaders; processing applications for two grants to assist in upgrading signage and designing a new tourist visitation center; finalizing terms of reference of a consultant to draw up a master tourism plan for the Anganguero region.

#### **Task 4 – Expanding Cooperation with Mexico for Sustained Rural Prosperity**

- Process and approved two grants for approximately US\$34,000.
- Received and submitted to Technical Committee for final evaluation three grants totaling approximately US\$73,460.
- Received and developing applications for seven additional grants totally approximately US\$128,770.
- Have begun initial evaluation of 12 more applicants for grants totally approximately US\$213,040.
- See Table 8, page 38 for details.

#### **The IPRC/USAID Team**

Chief of Party – Gerald L. Schmaedick  
 Small Farm Production and Commercialization Specialist – Salvador González  
 Agri-Business and Marketing Advisor – Ramón Braojos  
 Community-Based Natural Resource Management – Enrique Alatorre  
 Policy Reform and Analysis Specialist – María Elena Mesta  
 Grants and Subcontract Manager – Pedro Iván Muñoz  
 Monitoring and Evaluation/Communications – Gorgonio Celaya  
 Administrative and Accounting – Ariadna Alcántara, Leticia Matías, Virginia Sánchez, and Rafael Ramos

## SECTION I

### Highlights

The USAID Mexico Rural Prosperity and Conservation Project through its operating unit, *La Iniciativa de Prosperidad Rural y Conservación* (IPRC/USAID) has made significant advances during this reporting period (October 2005 – March 2006). The overall progress of IPRC/USAID is detailed in Section III of this report. Particularly noteworthy results occurred in the priority sectors of coffee, cacao and ecotourism.

- In coffee, through targeted technical assistance provided by the Coffee Quality Institute, methodologies to improve harvest quality and quantity have been introduced to five coffee producer organizations, benefiting 2,036 producers.
- In cacao, 2,407 producers in Chontalpa are being introduced to best management practices in crop management, disease control, and post-harvest handling and processing.
- In Chiapas, IPRC/USAID has led the effort to establish a model to join the efforts of community-based tour initiatives with private sector tour operators.
- At the national level, IPRC/USAID worked with CONANP to write the terms of reference and fund a consultancy to draw up a national policy for ecotourism in National Protected Areas (ANP).

The IPRC staff based in Oaxaca, Tuxtla Gutierrez, and Mexico City have worked hard to produce substantive results. Their accomplishments in these three important sectors are highlighted in this section.

### Coffee: Improving Quality and Linking Producers with Specialty Markets

Following careful evaluation of potential cooperators in 2005 IPRC/USAID chose and began working intensively with five coffee producer organization (see Table 1, page 5). IPRC/USAID is helping these producer groups to improve both the quality and quantity of their harvests. The groups have received training and technical assistance provided by the Coffee Quality Institute (CQI) under a subcontract with IPRC/USAID. CQI is providing methods training to farmers in:

- Improving coffee shade management.
- Enhancing soil fertility in a certified organic production system.
- Efficient restoration of poorly producing trees.
- Efficient replanting of coffee plantations with new, higher-yielding coffee varieties.

Coffee quality is heavily dependent on the correct processing of beans after harvest. Therefore, IPRC/CQI is training farmers how to identify the optimal harvest time and how to handle the coffee properly after leaving the plantation. In addition, CQI is working with three of these producer groups to evaluate the feasibility of installing centralized wet processing facilities. Wet processing

#### Coffee Quality Institute (CQI)

The CQI is a non-profit organization working worldwide to increase small coffee farmer production, upgrade the quality of the harvest, and link these farmers with higher-paying, specialty coffee markets.

#### Increased Coffee Yield = Increased Income

Estimates show that a 10 percent increase in both yield and price (result of higher quality) will result in a 21 percent increase in gross income for coffee farmers.

facilities would produce more uniform coffee depulping and drying, and increase the overall quality of the processed coffee.

**Table 1 – Getting to Know Our Coffee Producer Groups**

Name of Group	Location (municipality, state)	No. of Members % Women	No. of Ha. Coffee % Organic	Average size coffee plot (Ha.)	Estimated Production in Quintals (100 lbs)	Exports: yes/no
1. Comon Yaj Nop Tic	Nuevo Paraíso, La Concordia, Chiapas	140 / 5%	210 / 100%	1.5	1,680	Yes
2. Sposel	Zaragoza, Chiapas	309 / 6%	254 / 80%	0.82	1,524	No
3. La Trinidad	Naranjo, Esquipulas, Oaxaca	420 / 4%	200 / 100%	0.48	800	Yes
4. Grupos Étnicos de Tenejapa	Tenejapa, Chiapas	1000 / 30%	1500 / 40%	1.5	7,500	No
5. Kulaktik	Tenejapa, Chiapas	167 / 20%	220 / 100%	1.32	1,760	Yes
<b>Totals</b>		<b>2,036 / 19%</b>	<b>2,384 / 66%</b>	<b>1.17</b>	<b>13,264</b>	

### **Cacao: Defining and Enhancing Quality, Increasing Yields and Improving Post-Harvest Handling**

In contrast to coffee, less is known about factors affecting cacao quality – both in terms of varieties of plant material and in terms of optimal post-harvest handling. IPRC/USAID has identified and evaluated the leading producers and producer groups of the highest quality cacao in the region. IPRC/USAID is working with these industry leaders to define cacao quality parameters and best management practices (crop management, disease control, and post-harvest handling and processing) that lead to a high-quality end product. Quality control is a special challenge given international interest in certified organic export markets.

IPRC/USAID is working with Orgánicos de la Chontalpa S.A. de C.V. (Orgánicos), a private corporation jointly owned by 11 community-organized cacao producer groups and four private sector businesses that offer technical assistance to producers. The 11 producer groups market their cacao through Orgánicos while service businesses provide technical assistance and training to the producers.

**Table 2 – Getting to Know Orgánicos de la Chontalpa S.A. de C.V.**

Orgánicos de la Chontalpa S.A. de C.V.	
Location	Colmalcalco, Tabasco
No. of Member Producer Groups	11
No. of Producers (sum of all groups)	2,407 with 25 percent women
No. of TA Businesses Sharing Ownership	4
Total Hectares in Production	5,480
Average Size of Cacao Plot	1.85 hectares
Total Hectares Certified Organic	3014
Estimated Annual Production	3000, percent organic 55 percent
Exports in 2005	50 ton

IPRC/USAID helped Orgánicos to characterize cacao quality factors. IPRC also helped Orgánicos to identify bottlenecks in cacao processing, and recommended improved facilities including cacao bean sorting and cleaning that accelerate processing speed. IPRC/USAID helped Orgánicos to recognize that current processing practices are not producing the quality required to meet specifications of their purchase contract for the export of 500 tons of organic cacao. IPRC/USAID is now assisting Orgánicos to analyze their fermenting process. Cacao fermentation is a key factor in achieving the highest quality cacao. IPRC/USAID is assisting Orgánicos to design and implement a standardized fermentation regimen and help train farmers to apply the process.

IPRC/USAID has played an important role in organizing a public-private campaign against the invasion of Moniliasis. *Monilia Pod Rot, Moniliophthora roreri* is a serious fungal disease threatening Mexican cacao production. Its range includes northwestern South America including Brazil, Ecuador, Colombia, and Peru, and southern Central America from Nicaragua to Panama, including Costa Rica. It has only recently arrived in Mexico with damage caused varying from less than 25 percent in some regions to a total loss of production in others.

**Cacao Harvests Threatened by Fungal Disease**

Mexico's historic cacao-chocolate industry is threatened by the arrival of Moniliasis, a disease that has progressed northward from South America, slashing harvests in countries like Brazil and Costa Rica by more than 50 percent.

While the industry waits for resistant varieties, stemming the spread of this disease will require a massive effort from all actors in the cacao sector: growers, processors, chocolate manufactures, and exporters. IPRC/USAID facilitated the invitation of Dr. Vincente Petiard, a leading scientist with Nestle, a world-renowned expert in cacao diseases and cloning of high-yield, Moniliasis-tolerant cacao plant material to a sector-wide cacao conference on March 24-25 in Tabasco. With the guidance of Dr. Petiard, the conference achieved industry-wide consensus and developed an improved plan for dealing with the Moniliasis threat in Mexico. The Nestle Company and the Mexican government have agreed to send a Mexican scientist to the Nestle labs in France for one year to train in the techniques of plant propagation (somatic embryogenesis) and begin the multiplication of Moniliasis-tolerant cacao plant material for application in Mexico. Nestle will provide the training and equipment; the GOM will be responsible for the scientist's travel and lodging costs.

## Ecotourism: Breaking New Ground with Community and National-Level Tourism Initiatives

IPRC/USAID played a leading role in the formation of Senda Sur (the southern trail), a historic coalition between 16 indigenous communities (Lacandonés, Choles, and Tzeltzales) and four private tour operators based in San Cristóbal and Tuxtla Gutiérrez. Following a workshop organized by IPRC/USAID and led by a IPRC/USAID-funded consultancy, Senda Sur incorporated as a private sector business and established an ecotourism reservation center for the Chiapas region. Tours generating from this reservation center will offer attractions and activities in some of the most beautiful biosphere reserves (National Protected Areas, or ANP) in the world, all located in Southern Mexico: Montes Azules, El Ocote, El Triunfo, and La Encrucijada. Refer to Annex C for a complete map of México's ANPs.

**Table 3 – Getting to Know Senda Sur**

<b>Senda Sur, S.C. de R.L. Reservations and Information Center San Cristóbal de Las Casas, Chiapas</b>		
Indicator	Community-Owned and Operated Attractions	Private Sector Tour Operators
Number	16	4
Equity Participation (Capital Social)	\$139,168 (pesos)	\$34,792 (pesos)
Participating Owners % women	235 / 20%	10 / 25%
Jobs (estimated)		
Created	1	1
Sustained	145 / 639 beneficiaries	15
Total	146	16
Actual Visitation - 2005	12,500*	500**
Estimated Visitation June to December 2006	8,500*	400**

\* Includes 1 day visitors to different archeological and site seeing (restaurants and boats)

\*\* From 2 to 15 days tours visiting several attractions

IPRC/USAID played a critical role in the strategy to develop a nationwide policy for tourism in Mexico's National Protected Areas (ANPs, acronym in Spanish). With strategic and careful guidance from the IPRC/USAID policy advisor, the National Commission for Natural Protected Areas (CONANP, acronym in Spanish) articulated a plan to design, test, refine, and implement a strategy that will regulate tourism in Mexico's Areas Naturales Protegidas (ANP). (ANPs are protected areas similar to national parks and wilderness areas in the United States). This was a breakthrough initiative by IPRC/USAID. This tourism management plan will help reduce damaging, unregulated visitation to these beautiful but fragile landscapes located within ANPs. The management plan will also create business opportunities for community and private tourism enterprises. The steps and calendar for the

### **New Tourism Policy and the National Protected Areas**

Total Number of ANPs – 57

Number of Pilot ANPs – 7

- RB El Vizcaíno
- RB La Encrucijada
- PN Costa Occidental de Isla Mujeres, Punta Cancún y Punta Nizuc
- RB Sierra Gorda
- RB Tehuacan-Cuicatlán
- RB Mariposa Monarca
- RB Los Tuxtlas

Total Area of Tourism Policy

Pilot Projects: **3,731,767 ha**

implementation of this plan were developed during January and February 2006, and approved in March. Work on the national strategy will begin during the first week of April and initial impacts will be revealed in seven pilot ANPs where implementation will be tested in July 2006. IRPC/USAID is especially proud of this national-level achievement that will have an impact on hundreds of thousands of hectares of valuable and endangered habitat in Mexico.

**Table 4 – Getting to Know Mexico’s National Protected Areas**

<b>National Protected Areas (ANPs) To be Regulated by the New Tourism Policy</b>	
Total Number of ANPs	57
Total Hectares in ANPs	8,681,726
Actual Visitation to ANPs (2005)	6,225,344

## SECTION II

### Snapshot: Implementation Status by Task

Within the 2006 Annual Work Plan, IPRC/USAID classified the main programmatic activities under the four main contract tasks as stipulated within the statement of work. To provide a quick reference regarding IPRC/USAID's progress to date against activities programmed within the 2006 Annual Work Plan, precise activity specific information and results are provided in Table 5. The results of IPRC/USAID's activities are further elaborated in the section that follows with details for each individual activity under each of the four tasks.

**Table 5 – Implementation Status by Activity**

TASK / AREA	ACTIVITY	DESCRIPTION	RESULTS / IMPACT PROJECTED IN 2006 ANNUAL WORK PLAN	RESULTS / IMPACT THROUGH MARCH 2006
<b>Task 1</b>	<b>Improving the National Context to Foster Conservation of Natural Resources and Promote Economic Development</b>			
<b>1.1</b>	<b>Strengthening Implementation of MOU between USAID and SEMARNAT</b>			
	1.1.1	Support to CONANP, CONAFOR, and PROFEPA working groups organized under terms of the MOU.	<ol style="list-style-type: none"> <li>1. Implement work plans with GOM agencies to positively impact watershed and natural resource management.</li> <li>2. Identify priority areas of action.</li> <li>3. Create work plans for 3 agencies.</li> <li>4. Produce 3 reports of results.</li> </ol>	<ul style="list-style-type: none"> <li>•CONANP work plan approved and in implementation.</li> <li>•PROFEPA and CONAFOR work plans developed and pending approval.</li> <li>•Reports of further results will be reported in the annual report 2006.</li> </ul>
	1.1.2	Design and implement a sustainable rural watershed model in RPCs.	<ol style="list-style-type: none"> <li>1. Improve efficiency of resource use in CONANP's PRODERS program through the implementation of a management model.</li> <li>2. Facilitate the use of environmental indicators in SAGARPA's policy and management instruments.</li> </ol>	<ul style="list-style-type: none"> <li>•A preliminary proposal to strengthen the local watershed committees was developed. Comments from the CTO on this concept were negative. No additional contract resources were expended during this reporting period.</li> </ul>
	1.1.3	Facilitate CONANP's efforts to design and implement a national tourism policy for ANPs.	<ol style="list-style-type: none"> <li>1. Improve natural resource use in ANPs and PCAs through CONANP's strategy to support and regulate tourism.</li> <li>2. Improve the design and application of sustainable tourism training programs.</li> </ol>	<ul style="list-style-type: none"> <li>• Participatory work plan for development of the policy was hammered out with CONANP officials and the terms of reference for a consultancy drawn.</li> <li>•TOR were approved by CTO.</li> <li>• Work to begin April 13, 2006.</li> </ul>

TASK / AREA	ACTIVITY	DESCRIPTION	RESULTS / IMPACT PROJECTED IN 2006 ANNUAL WORK PLAN	RESULTS / IMPACT THROUGH MARCH 2006
			3. Improve the promotion and regulation of tourism.	<ul style="list-style-type: none"> <li>• Impact will begin in 7 pilot ANPs, the policy will be tested in July 2006.</li> </ul>
	1.1.4	Design and implement a practical pilot model for ESP based on analysis of market supply and demand.	<ol style="list-style-type: none"> <li>1. Identify buyer demand to ensure a market for environmental services.</li> <li>2. Enter determined geographic areas into ESP schemes to provide direct benefit to buyers and sellers.</li> <li>3. Assist SEMARNAT (CONANP and CONAFOR) in implementation of a model project.</li> </ol>	<ul style="list-style-type: none"> <li>• Through leadership in forming the ESP Working Group, a subcontract is being negotiated to allocate resources during this reporting period to the development of a model project for carbon sequestration and selling of carbon credits in the international markets.</li> <li>• Buyers will be identified.</li> <li>• Two area schemes will be developed under terms of the subcontract.</li> </ul>
<b>1.2</b>	<b>Professional Development</b>			
	1.2.1	Strengthen the formation of ecotourism specialists through support to CECADESU ecotourism diploma course.	<ol style="list-style-type: none"> <li>1. Develop community tourism projects in PCAs that generate increased income by providing assistance to operators in implementation.</li> <li>2. Create an adequate curriculum for capacity building of tourism specialists.</li> <li>3. Identify new options for specialized training for GOM representatives as well as leaders of community enterprises.</li> </ol>	<ul style="list-style-type: none"> <li>• In discussions with the CTO, this activity was given low priority. No contract resources expended during this reporting period.</li> </ul>
	1.2.2	Continue the financing, training and facilitation of the Community Ecotourism Training Circuit for Oaxaca	<ol style="list-style-type: none"> <li>1. Increase tourist flow for 12 "M" certified community ecotourism operations by 10 percent.</li> <li>2. Plan the formation and reporting of the circuit's plenary sessions.</li> <li>3. Provide 5 follow-up checklists from visits with 5 enterprises.</li> <li>4. Identify sites for work under Activity 2.6.2.</li> </ol>	<ul style="list-style-type: none"> <li>• The final training modules of the Circuit were completed.</li> <li>• Twelve of 25 participating communities were awarded "M" certification.</li> <li>• No further resources were allocated to this activity during this reporting period.</li> </ul>

TASK / AREA	ACTIVITY	DESCRIPTION	RESULTS / IMPACT PROJECTED IN 2006 ANNUAL WORK PLAN	RESULTS / IMPACT THROUGH MARCH 2006
<b>Programmed in 2005 Annual Work Plan</b>				
	1.2.3	Stimulate public investment in development projects in priority areas.	1. Analyze existing support programs for productive and conservation activities to identify objectives and complementarities.	<ul style="list-style-type: none"> <li>• User-friendly project guide was developed to assist groups in identifying and learning how to access programs that provide funding and general support for project development.</li> <li>• Two practical workshops are being planned for May 2006 to demonstrate the use of the guide.</li> </ul>
<b>Task 2</b>	<b>Defining and Implementing Best Practices for Conservation and Economic Development</b>			
<b>2.1</b>	<b>Improving Coffee Quality and Yields</b>			
	2.1.1	Improve coffee quality through introduction of best cultivation and business management practices.	<ol style="list-style-type: none"> <li>1. Increase net incomes of 32 coffee producing families through the implementation of improved production and administration plans.</li> <li>2. Increase quality of coffee by 10 percent for 32 family producers.</li> <li>3. Establish 70 ha of family-owned coffee plantation under improved production practices.</li> </ol>	<ul style="list-style-type: none"> <li>• Introduced practices of vermicultural composting, manure teas and seed selection to coffee producers.</li> <li>• Construction of nurseries completed to supply 30 ha of new seedlings.</li> <li>• Signed letters to provide technical assistance and training to 5 OECs.</li> <li>• Initial diagnostic and demonstration work completed under subcontract with CQI.</li> <li>• Programming in fertility, restoration, shade management and quality (harvest and storage) in development for OECs.</li> <li>• Impact of these measures on quantity and quality of production will be measured during the next harvest season.</li> </ul>

TASK / AREA	ACTIVITY	DESCRIPTION	RESULTS / IMPACT PROJECTED IN 2006 ANNUAL WORK PLAN	RESULTS / IMPACT THROUGH MARCH 2006
	2.1.2	Increase profitability through improved yields, better quality and better business management.	<ol style="list-style-type: none"> <li>1. Increase coffee collection by 15 percent for members of 4 coffee producing organizations.</li> <li>2. Increase the quality of coffee received by buyers by 15 percent.</li> <li>3. Develop 2 sales contracts at preferential prices between 2 coffee producing organizations and commercial buyer(s).</li> <li>4. Increase net incomes of 4 coffee producing organizations through the improved planning and the creation of strategic alliances.</li> </ol>	<ul style="list-style-type: none"> <li>•Economic analysis of production units has begun.</li> <li>•Control at reception points has been implemented in one community.</li> <li>• CQI consultants are evaluating the feasibility of introducing centralized wet processing mills in three communities to improve final product quality.</li> </ul>
	2.1.3	Improve understanding of and response to the demands of the specialty coffee markets through design and implementation of proper cupping protocols.	1. Increase (15 percent) the quality of coffee produced and sold by partners of 4 coffee producing organizations through training of 8 campesino tasters and operation of 4 cupping facilities.	<ul style="list-style-type: none"> <li>•A Coffee Fair is being planned for Fall 2006 that will offer demonstrations and training in cupping.</li> <li>• Grant applications to finance two cupping laboratories are being processed and will be disbursed during the next reporting period.</li> </ul>

TASK / AREA	ACTIVITY	DESCRIPTION	RESULTS / IMPACT PROJECTED IN 2006 ANNUAL WORK PLAN	RESULTS / IMPACT THROUGH MARCH 2006
	2.1.4	Improve the efficiency of the coffee value chain in the Pacific slope of the Sierra Madre de Chiapas.	<ol style="list-style-type: none"> <li>1. Establish 30 ha under improved conservation practices.</li> <li>2. Facilitate the adoption of improved administrative practices by 2 coffee producing organizations to increase profitability.</li> <li>3. Develop a collaborative agreement between a coffee producing organization and a commercial enterprise.</li> </ol>	<ul style="list-style-type: none"> <li>•No contract resources expended during this reporting period.</li> </ul>
<b>2.2</b>	<b>Improving cacao quality and yields</b>			
	2.2.1	Establish strategic alliances between producer organizations and buyers to improve the cacao value chain.	<ol style="list-style-type: none"> <li>1. Create agreements with 2 cacao organizations to improve product quality and price received by their partners (40 production units).</li> <li>2. Provide technical assistance to 30 production units to improve production systems and product quality.</li> </ol>	<ul style="list-style-type: none"> <li>•A Memo of Understanding between Corigins and USAID was approved by the legal departments of both parties to provide technical assistance and initiate commercialization of Mexican cacao. This MOU will be signed in May 2006.</li> <li>•Agreement was formalized with 11 producer groups (2,400 members) in Chontalpa to provide training to ensure quality of cacao for export.</li> </ul>
<b>2.3</b>	<b>Irrigated Hothouse Vegetable Production</b>			
	2.3.1	Strengthen the capacity of OECs to identify, structure, and exploit market opportunities in Oaxaca's Central Valley.	<ol style="list-style-type: none"> <li>1. Create 20 percent increase in net incomes for 6 OECs.</li> <li>2. Provide timely documentation of process.</li> </ol>	<ul style="list-style-type: none"> <li>• Technical assistance and training to producer organizations Monte del Toro, IPROSAMA, San Pablo Huixtepec, and Agroepsa started.</li> <li>•Course on intensive greenhouse production developed.</li> <li>•First measuring equipment introduced to OECs. Equipment purchase funded by OEC members themselves.</li> <li>•Dialogues initiated with hotel chain and one restaurant to create buyer agreements for greenhouse tomatoes</li> </ul>

TASK / AREA	ACTIVITY	DESCRIPTION	RESULTS / IMPACT PROJECTED IN 2006 ANNUAL WORK PLAN	RESULTS / IMPACT THROUGH MARCH 2006
				produced in the Central Valley.
<b>2.4</b>				
	2.4.1	Increase incomes of livestock producers through strengthened meat and dairy value chains.	<ol style="list-style-type: none"> <li>1. Establish 100 has under improved conservation and pasture production practices.</li> <li>2. Apply management plans to create 15 percent increase in net incomes of 10 livestock production units.</li> <li>3. Improve the sanitary quality of dairy products of one enterprise by 20 percent.</li> <li>4. Negotiate a purchase agreement between a regional enterprise and a buyer to increase net income of enterprise by 10 percent.</li> </ol>	<ul style="list-style-type: none"> <li>•After a delay caused by Hurricane Stan, options for assistance to the livestock sector in the Pacific escarpment of Chiapas have been evaluated in conjunction with TNC, etc. A proposal for assistance is being prepared. No additional contract resources expended during this reporting period.</li> </ul>
<b>2.5</b>	<b>Forestry Production</b>			
	2.5.1	Expand the market participation of certified forestry communities by professionalizing their business structures.	<ol style="list-style-type: none"> <li>1. Increase sales for 3 forestry enterprises by 20 percent and enable enterprises to better respond to the structure and opportunities of the Oaxacan wood market.</li> <li>2. Create 3 plans to improve economic structure (profitability and cost of production) to increase productivity of selected enterprises</li> </ol>	<ul style="list-style-type: none"> <li>•SOW developed to create technical proposals in Santiago Xiacuí y Santiago Comaltepec in the Sierra Norte of Oaxaca to obtain investment support from CONAFOR to acquire machinery for workshops and factories. IPRC/AID has received two applications for grants to assist UCFAS and Capulalpam with</li> </ul>

TASK / AREA	ACTIVITY	DESCRIPTION	RESULTS / IMPACT PROJECTED IN 2006 ANNUAL WORK PLAN	RESULTS / IMPACT THROUGH MARCH 2006
			by 10 percent	equipment purchases. See 4.1.1, Table 7. • IPRC/USAID arranged for technical assistance from U.S. Forest Service experts in kilns and sawmills. See 3.1.4.
<b>2.6</b>	<b>Promotion of Ecotourism</b>			
	2.6.1	Increase operational capacity of participants in the ecotourism value chain in Chiapas.	1. Increase tourist flow by 10 percent for beneficiaries of ecotourism projects through the development and adoption of business plans for one NGO, one tourism operator, 2 tourism projects and 2 tour operators.	•IPRC/USAID is negotiating an agreement with Xanil, A.C. to provide business training and T.A. to six community-run attractions and four private sector operators. Financing of this assistance will be provided by SEDESOL AND IPRC/USAID. Assistance will begin in May 2006.
	2.6.2	Consolidate the training and business organization of participant communities in the Community Ecotourism Training Circuit for Oaxaca (1.2.2).	1. Increase incomes of community ecotourism business by increasing tourist flow by 10 percent to beneficiary sites. 2. Improve degree of conservation for areas managed under ecotourism projects through 2 business plans and one improvement plan to improve the quality of service and design of products.	•The final training modules of the Circuit were completed. • Twelve of 25 participating communities were awarded "M" certification. • No further resources were allocated to this activity during this reporting period. • Pending availability of resources, business plans and improvement programs will developed with selected "M" certified communities during the next reporting period.
<b>2.7</b>	<b>Business Opportunities in Other Productive Value Chains</b>			
	2.7.1	Increase incomes by introducing best practices to the most important/promising value chains in RPCs.	1. Increase incomes and sales of 2 producer groups by 10 percent through the adoption and implementation of improved practices and creation of links to corresponding markets.	•Study identified livestock and forestry as the most promising value chains in the Santa María Chimalapas. • Plan to reactivate a 2001 Forest Management plan is pending

TASK / AREA	ACTIVITY	DESCRIPTION	RESULTS / IMPACT PROJECTED IN 2006 ANNUAL WORK PLAN	RESULTS / IMPACT THROUGH MARCH 2006
			2. Establish 150 ha of productive area under improved practices and strengthen two producer groups.	approval by Santa María Community Assembly and will be implemented in the next reporting period. <ul style="list-style-type: none"> <li>Request received from the Asociación Ganadera Cuenca Alta del Uxpanapa to hold a training/exchange visit with livestock producers in Chiapas to share best practices and to implement a pilot project of improved practices.</li> <li>IPRC evaluating a grant application from Uxpanapa to purchase a cattle platform scale.</li> </ul>
<b>Task 3</b>	<b>Strengthening Community Watershed Management and Conservation of Natural Resources</b>			
<b>3.1</b>	<b>Secondary Level Producer Organizations</b>			
	3.1.1	Improve marketing of two campesino coffee organizations, one in Oaxaca and one in Chiapas.	1. Increase the gross sales of 2 regional coffee organizations by 20 percent through innovative marketing plans.	<ul style="list-style-type: none"> <li>See Activities 2.1.2 and 2.1.3. CQI contract activities is supporting these objectives. Productores de Café de Putla in Oaxaca were added to participants in CQI training increasing beneficiary groups to six.</li> </ul>
	3.1.2	Organize and start activities at an independent coffee technical assistance center to help producers improve quality.	1. Generate 5 percent increase in outputs of 25 coffee production units. 2. Establish 800 ha (150 producers) under improved conservation and production practices assisted by a Center of Technical Assistance.	<ul style="list-style-type: none"> <li>Advances made with CI in defining services and potential clients for the center.</li> <li>Three organizational/training meetings held with technicians.</li> <li>Continued conversations with potential beneficiaries of the center to help define structure of services.</li> </ul>
	3.1.3	Assist COTAS in professionalizing technical assistance services in water management in the Central Valleys of Oaxaca	1. Assist COTAS in generating 30 percent of its operating costs through the sale of services and application of its Strategic Plan. 2. Serve 100 clients with COTAS consultant services.	<ul style="list-style-type: none"> <li>Subcontractor continuing work to help implement income-generating activities contemplated in COTAS' strategic plan.</li> <li>Organized a visit by COTAS and CNA leaders to TIES program at U. of Querétaro that led to agreement that COTAS will be sales rep for new hothouse environmental control</li> </ul>

TASK / AREA	ACTIVITY	DESCRIPTION	RESULTS / IMPACT PROJECTED IN 2006 ANNUAL WORK PLAN	RESULTS / IMPACT THROUGH MARCH 2006
				system.
	3.1.4	Create a permanent mechanism for technical support and training to the community forestry sector of Oaxaca	<ol style="list-style-type: none"> <li>1. Increase gross income of 5 community forest enterprises by 15 percent through strengthening and consolidation of technical, management and market practices.</li> <li>2. Increase sales by 10 percent by strengthening production and commercialization chains of enterprises and their clients.</li> <li>3. Maintain 43,927 ha of forest under certified sustainable forest management plans to increase profitability of forestry activities.</li> </ol>	<ul style="list-style-type: none"> <li>•Arranged for technical assistance from two consultants from the U.S. Forest Service to perform an analysis of drying and sawing systems in the forestry communities of Capulalpam and Ixtlán in the Sierra Norte of Oaxaca without cost to the IPRC contract.</li> <li>•The results of this assistance will improve yields and quality of forest products and guide the communities in deciding which equipment to acquire.</li> </ul>
	3.1.5	Create and start-up a tourist reservation and information center in Chiapas to increase the number of tourist visits to RPCs.	<ol style="list-style-type: none"> <li>1. Increase low season operations of the Center's partners by 30 percent.</li> <li>2. Facilitate 14 ecotourism enterprises in the application of improved practices for conservation and utilization of natural resources.</li> </ol>	<ul style="list-style-type: none"> <li>•IPRC/USAID guided community and private sector operators of tourist attractions in the design and constitution of the reservations and info center. <u>See Highlights section of this report.</u></li> <li>•SendaSur was legally constituted on March 4 and began operations on March 27.</li> </ul>
<b>3.2</b>	<b>Land Management</b>			
	3.2.1	Design and implement a system to facilitate the differentiation and traceability of specialty coffee at the production and marketing stages.	<ol style="list-style-type: none"> <li>1. Classify 30,000 ha of coffee producing area by quality to facilitate for differentiated commercialization at a higher price, as well as the provision of specialized technical assistance.</li> </ol>	<ul style="list-style-type: none"> <li>• Más Café identified as potential partner.</li> <li>• No additional contract resources were dedicated to this activity during the reporting period.</li> </ul>
	3.2.2	Support the planning and implementation of forest utilization schemes to increase incomes in forestry communities.	<ol style="list-style-type: none"> <li>1. Increase community incomes by 10 percent through the legal sale of forest products.</li> <li>2. Establish 10,000 ha under best management practices.</li> </ol>	<ul style="list-style-type: none"> <li>•Action plan designed to reactivate a 2001 Forest Management Plan in Chalchijapa de Santa María Chimalapas. Implementation pending approval by community assembly.</li> </ul>

TASK / AREA	ACTIVITY	DESCRIPTION	RESULTS / IMPACT PROJECTED IN 2006 ANNUAL WORK PLAN	RESULTS / IMPACT THROUGH MARCH 2006
			<ul style="list-style-type: none"> <li>3. Create 30 new direct employment opportunities.</li> <li>4. Establish market linkages through strategic alliances.</li> </ul>	<ul style="list-style-type: none"> <li>•Plan includes a training program on basic forestry practices.</li> <li>•Study tour to Noh Bec, Quintana Roo undertaken with municipal and communal authorities to learn about a successful community-based certified forestry experience.</li> </ul>
	3.2.3	Support the elaboration of the Master Tourism Plan for the Municipality of Aganguero to identify market opportunities and possibilities for inter-institutional collaboration.	<ul style="list-style-type: none"> <li>1. Increase municipal and regional tour service incomes.</li> <li>2. Create municipal areas under ecotourism development schemes.</li> <li>3. Increase incomes of municipal inhabitants in addition to 30 new jobs created.</li> </ul>	<ul style="list-style-type: none"> <li>•SOW developed for the elaboration of a Master Tourism Plan for Aganguero.</li> <li>•Study tours (2) to San Nicolas Totolapan taken with municipal and ejidal authorities to visit a successful community-based ecotourism project.</li> <li>• Two grant applications for upgrades in tourist facilities are being evaluated.</li> </ul>
	3.2.4	Develop and implement practical watershed management models.	<ul style="list-style-type: none"> <li>1. 10 percent increase in sales through the development of production chains for 20 producers belonging to 3 strengthened groups.</li> <li>2. Maintain microwatersheds under improved integrated management schemes.</li> </ul>	<ul style="list-style-type: none"> <li>•Organized the participation of municipal authorities and watershed managers from the Pacific coast of Chiapas in a technical exchange tour to the San Jerónimo and Lato Rivers watershed in Guatemala.</li> <li>• IPRC Director and Watershed Management Technician visited the Pacific Coast Watershed with TNC and CONANP officials in March. A proposal for watershed conservation with emphasis on improved livestock management will be evaluated in April.</li> </ul>
<b>Task 4</b>	<b>Expanding Cooperation with Mexico for Sustained Rural Prosperity</b>			
<b>4.1</b>	<b>Fostering innovation to overcome obstacles in productive value chains</b>			
	4.1.1	Facilitate activities for rural development through financing from the Rural Prosperity Fund.	<ul style="list-style-type: none"> <li>1. 12 approved or executed grants principally to support interventions in Task 2 and Task 3.</li> </ul>	<ul style="list-style-type: none"> <li>• 2 grants in execution (COTAS, \$261,000 and Guayabal \$87,830 pesos).</li> </ul>

TASK / AREA	ACTIVITY	DESCRIPTION	RESULTS / IMPACT PROJECTED IN 2006 ANNUAL WORK PLAN	RESULTS / IMPACT THROUGH MARCH 2006
			<ul style="list-style-type: none"> <li>2. 12 signed grants.</li> <li>3. Technical and financial reports from the M&amp;E system.</li> </ul>	<ul style="list-style-type: none"> <li>•3 grants in approval process (UCFAS, \$255,000 pesos; WWF, \$250,000 pesos; HALCÓN, \$234,000 pesos).</li> <li>•7 grants in late stages of development to be approved during April 2006.</li> <li>• A total of 24 grant applications approved or in process for total value of \$4,625,647 MN.</li> </ul>
<b>4.2</b>	<b>Strengthening links with SAGARPA</b>			
	4.2.1	Offer a means for technical exchange between regional coffee producers to share experiences and information to enable improved commercialization of coffee.	Organize a conference to: <ul style="list-style-type: none"> <li>1. Share best practices for coffee production and commercialization through exchanges between representatives of different links in specialty coffee value chain.</li> <li>2. Share information regarding characteristics of regional coffees to increase consumer appreciation.</li> </ul>	<ul style="list-style-type: none"> <li>•Tentative dates for conference set for October 19-22, 2006.</li> </ul>
	4.2.2	Support an event to highlight the impact of supermarkets on small producers.	1. Use lessons learned regarding emerging patterns in product commercialization for supermarkets to support small rural producers.	<ul style="list-style-type: none"> <li>•No contract resources expended during this reporting period. Support for this activity is pending the scheduling of Supermarket conference.</li> </ul>
	4.2.3	Strengthen the Comité del Sistema Producto Cacao Nacional as well as state committees in Tabasco and Chiapas.	Reposition Mexican cacao in the world market through: <ul style="list-style-type: none"> <li>1. 5 year work plan for the Comité del Sistema Producto Cacao Nacional</li> <li>2. Knowledge sharing and exchange event for producers and buyers of cacao.</li> </ul>	<ul style="list-style-type: none"> <li>• IPRC/USAID representatives have taken active role in this Committee, attending regular meetings and leveraging participation to influence policy (See Highlights, on Cacao) and gain credibility with, and access to producer organizations such has Orgánicos de Chontalpa. (See Highlights, on Cacao).</li> </ul>

## SECTION III

### Details of Implementation Status by Task

#### **Task 1 Improving the National Context to Foster Conservation of Natural Resources and Promote Economic Development**

##### **Activity 1.1 Strengthening Implementation of MOU between USAID and SEMARNAT**

##### **1.1.1 Support to CONANP, CONAFOR, and PROFEPA working groups organized under terms of the MOU**

IPRC/USAID played a critical role in the development and approval of the work plan for CONANP. Work plans for PROFEPA and CONAFOR have been drafted and are pending approval by these agencies.

With the assistance and coordination of IPRC/USAID, the CONAFOR organized and held its first formal working group meeting on February 10, 2006. Members of the working group identified implementation teams to coordinate work related to:

- Forest fire prevention
- Forest development
- Endangered species protection
- Forest resource inventories
- Watershed management

The IPRC/USAID policy advisor assisted CONANP to: 1) design a model for the management, monitoring and evaluation of rural development in National Protected Areas (ANPs); 2) the write the terms of reference for a consultancy to develop a policy to regulate tourism in the ANPs; 3) identify and characterize the supply of environmental services (water conservation, carbon sequestration, etc.) derived from proper forest management; and 4) determine how to promote the sale of carbon bonds in the ANPs. This work has led to two IPRC/USAID-funded consultancies, See 1.1.3 and 1.1.4 below.

IPRC/USAID advisors organized and facilitated four discussion groups and an IPRC/USAID-funded consultant prepared the “memoria” of the Fifth Annual Community Ecotourism Conference held in November 2005 in Tabasco. This role strengthened the presence of IPRC/USAID in the Mexican tourism sector and catalyzed the formation of the Inter-institutional Ecotourism Group that brings together community representatives, government (local and national), and private sector players in dialog and problems solving.

##### **1.1.2 Design and implement a Sustainable Rural Watershed Development model in Priority Conservation Areas (RPCs)**

The IPRC/USAID created a proposal to assist CONANP in the development of a sustainable rural watershed development model that was reviewed with the CTO. The proposed model contained a methodology to encourage closer collaboration between CONANP and SAGARPA. The main focus of this model was the evaluation of the effectiveness of Watershed Councils.

After further review the CTO indicated that IPRC/USAID should give this a low priority so no further resources were allocated to this activity.

### **1.1.3 Facilitate CONANP's efforts to design and implement a national tourism policy for National Protected Areas**

Through careful consultations with senior-level CONANP officials, IPRC/USAID assisted in the drafting of the terms of reference for a consultancy to lead the effort to formulate a policy to regulate and enhance tourism in National Protected Areas (ANPs). The importance of this policy lies in the need to bring order to uncontrolled tourist activity within ANPs that threatens valuable biological resources. This policy will also provide basic guidelines to help park directors set appropriate local regulations and management plans for tourism. USAID approved the terms of reference at the end of March and the consultant has scheduled work to begin during the first week of April. IPRC/USAID's goal is to have the policy formulated and endorsed by CONANP officials by the end of October 2006.

SECTUR drafted a Master Plan for National Tourism. In order to insure close coordination with SECTUR in the formulation of CONANP's policy for the ANPs, the IPRC/USAID policy advisor actively participated in the review of SECTUR's new plan.

### **1.1.4 Design and implement a practical pilot model for environmental services payment (ESP) based on analysis of market supply and demand**

When the 2006 Annual Work Plan was drafted, IPRC/USAID considered the Rio Conchos watershed in Chihuahua to be an ideal area to pilot an ESP project given its proximity to and influence on the U.S. border area. IPRC/USAID drafted terms of reference to develop a pilot ESP model based on the implementation in this northern area. After further consideration of the enormity of this watershed, the complexity of the communities involved, both as suppliers of ESP as well as buyers, IPRC/USAID has shifted attention to the smaller watersheds of the Pacific escarpment of Chiapas. The directors of IPRC/USAID and The Nature Conservancy, officials from CONANP, and the IPRC/USAID watershed advisor toured this area of Chiapas during the last week of March to evaluate various watersheds and discuss possibilities with local leaders. All parties hope to reach a decision in April regarding the implementation of this pilot.

As other members of the IPRC/USAID team have been actively pursuing the identification of watershed for the pilot ESP project, the IPRC/USAID policy advisor has been collaborating closely with CONANP to promote the formation of an ESP Working Group. This group will be a mixed working group involving representatives of CONAFOR, SEMARNAT, private sector players, civil society organizations and financial institutions (both Mexican and international). The purpose of the ESP Working Group is to identify and formulate projects that will offer carbon sequestration services in national and international markets. The group will be formally constituted in April 2006. Parallel to this effort, IPRC/USAID is formulating a consultancy to assist the non-profit, environmental organization Bosque Sustentable in the preparation of two projects to offer carbon bonds at a sale in November.

## 1.2 Professional Development

### 1.2.1 Strengthen the Formation of Ecotourism Specialists through Support to CECADESU ecotourism diploma course

The approved 2006 Annual Work Plan projected an evaluation of a tourism training course offered by CECADESU that awards a diploma to successful graduates. Upon discussion with the CTO, IPRC/USAID reached a decision that this activity had marginal prospects for short-term direct impact on the quantity and quality of tourism activity. No further resources have been nor will be dedicated to this activity.

### 1.2.2 Continue financing, training and facilitation of the Community Ecotourism Training Circuit for Oaxaca

IPRC/USAID achieved great success with this activity during the previous report period and as such it was included in the 2006 Annual Work Plan. To keep momentum moving, IPRC/USAID entered into a subcontract agreement with the tourism training consulting firm, Lajapyme. Both CONANP and IPRC/USAID provided funding for this subcontract under a 50/50 cost share agreement. In addition, the IPRC/USAID training advisor participated in the design and delivery of this hands-on training program that enrolled representatives from 25 community-operated tourism attractions. In addition to classroom work, trainers made on-site visits to each of the communities represented in the class. During these visits, the trainers used practical activities to help participants apply the subject matter learned in previous classes. On February 28, 2006 the graduates of this program received the certification “M” in a ceremony presided over by the president of CONANP and other officials. Special recognition of IPRC/USAID’s contribution to this program was accorded during this ceremony. Continued assistance to these graduates depends on availability of funding.



Graduate of Community Ecotourism Training Circuit for Oaxaca receiving his “M” certification from a SECTUR official on February 28, 2006.

### 1.2.3 Preparation of a Project Development Procedures and Resources Guide for Oaxaca and Chiapas

Within the 2005 Annual Work Plan, IPRC/USAID planned the development of a project development procedures and resource guide. IPRC/USAID developed the terms of reference and facilitated the completion of the corresponding consultancy during this reporting period. The *Project Development Procedures and Resource Guide* is a document rich in guidance and information that will help communities learn how and where to access funds for their projects. This resource is especially useful since – although Mexico offers an abundance of programs to support and finance community projects – these programs are often unknown to community leaders. To assist communities in learning to use this guide, IPRC/USAID is planning a series of workshops to introduce the guide and carry out practical exercises in the write-up and presentation of projects to funding sources cited in the guide. The first of these workshops will be offered in May 2006 to OPERT, an organization of coffee producers in the El Triunfo area of Chiapas (Jaltenango). IPRC/USAID is planning the second workshop in June 2006 for communities receiving support from WWF. Additional workshops will follow. After piloting the

guide during these workshops, IPRC/USAID will make necessary revisions and publish the guide.

## **Task 2: Defining and Implementing Best Practices for Conservation and Economic Development**

The design of this project as set out in the RFP and the contract creates large areas of overlap between Tasks 2 and 3. In the 2006 Annual Work Plan, IPRC/USAID attempted to impose a distinction between the two tasks by defining Task 2 as focusing on assistance to producers and individual producer groups. Activities targeting umbrella organizations such as federations of cooperatives were subsequently considered to fall under Task 3. The writers of this report are reporting based upon this distinction.

### **2.1 Improving Coffee Quality and Yields**

In January IPRC/USAID signed a short-term contract with the Coffee Quality Institute (CQI) to provide technical assistance and training to five producer groups. This contract cuts across all activities included under this task focused on coffee. Although this contract was signed after the harvest season had begun, CQI was quick to field its advisors, and farmers are already recognizing the benefits of this assistance. As this initial contract expires in April 2006, IPRC/USAID will negotiate a second contract to provide for CQI assistance through the end of the 2006-2007 harvest.



CQI advisor Juan Vélez training coffee producer groups

#### **2.1.1. Improve coffee quality through the introduction of best cultivation and business management practices**

IPRC/USAID selected five producer groups to receive assistance during the first phase of the CQI subcontract. See Table 1 in the Highlights section, page 5, for a profile of these five groups. While IPRC/USAID focused the assistance on these five communities, participation from other groups was encouraged. A coffee technician from the Cooperativa de Productores de Café 21 de Septiembre located in the town of Putla, Oaxaca participated in the CQI workshops offered in La Trinidad. CQI has focused assistance during this reporting period on both increasing production and improving quality through improved post-harvest handling practices. Increased productivity was the theme of the week-long workshop in Oaxaca at the La Trinidad cooperative. Problems addressed through the curriculum of the workshop were poor plant nutrition, aging tree population and poor shade management. In the short term, emphasis is on improving plant nutrition using organic fertilizers largely made from the pulp of the coffee removed during processing. CQI technicians also introduced a centralized model for lumbi-compost during these workshops. Participants in the workshops are now applying this technique on their own farms. Another CQI advisor worked with three of the producer groups on post-harvest techniques. Through analysis of current techniques, errors were detected and improved practices were demonstrated in wet processing and drying.

### **2.1.2 Increase profitability through improved yields, better quality, and better business management**

The diagnosis of the coffee sector carried out by IPRC/USAID in 2005 indicates that most farmers do wet processing (fermenting, washing, and drying) on their own farms. A centralized wet processing facility is more efficient if the farms are in close enough proximity. CQI is evaluating the feasibility of establishing centralized wet processing facilities for some of the producer groups. Conditions look promising for the development of wet processing facilities in at least three of the five groups. Where feasible, IPRC/USAID will assist the groups to design, obtain financing, and install centralized wet processing facilities. Assistance will be obtained from USAID's clean energy and production consultant, PA Consulting, to ensure these new processing facilities are as environmentally friendly and as energy efficient as possible.

### **2.1.3 Improve understanding of and response to the demands of the specialty coffee market through design and implementation of proper cupping protocols**

This activity will be an important focus of the forthcoming second subcontract with CQI. IPRC/USAID has begun initial planning for an event – a coffee fair or conference – in the fall of 2006 during which the topic of quality will be highlighted and explored. Buyer representatives will be brought in to teach proper techniques of cupping and other steps to improve quality. IPRC/USAID predicts that this event will be an important step in introducing producers to the quality expectations of buyers in the specialty coffee sector.

## **2.2 Improving cacao quality and yields**

### **2.2.1 Establish strategic alliances between producer organizations and buyers to improve the cacao value chain**

Building on the findings of the cacao study carried out in 2005 and following-up on buyer contacts established at the 2005 World Cocoa Foundation meeting, IPRC/USAID fielded a consultant in November 2005 to assess producer strengths and weaknesses. The results of this consultancy identified four producer groups that were already exporting or appeared to be ready to export into the specialty cocoa market. Samples from these and other groups were sent to Corigins and Guittard chocolate companies. These initiatives led to the drafting of an MOU between USAID and Corigins Chocolate. This MOU will be signed in April 2006 and provides for collaboration between IPRC/USAID and Corigins to improve cacao quality through technical assistance and training of selected producer groups. In recognition of improved quality, Corigins is committed to paying a premium price for the improved cacao.



Mexican cacao producers and IPRC/USAID COP learning about Moniliasis from Nestle's Dr. Vincent Petiard.

After assessing the potential of various producer groups, IPRC/USAID has focused assistance on Orgánicos de la Chontalpa S.A. de C.V. Information describing this organization is summarized in Table 2 of Section I on page 6. Orgánicos de la Chontalpa, S.A. de C.V. (Orgánicos) is an interesting hybrid organization of over 2,400 producers. These producers are structured into 11 community-based organizations. These community-based organizations along with four private sector service businesses who offer training and technical assistance to these producer groups

make up Orgánicos. A complete description of IPRC/USAID's interventions with Orgánicos is presented in Section I.

As previously mentioned, Mexico's cacao-chocolate industry is threatened by the arrival of Moniliasis, a disease progressing northward from South America through Central America. IPRC/USAID contributed to combating this disease by facilitating an invitation to a world-renowned expert in cacao diseases to a sector-wide conference on March 24 and 25 in Tabasco. Dr. Vincent Petiard is a leading scientist who works for Nestle in the cloning of high-yield, Moniliasis-tolerant cacao plant material. His guidance during the conference won the support of both private and public sector actors for a plan to deal with the Moniliasis threat.

## 2.3 Irrigated Hothouse Vegetable Production

### 2.3.1 Strengthen the Capacity of Campesino Economic Organizations (OECs) to Identify, Structure and Exploit market Opportunities in Oaxaca's Central Valley

IPRC/USAID has reoriented assistance to the Comité Técnico de Aguas Subterráneas de los Valles Centrales de Oaxaca, COTAS (Technical Committee of the Subterranean Waters of the Oaxaca Central Valley) during this reporting period. The focus now is on assistance to the producer organizations that are members of COTAS. Nevertheless, under the terms of the subcontract previously signed with Interaction International (IISA) to support COTAS and through the support of a grant through the Rural Prosperity Fund, IPRC/USAID continues to provide assistance to strengthen COTAS as an organization. IPRC/USAID is aiming assistance at making COTAS a financially independent organization through the development of several income-generating activities. For example, an initial agreement has been reached to make COTAS the sales representative for a new hothouse environment control system developed by the University of Querétaro under its USAID-funded TIES program partnership with West Virginia University. However, main emphasis is now on providing production and marketing assistance to the four producer organizations described in the table below.

**Table 6 – COTAS Producer Organizations Assisted by IPRC/USAID**

Producer Organizations OECs	Location	Members % women	Hothouse Area		Estimated Production of Tomatoes (MT)		Estimated Gross Sales (US\$)	
			Current	Projected	Current	Projected	Current	Projected
I PRO-SAMAR	Ejutla de Crespo, Oaxaca	0 %	35,000	45,000	796	1,900	384,661	797,634
Flor de Huixtepec	San Pablo Huixtepec, Oaxaca	100%	300	300	5.85	13	2,826	6,339
Agropesa	La Cienega Zimatlan, Oaxaca	67%	0	10,000	0	437	0	211,304
Monte de Toro	Ejutla de Crespo, Oaxaca	0 %	9,007	18,014	234	787	113,131	380,643
<b>Total</b>			<b>44,307</b>	<b>73,314</b>	<b>1,036</b>	<b>3,137</b>	<b>500,618</b>	<b>1,395,920</b>

The second subcontract with IISA currently underway provides for extensive technical assistance and training in both production and marketing of vegetables. IISA has provided production assistance that included soil sample analysis and recommendations and a crop management workshop that introduced improved practices. IISA's work will continue over the next four months. Additionally, IISA organized a conference between potential buyers and the producers to discuss buyers' requirements in the vegetable market. Producers learned specifics about buyers' expectations. The vegetable market study planned in the 2006 Annual Work Plan has been reoriented toward efforts to identify buyers and link them with producers. Actual contacts to date include a national hotel chain and an Italian restaurant.

## **2.4 Livestock Production**

Assistance to livestock development was programmed in the 2006 Annual Work Plan for the Pacific coast of Chiapas. This activity was suspended in October due to severe damage caused by Hurricane Stan. IPRC/USAID resumed work on redefining its role in this sector in January 2006.

### **2.4.1 Increase Incomes to Livestock Producers through Strengthened Meat and Dairy Value Chains**

The IPRC/USAID representative in Chiapas has organized several meetings with The Nature Conservancy, CI, cattlemen's organizations, local CONANP officials and livestock technical assistance and training organizations. These meetings identified the important role that the control of extensive livestock production must play in preserving the Pacific Coast watershed. Any activity in this sector must be seen both as a means to increase income to cattlemen and a critical component in watershed management. In March, the IPRC/USAID chief of party, Chiapas representative, and the watershed advisor traveled with TNC and CONANP officials to assess the possibility of reviving or redefining the strategy developed before the hurricane. As a result of this trip, the IPRC/USAID Chiapas representative is preparing a strategy proposal for the livestock sector. This proposal will be submitted to the CTO for comments in April. Future activity in this sector will depend on the assessment of this strategy.

Improvements in the livestock sector also appear promising in the region of San Francisco la Paz of the Santa María Chimalapa Municipality. The 64-member Uxpanapa Upper Watershed Livestock Association has expressed interest in training and market development. This activity is currently a second priority to support for forestry development in the area (See 2.7.1 below).

## **2.5 Forestry production**

### **2.5.1 Expand the market participation of certified forestry communities by professionalizing their business structures**

An IPRC/USAID grant application from UCFAS was processed and forwarded to the CTO for approval in April 2006. UCFAS (Unidad Comunal Forestal Agropecuaria y de Servicios) is a highly advanced community forestry operation in Ixtlán de Juárez, Oaxaca. After submitting several proposals for grants, one for financing the installation of a varnishing room in their furniture factory was formalized. The successful execution of this grant and the activities financed by it will eliminate a costly bottleneck in the UCFAS production line and permit greater, more rapid output. The application is currently pending CTO and CO approval.

IPRC/USAID arranged for technical assistance from two highly specialized U.S. Forest Service advisors. These advisors spent the week of February 27, 2006 advising UCFAS and the Capulalpam Forestry Community on improved sawmill and wood drying practices and equipment. The USFS kiln expert detected serious flaws in the control system of the UCFAS kiln and made recommendations on the selection of a kiln for the Capulalpam community. The USFS sawmill expert recommended better use of sawmill equipment in both communities, identifying improvements in equipment and milling practices that could increase the return from the operation by up to 50 percent. The formal recommendations of the USFS experts are now being translated and will be the focus of a series of workshops directed by the IPRC/USAID forestry advisor. Subsequent to the USFS visits, the Capulalpam community submitted a grant application for financial assistance for the kiln purchase. This grant is currently under evaluation by the IPRC/USAID grants manager.

**Table 7 – Forestry Communities in the Sierra Norte Assisted by IPRC/USAID**

Community	Area Certified (ha)	Average Annual Authorized Cut (m3)	Infrastructure		
			Sawmill	Kiln	Carpentry shops/factories
Capulalpam de Méndez	3,371	3,825	2	1 (not in use)	2
Santiago Comaltepec	3,469	2,300	1		1
Santiago Xiacuí	1,644	2,300	1	1	1
Ixtlán	17,817	15,000	2	1	1
La Trinidad	723	2,400	1		
Santiago Textitlán	17,400	29,500	1	1	
San Pedro el Alto	21,095	50,100	1	1	

During this reporting period, much time and effort was expended seeking ways to mobilize a grant to Rainforest Alliance (RA). In October 2005, RA had applied for a grant to fund two wood processing advisors to work with the certified communities in the Sierra Norte of Oaxaca. The RA grant application included the need for technical assistance to help the communities prepare business plans and perform market studies and promotion. IPRC/USAID proposed that the processing advisor be funded through a grant to RA and that the IPRC/USAID technical team would provide technical assistance to develop the business plans. This proposal was rejected outright by RA because it would have required that RA pay overhead and taxes on the process advisors' salaries. During the ensuing months, IPRC/USAID proposed several alternative mechanisms to mobilize the assistance RA had requested. The simplest alternative to the donation was that IPRC/USAID would hire the processing advisors and use a simple MOU to second the advisor to RA. As this MOU was being developed, RA discovered its home office required a contract, not an MOU. After many iterations, the IPRC/USAID team proposed again the idea of a donation to RA. This proposal was again rejected by RA as they decided to simply fund the processing advisors directly. Nevertheless, IPRC/USAID has proceeded with work on the grants and business plans for communities in the area of the Sierra Norte. In addition to this work, IPRC/USAID is assisting the communities of Xiacuí and Comaltepec in developing applications to CONAFOR to fund the purchase of wood processing equipment.

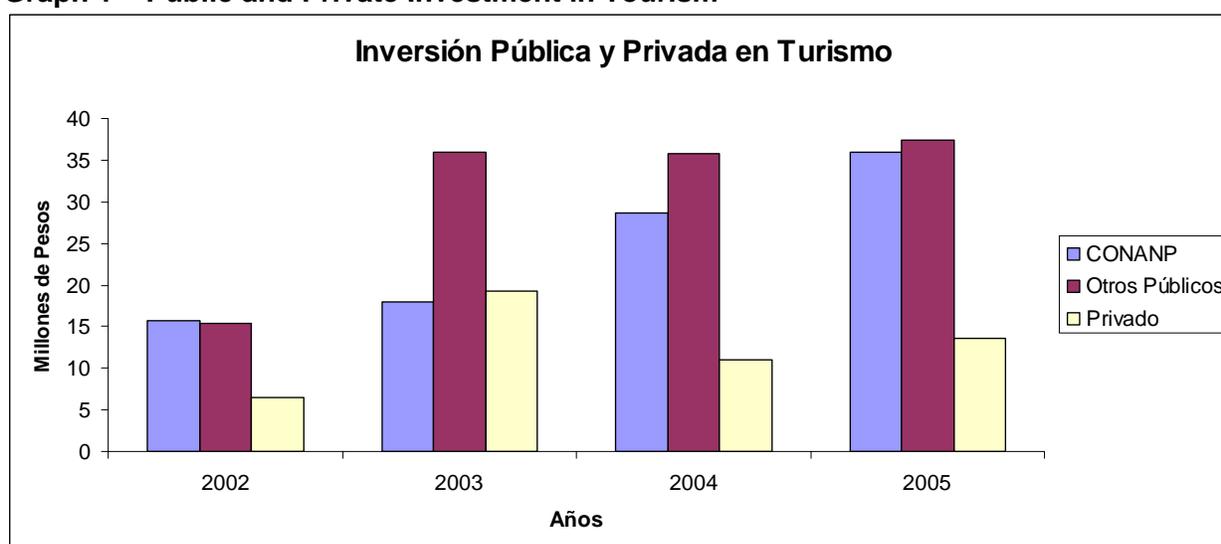
## 2.6 Promotion of Ecotourism

The path-breaking achievements of IPRC/USAID in this sector fit most appropriately under Task 3 as the main activities involve the creation of an umbrella organization, Senda Sur, the innovative reservations and information center in San Cristóbal. Refer also to Section I of this report for highlights from tourism activities.

### 2.6.1 Increase Operational Capacity of Participants in the Ecotourism Value Chain in Chiapas

IPRC/USAID reached an agreement with the non-profit assistance organization, Xanvil, A.C., to enter into a strategic alliance for the purpose of providing business training to six community-run tourist attractions and three private sector tour operators. Funding for this assistance will come from SEDESOL and IPRC/USAID. Xanvil, A.C. has already submitted the application to SEDESOL. An application to the IPRC/USAID Rural Prosperity Fund will be prepared early in the next reporting period.

**Graph 1 – Public and Private Investment in Tourism**



### 2.6.2 Consolidate the Training and Business Organization of the Participant Communities in the Community Ecotourism Training Circuit for Oaxaca

See information on Activity 1.2.2, page 22, as no additional contract resources were allocated to this activity during the reporting period.

## 2.7 Business Opportunities in Other Productive Value Chains

### 2.7.1 Increase incomes by introducing best practices to the most important and promising value chains in the Priority Conservation Regions (RPCs)

Early in this reporting period an IPRC/USAID-funded consultant carried out a thorough diagnostic analysis of productive possibilities in the area of the Municipality of Santa María Chimalapa. Livestock was the most promising value chain identified in this analysis. The consultant recommends that IPRC/USAID pursue the development of this sector as a priority. The forestry sector was also identified as having great potential despite having serious obstacles. As a follow-up to this initial assignment, a second consultancy was undertaken by a Chemonics forestry specialist in late February 2006. Based on this consultancy, IPRC/USAID has decided to

focus efforts in this region on the reactivation of a Forest Management Plan approved for Chalchijapa of Santa María in 2001. The focus of future activities will be to provide training in improved practices and create a Community Forestry Enterprise. The result will be to introduce a complete change in the structure of the forestry value chain in the area. Currently IPRC/USAID is pushing for approval of this strategy by the local authorities and the community assembly of Santa María. Implementation can not proceed without these approvals.

### **Task 3: Strengthening Community Watershed Management and Conservation of Natural Resources**

As previously mentioned, this Task has great overlap with the activities of Task 2. This overlap has caused difficulty in categorizing the activities that involve efforts which logically fall into concepts under both Task 2 and Task 3. For this reason with the 2006 Annual Work Plan, IPRC/USAID adopted a distinction based on the level of aggregation of the organizations assisted. Based upon this distinction, Task 3 focuses on activities involving aggregations of primary organizations, for example, federations of cooperatives. Task 2 in contrast focuses on the units that make up these organizations.

#### **3.1 Secondary Level Producer Organizations**

##### **3.1.1 Improve marketing of two campesino coffee producing organizations, one in Oaxaca and one in Chiapas**

All activities provided by CQI and previously described in Activity 2.1 apply to this activity as well. More specifically, two new coffee producer umbrella groups have been added to the list of groups assisted under this task. In Oaxaca, the Productores de Putla producer organization participated in the CQI workshop carried out in La Trinidad, expanding the reach of this activity into Task 3 and extending the benefits of this subcontract beyond the initial target groups. Moving forward, IPRC/USAID will seek opportunities to expand assistance to the Productores de Putla group. Additionally, in Chiapas, the Más Café organization has been integrated into the roster of coffee producers directly benefiting from IPRC/USAID assistance.



Mexican coffee producers learning about good seeding practices from CQI's technician Juan Vélez in La Trinidad, Oaxaca.

##### **3.1.2 Organize and Start Activities at an Independent Coffee Technical Assistance Center to Help Producers Improve Quality**

IPRC/USAID has been in discussion with Conservation International (CI) about how this center will be set up since it will be organized around technicians who are former employees of CI. IPRC/USAID has facilitated several meetings with the technicians to help them structure their new business and work toward the start-up of the center. To date the response of the technicians has been slow and therefore progress on this activity has been delayed.

##### **3.1.3 Assist COTAS in Professionalizing Technical Assistance Services in Water Management in the Central Valleys of Oaxaca**

Under the terms of the subcontract for assistance and training to COTAS, IISA has held several workshops with the COTAS working group to adjust and ratify the Strategic Plan for COTAS drawn up during the previous reporting period. Frequent personnel changes at COTAS have

interrupted and slowed the process of finalizing this plan. The IPRC/USAID advisor to COTAS led four leaders from COTAS and one technician from the National Water Commission (CNA) on a trip to visit the University of Querétaro to learn about techniques of hothouse agriculture developed there under a USAID-funded agreement (TIES) with West Virginia University.

#### **3.1.4 Create a Permanent Mechanism for Technical Support and Training to the Community Forestry Sector of Oaxaca**

As envisioned in the 2006 Annual Work Plan, the goal of this activity is to create a center, virtual or real, for assistance to the many community-owned and -operated forestry enterprises in the state of Oaxaca. To date, the IPRC/USAID forestry advisor has focused his attention solely on forestry projects under Task 2. As a result, no contract resources have been allocated to this activity during this reporting period.

#### **3.1.5 Create and start up a tourist Reservation and Information Center in Chiapas to increase the number of tourist visits to the Priority Conservation Regions**

On March 4, 2006 the organization Chiapas Ecoturs y Etnias de La Selva was formally and legally constituted. This organization is now known as Senda Sur and opened for business with a newly hired, professional manager on March 27. Formal inauguration of this organization will take place on April 5 in its new offices in San Cristóbal de las Casas. Public institutions have provided Senda Sur with substantial support but most importantly it has been financed through significant equity invested by the member organizations. A full detail of IPRC/USAID's work with this organization were provided in Section I.

### **3.2 Land Management**

#### **3.2.1 Design and implement a System to facilitate the Differentiation and Traceability of Specialty Coffee at the Production and the Marketing Stages**

This activity will be a follow-on activity to the upgrade of production and quality supported by IPRC/USAID. As efforts of IPRC/USAID have largely been focused on the first step, no significant resources were dedicated to this activity during this reporting period.

#### **3.2.2 Support the Planning and Implementation of Forest Utilization Schemes to Increase Incomes in Forestry Communities**

Based on forestry activities reported under 2.7.1, IPRC/USAID will focus efforts mainly on the forestry sector of Santa María Chimalapa. Please refer to activities reported under Activity 2.7.1, page 30, as significant overlap exists between these two activities.

In addition to activity listed under 2.7.1, the IPRC/USAID forestry advisor led authorities from the Santa María community and municipal authorities on a familiarization tour of a leading community forestry enterprise, the Ejido Noh Bec in Quintana Roo. The Ejido Noh Bec is a true success story for community forestry initiatives and IPRC/USAID felt it was of great importance to expose key decision makers from Santa María to their operations. The guests from Santa María learned about the social, technical and financial aspects of this business and began to envision what it would take to replicate this success in their own community. This experience in Noh Bec will be a key factor in getting the community assembly to approve the proposed activities in Santa María.

### **3.2.3 Support the Elaboration of a Master Tourism Plan for the Municipality of Angango (Monarch Butterfly Hibernation Reserve) to Identify Market Opportunities and Possibilities for Inter-institutional Collaboration**

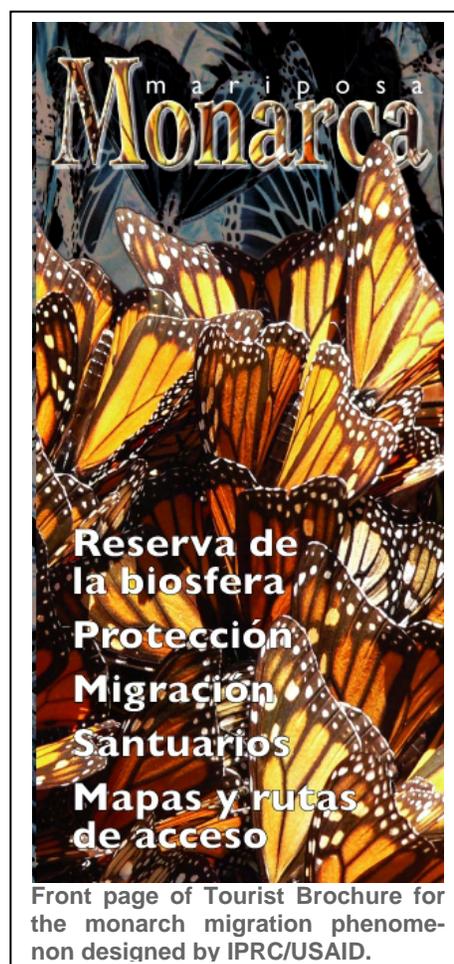
In preparation for the writing of the Master Tourism Plan, the leaders of the Angango Municipality made two visits to the community-owned and -operated tourism attractions of San Nicolas Totolapan, D.F. The first was a general orientation visit so the leaders could see a highly successful community-run operation. This visit established a valuable channel of communication between the leaders of the two communities. On February 18, the Angango leaders returned to Totolapan to attend the “International Workshop on Green Infrastructure: Program of Construction of Multipurpose Trails.” This workshop was very timely as one of the grant applications submitted to IPRC/USAID from the Monarch Reserve region is for improvement of signage and trail markings. IPRC/USAID is currently working on the terms of reference for a consultancy to create the Tourism Master Plan and work is expected to begin in June.

In support of this activity, IPRC/USAID is completing the application process for two grants to the Monarch Butterfly area through the Rural Prosperity Fund. One grant will finance improved signage in the area of the Reserve in the Ejido El Rosario as mentioned above. In addition, this grant will help finance the reforestation of 70 hectares of land in the reserve. The other grant will finance the architectural design of a new Tourist Visitor’s Center in the Ejido Cerro Prieto. The design of this center is a critical step since, without the design, the community is not eligible to apply for financial support for the construction of the center. These two grants will complement other improvements in the reserve supported by other USAID programs and by private sector participants such as Telcel.

IPRC/USAID designed and printed a beautiful tourist brochure explaining the Monarch migration phenomenon. The brochure contains valuable maps and information to orient the visitor to the area. Ten thousand of these brochures are being distributed mostly through WWF offices in the reserve area.

### **3.2.4 Develop and Implement Practical Watershed Management Models**

As previously explained in 1.1.4, page 21, IPRC/USAID first focused on the Rio Conchos Watershed as the subject of a possible management model. This initial priority has shifted from that watershed to the more manageable watersheds on the Pacific Coast of Chiapas. Exploration of this possibility is being carried out by the IPRC/USAID team in close coordination with TNC and CONANP officials. In January 2006, representatives from these organizations and from coastal municipalities visited the San Jerónimo and Lato rivers’ watersheds in Guatemala. This experience gave the group the opportunity to see how local Guatemalan leaders are collaborating with private and public sector actors to produce an



effective watershed management system. The Guatemalan leaders, who hosted this study tour, will make a return visit to Mexico in June to see the Pacific Coast Watersheds.

These international exchanges are being complemented by IPRC/USAID efforts to define its proper role in watershed management in the region. The IPRC/USAID representative in Chiapas has held several meetings with key players in an effort to reach consensus on respective roles. The IPRC/USAID chief of party, TNC representatives, officials from CONANP and the IPRC watershed advisor toured this area during the last week of March to evaluate various watersheds and discuss possibilities

#### **Overcoming Obstacles in Productive Value Chains**

The **IPRC/USAID Rural Prosperity Fund** is a small grant fund of \$1 million with the goal of fostering innovation to overcome obstacles in productive value chains. The maximum authorized amount for each grant is \$25,000.

#### **A Personal Response to Hurricane Stan**

Hurricane Stan made landfall south of Veracruz, Mexico on October 4, 2005 during the region's rainy season, bringing severe flooding and landslides to several Central American countries and southern Mexico. Areas of Chiapas near the Guatemalan border were hit hard.

The town of Guayabal, a small farming community in Chiapas, was totally destroyed. Ten children and three adults were killed and 64 families lost their homes. Many of those who survived had to be rescued by helicopter after four days of intense rains that washed out the roads. Approximately 120 people have been relocated to three houses in a nearby town, where they rent the houses for about \$240 per month so that their children can go to school.

As a personal response to the destruction of Hurricane Stan, the staff of IPRC/USAID, Chemonics and JE Austin contributed \$1,500 to relief efforts. JE Austin Associates matched the contributions of their staff with an additional \$630 to bring a total contribution to \$2,100.

The donated funds were distributed directly to families within the Guayabal community based on meetings held between community representative Eligio Vásquez Solís and IPRC/USAID's chief of party and agribusiness/marketing advisor.

with local leaders. A decision will be reached in April regarding the choice of a watershed where this pilot project could be implemented. See also 1.1.2, page 20, for more information.

#### **Task 4: Expanding Cooperation with Mexico for Sustained Rural Prosperity**

##### **Activity 4.1 Fostering innovation to overcome obstacles in productive value chains**

##### **4.1.1 Facilitate activities for rural development through financing from the Rural Prosperity Fund**

The USAID-funded Rural Prosperity Fund became fully operational in October 2005. The IPRC/USAID team and grants manager worked together to orient the Fund toward fostering synergies with programs and related producer groups that were already approved in the 2006 Annual Work Plan. During the first two months that the Fund was operational, IPRC/USAID carried out an exercise to identify priority donations that would contribute the greatest impact to our beneficiaries and create the greatest possible synergies with activities identified in the 2006 Annual Work Plan. To date, IPRC/USAID has identified 24 grant opportunities: two in the Monarch Butterfly Reserve, four in Chontalpa, Tabasco for cacao export assistance; nine in Oaxaca for productive projects in horticultural, forestry and coffee, and nine in Chiapas for tourism and coffee projects. Table 8 on page 36 provides summary information for activity under the Rural Prosperity Fund.

During the end of September and the beginning of October 2005, IPRC/USAID began the grant development process with COTAS, A.C. While COTAS is of strategic importance in providing water services to producers in the Central Valley of Oaxaca, the organization's authorization to do business was suspended at the time the grant process was initiated. As a result of its limited administrative capability, IPRC/USAID's grant manager provided COTAS with a great deal of support with the grant application process. IPRC/USAID has continued to lend significant levels of support to COTAS during the implementation of this grant and works with the organization to finalize the actual donation of grant funds.

The damage caused by Hurricane Stan in October 2005 in the southeast of Mexico had significant impact on areas where IPRC/USAID has projects operating. The devastation of this hurricane forced the IPRC/USAID to reexamine where grant funds were targeted in order to assist groups that had experienced significant impact during this natural disaster. As a result of the hurricane's impact, IPRC/USAID identified a group of coffee producers in Guayabal, Chiapas and Ecobiosfera, an ecotourist lodge operator, as a good candidate to receive grant funds.

The coffee producers of Nuevo Guayabal export their product to Starbucks Coffee Company in the United States through AMSA. For these producers, an urgent donation was necessary to help to salvage the harvest and respond in anyway possible to minimize loss of earnings that would compound the damage done by the hurricane. Facing imminent loss of the harvest, IPRC/USAID opted to donate equipment to help salvage the coffee harvest. The intention of IPRC/USAID was to make this the project's second grant, however, due to the urgency facing these farmers a "comodato" mechanism was used that permitted the transfer of coffee equipment to farmers without actually formalizing the donation. With the farmers using the equipment, IPRC/USAID was able to carry out the formal steps that will lead to transfer of title in April 2006.

In the wake of Hurricane Stan, IPRC/USAID identified Ecobiosfera as a potential grant recipient. Ecobiosfera operates ecotourist lodges in the area of the Triunfo Biosphere Reserve and their installations were seriously damaged by Hurricane Stan. The need to assess the actual damage to Ecobiosfera's infrastructure and to define a project to recover the lodges has delayed the finalization of this grant. At the time of this report, the IPRC/USAID team is performing the final review of Ecobiosfera's proposal for grant funding.

In October 2005, IPRC/USAID started the process of developing a mechanism to support the work of the Rainforest Alliance (RA) in developing four community forest initiatives in the Sierra Norte of Oaxaca. IPRC/USAID perceived this as a very strategic alliance as both organizations would have activities in these four communities. The manner in which the support and collaborative agreement would be organized was modified numerous times in an effort to accommodate the internal policies and institutional organization of both organizations. Two avenues for support were identified, a grant and a subcontract. In combination, these mechanisms would cover all needs for support originally presented by RA. A grant was quickly developed and presented to the CTO for final approval. At this stage RA informed that a decision had been made by RA's Oaxaca and New York offices to not only to reject the offer of grant funding but also any other financial support offered by IPRC/USAID. As forest interventions in these communities are a high priority, IPRC/USAID has decided to move forward with plans to work

with these communities independently of RA. While no financial support will be given to RA, IPRC/USAID is hopeful that programmatic collaborations between the two organizations will be possible. One organization, UCFAS, has already been identified as a potential partner and grant recipient. The proposed grant to UCFAS has received a positive general evaluation and will be sent for official approval in April 2006.

Also during this reporting period, IPRC/USAID invited organizations to develop proposals to receive grant funding for sustainable tourism development in the Monarch Butterfly Reserve. Twelve diverse NGOs currently working in the area of this reserve received invitations to submit proposals to the Rural Prosperity Fund. IPRC/USAID received five proposals for funding which were analyzed by IPRC/USAID with direct collaboration with USAID CTO, Dan Evans. Two proposals, one from WWF and the other from Halcón, were accepted. These grant applications are ready for USAID review and approval.

Additionally, IPRC/USAID is in the process of developing four grants for producers of export grade organic cacao. The grant in development for the Integradora Orgánicos de Chontalpa will be important as it combines 11 community producer organizations to guarantee that quality standards are met to receive higher prices for their product through purchasing agreements with European enterprises (see highlights section).

**Table 8 – Activity under Rural Prosperity Fund**

RECIPIENT	SECTOR and CORRESPONDING ANNUAL WORK PLAN ACTIVITY	AMOUNT OF GRANT (USD)*	START DATE
<b>Approved and in Implementation</b>			
COTAS, A.C.	Horticultural production, 3.1	\$25,217.37	1/15/06
OPERT/Guayabal	Coffee producers, Chiapas, 4.1	\$8,783.00	1/27/06
<b>Under CTO Revision</b>			
HALCON, S.C.	Tourism, 2.6	\$24,668.31	4/15/06
WWF Mexico	Tourism, 2.6	\$24,154.59	5/01/06
UCFAS	Forestry, 2.5	\$24,637.68	4/15/06
<b>Advanced Development</b>			
Ecobiosfera El Triunfo	Tourism, 2.6	\$24,668.31	4/15/06
Integradora Orgánicos de la Chontalpa	Cacao, 2.2	\$20,289.86	5/01/06 <sup>±</sup>
Gral. FCO. J. Mújica Cacao Collective	Cacao, 2.2	\$10,048.31	5/01/06 <sup>±</sup>
El Palenque Cacao Collective	Cacao, 2.2	\$15,072.46	5/01/06 <sup>±</sup>
Sistemas de Proyectos Orgánicos Cacao Collective	Cacao, 2.2	\$9,903.38	5/01/06 <sup>±</sup>
Senda Sur	Tourism, 3.1	\$24,637.68	5/01/06 <sup>±</sup>
Grupos Étnicos de Tenejapanses	Coffee, 2.1	\$24,154.59	5/01/06 <sup>±</sup>
<b>Early Development</b>			
La Trinidad (Tasting facility)	Coffee, 2.1	\$24,637.68 <sup>±</sup>	TBD
SPOCEL Villa las Rosas (Wet processing facility)	Coffee, 2.1	\$24,154.59 <sup>±</sup>	TBD
ESPOCEL (Tasting facility)	Coffee, 2.1	\$14,492.75 <sup>±</sup>	TBD
Comon Yaj Nop Tic Cooperative (Wet processing facility)	Coffee, 2.1	\$24,154.59 <sup>±</sup>	TBD
Comon Yaj Nop Tic Cooperative	Coffee, 2.1	\$14,492.75 <sup>±</sup>	TBD

RECIPIENT	SECTOR and CORRESPONDING ANNUAL WORK PLAN ACTIVITY	AMOUNT OF GRANT (USD)*	START DATE
(Tasting facility)			
Organization TBD in Tenejapa (Tasting facility)	Coffee, 2.1	\$14,492.75 <sup>±</sup>	TBD
Organization TBD in Kulactic (Construction support)	Coffee, 2.1	\$14,492.75 <sup>±</sup>	TBD
Organization TBD in Comaltepec	Forestry, 2.5	\$14,492.75 <sup>±</sup>	TBD
Organization TBD in Capulalpan	Forestry, 2.5	\$14,492.75 <sup>±</sup>	TBD
Organization TBD in Xacui	Forestry, 2.5	\$14,492.75 <sup>±</sup>	TBD
Organization TBD in Sierra Sur	Forestry, 2.5	\$19,323.00 <sup>±</sup>	TBD
Organization TBD in Sierra Sur	Forestry, 2.5	\$19,323.00 <sup>±</sup>	TBD
<b>Total</b>	<b>24 Grants</b>	<b>\$449,277.65</b>	

\* Based on March 2006 standard exchange rate of 10.35 pesos to the USD.

± Estimate.

Also in development is a grant for the recently established Reservation and Tourist Information Center in San Cristóbal de las Casas, Chiapas (see highlights). The Center is a very important means for coordinating and strengthening community tourist services and private tour operators in the La Selva Lacandona area of Chiapas. The grant support will be provided with the end goal of assisting the Center in becoming fully operational and financially self-sufficient in the next 12 to 18 months.

IPRC/USAID has identified grant opportunities in the coffee sector in Oaxaca and Chiapas. IPRC/USAID feels that strategic grants for the construction of a coffee tasting lab and wet processing facilities will create improvements in coffee quality for recipient organizations and their member producers. IPRC/USAID has identified the coffee producers of the Comunidades Étnicas Tenejapenses in Chiapas as a potential grant recipient and has begun the initial stages of grant development with this group.

<p><b>IPRC/USAID STRATEGY:</b> Increase producer incomes through improved product quality.</p>
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The forestry sector will also be a major focus of grant funding through the rest of 2006. IPRC/USAID has identified five potential grant recipients (three in the Sierra Norte of Oaxaca and two in the Sierra Sur) whose product quality would improve greatly through the acquisitions of proper equipment.

## Activity 4.2 Strengthening Links with SAGARPA

### 4.2.1 Offer a means for technical exchange between regional coffee producers to share experiences and information to enable improved commercialization of coffee

IPRC/USAID is in the initial development phase of a coffee fair or conference as mentioned in 2.1.3 on page 24. While acting as a wonderful mechanism to share best practices in cupping, this event will also provide an environment appropriate for technical exchange. IPRC/USAID will highlight outcomes of this event in the 2006 annual report.

### 4.2.2 Support an event to highlight the impact of supermarkets on small producers

IPRC/USAID plans to support the 2006 Supermarket Conference in a manner similar to support provided in 2005. Once plans for the conference have been solidified and a budget drawn up, IPRC/USAID will work together to formulate an appropriate means to support this initiative.

#### **4.2.3 Strengthen the Comité del Sistema Producto Cacao Nacional as well as state committees in Tabasco and Chiapas**

As a product of the studies and initiatives taken by IPRC/USAID during 2005, an IPRC representative was invited to sit on the Comité del Sistema Producto Cacao. This gives IPRC/AID a seat on a key planning and decision-making body in the cacao sector. It gives us access to, and credibility with all important federal, state, and local organizations. Participation in this committee was leveraged to extend the invitation to the Moniliasis expert mentioned in the report on cacao activities, page 6. IPRC/USAID will continue its active involvement on this committee throughout the remainder of this project.

## ANNEX A

### Acronym List

Acronym	Meaning
AMSA	United Agroindustries of Mexico (Spanish acronym)
ANP	National Protected Area (Spanish acronym)
CECADESU	Center for Education and Training for Sustainable Development (Spanish acronym)
CI	Conservation International
CNA	National Water Commission (Spanish acronym)
CONAFOR	National Forestry Commission (Spanish acronym)
CONANP	National Commission for Protected Areas (Spanish acronym)
COTAS	Technical Committee of the Subterranean Waters of the Oaxaca Central Valley (Spanish acronym)
CQI	Coffee Quality Institute
CTO	Cognizant Technical Officer
ESP	Environmental Service Payments
GOM	Government of Mexico
IISA	Interaction International
INE	National Institute of Ecology (Spanish acronym)
IPRC/USAID	The Rural Prosperity and Conservation Initiative of USAID (Spanish Acronym)
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
OEC	Campesino Economic Organization (Spanish acronym)
PN	National Park (Spanish acronym)
PRODERS	Program of Rural Sustainable Development (Spanish acronym)
PROFEPA	Federal Environmental Protection Agency (Spanish acronym)
RA	Rainforest Alliance
RB	Biological Reserve (Spanish acronym)
RPC	Priority Conservation Area (Spanish acronym)
SAGARPA	Ministry of Agriculture, Livestock and Fisheries (Spanish acronym)
SECTUR	Secretary of Tourism, Mexico
SEMARNAT	Secretariat for Natural Resources and the Environment (Spanish acronym)
SOW	Scope of work
TBD	To be determined
TIES	Training, Internships, Exchanges, and Scholarships (USAID-funded program)
UCFAS	United Forest Community of Ixtlán of Juarez (Spanish acronym)
USAID	United States Agency for International Development
USFS	United States Forest Service

## ANNEX B

### Map of IPRC/USAID Intervention Sites





**ANNEX D**  
**Financial Reporting Table**

<b>Item</b>	<b>Task Order Budget</b>	<b>Expenditure to Date</b>	<b>Remaining Funds</b>	<b>Percentage Spent</b>
Work Days Ordered	\$3,830,340.00	\$1,334,619.09	\$2,495,720.91	34.84 %
Other Direct Costs	\$3,166,558.00	\$865,833.77	\$2,300,724.23	27.34 %
Grants	\$1,000,000.00	\$0.00	\$1,000,000.00	0.00 %
General and Administrative	\$208,328.00	\$43,015.27	\$165,312.73	20.65 %
<b>Total</b>	<b>\$8,205,226.00</b>	<b>\$2,243,500.73</b>	<b>\$5,961,725.27</b>	<b>27.34 %</b>

## ANNEX E

### PMP Annex E

**ANNEX E-R**  
**Partners Data Sheets for Indicators for Work Plans**  
**Format of November 28, 2005**

**REPORT FY 2006**

The following section contains the partner's data sheets that should be used with the Annual Work Plan to help define the targets for the indicators in light of work being planned for the coming fiscal year. Extra rows can be added to the table—the format is Word.

Each data sheet contains footnotes that explain definitions, steps, gives examples of what is being sought in the columns, and points out what extra information might be needed. More detailed descriptions of each of the indicators are found in ANNEX B along with the basic format for the partner data sheets. Annex E-WP was developed to help separate the partners annual planning for indicator results into a single unit so as to facilitate the inclusion of these targets in your work plans.

Index of Indicators contained in this report (place "X" in the appropriate boxes):

<b>SO/ R #</b>	<b>Indicator</b>	<b>Partner:</b>
<b>SO</b>	Number of hectares under sustainable natural resources management or conservation in targeted watersheds	<b>X</b>
<b>IR.1.1</b>	Number of policy steps taken to positively affect how a targeted resource problem is addressed	<b>X</b>
<b>IR.2.1</b>	Value of additional sales or benefits due to increased use of environmentally sound and economically viable practices and technologies	<b>X</b>
<b>IR.2.2</b>	Advance of firms or other enterprises toward certification	<b>X</b>
<b>IR.3.1</b>	Improved effectiveness by representative local groups to engage in natural resource management decision-making	<b>X</b>
<b>IR.3.2</b>	Amount of financial resources accessed from existing national/state government and/or other sources to implement formally adopted local management plans	<b>X</b>

**Partner Data Sheet for Planning for USAID Mexico PO Indicator: Number of hectares under sustainable natural resources management or conservation**

Fiscal Year of Planning 2006

Partner Planning IPRC

Name and Location	Type of management planned	Organization that accepts plan	Hectares	Major vegetation type	Benchmark at start of current fiscal year	Benchmark Targeted for current fiscal year	Benchmark achieved in current fiscal year	Brief discussion for level of determination
Sustainable Tourism Strategy in Natural Protected Areas (STS-ANP) In 7 pilot areas	RB El Vizcaíno/3	CONANP	2,493,091	k) Desert scrub m) Coastal mangrove n) Wetlands	0	1 & 2	0	Analysis of tourism policies must be done, as well as participatory tourism planning in the ANP targeted.
	RB La Encrucijada/3	CONANP	144,868	b) Tropical seasonal forest m) Coastal mangrove n) Wetlands selva baja y reductos de selva mediana y baja subperennifolia	0	1 & 2	0	Analysis of tourism policies must be done, as well as participatory tourism planning in the ANP targeted.
	PN Costa Occidental de Isla Mujeres, Punta Cancún y Punta Nizuc/3	CONANP	8,673	m) Coastal mangrove & Coral reef	0	1 & 2	0	Analysis of tourism policies must be done, as well as participatory tourism planning in the ANP targeted.
	RB Sierra Gorda /3	CONANP	383,567	f) Temperate woodland i) Temperate grassland and pasture	0	1 & 2	0	Analysis of tourism policies must be done, as well as participatory tourism planning in the ANP targeted.

Name and Location	Type of management planned	Organization that accepts plan	Hectares	Major vegetation type	Benchmark at start of current fiscal year	Benchmark Targeted for current fiscal year	Benchmark achieved in current fiscal year	Brief discussion for level of determination
	RB Tehuacan-Cuicatlán/3	CONANP	490,187	f) Temperate woodland i) Temperate grassland and pasture k) Desert scrub	0	1 & 2	0	Analysis of tourism policies must be done, as well as participatory tourism planning in the ANP targeted.
	RB Mariposa Monarca/3	CONANP	56,259	f) Temperate woodland Bosque de oyamel, bosque pino-encino, pastizal, matorral de juníperos.	0	1 & 2	0	Analysis of tourism policies must be done, as well as participatory tourism planning in the ANP targeted.
	RB Los Tuxtlas. Indirect/3	CONANP	155,122	b) Tropical seasonal forest g) Tropical open forest / woodland Selva baja caducifolia, selva mediana perennifolia y bosque mesófilo.	0	1 & 2	0	Analysis of tourism policies must be done, as well as participatory tourism planning in the ANP targeted.
Tenejapa; Nuevo Paraíso; Zaragoza; La Trinidad, Chs.	3	Grupos Étnicos de Tenejapa; Kulaktik; Comon Yaj Nop Tic; La Trinidad; Sposel	1020 <sup>1</sup> (official records)	b) Tropical seasonal forest c) Temperate evergreen forest d) Temperate deciduous forest	0 to 3	2	1	The TOR are being developed and will start and of may. There were no work possibilities during the harvest season.

<sup>1</sup> 220 ha are the same as CI

Name and Location	Type of management planned	Organization that accepts plan	Hectares	Major vegetation type	Benchmark at start of current fiscal year	Benchmark Targeted for current fiscal year	Benchmark achieved in current fiscal year	Brief discussion for level of determination
RB Ocote; RB la Sepultura; RB El Triunfo; RB La Encrucijada, Chs.	3	Ej. Tierra Nueva; Ej López Mateos; Col Agrícola 20 de noviembre; Bienes Comunes Sn Antonio; Ej Guanajuato; Ej. Salto del Agua	225 <sup>2</sup> (official records)	h) Tropical grassland and pasture	0	2	none	An strategy that helps IPRC deal with budget reduction is being developed and will be submitted to USAID
RB El Triunfo; Nahá, Chs	3	Comon Yaj Nop Tic; Opert; Sposel	800 <sup>3</sup> (official records)	b) Tropical seasonal forest c) Temperate evergreen forest d) Temperate deciduous forest	3	3	1	The Plan is ready and will be submitted to the coops for it's approval

<sup>2</sup> Same as TNC

<sup>3</sup> 600 ha are the same as CI

Name and Location	Type of management planned	Organization that accepts plan	Hectares	Major vegetation type	Benchmark at start of current fiscal year	Benchmark Targeted for current fiscal year	Benchmark achieved in current fiscal year	Brief discussion for level of determination
Identification of Productive Options in Santa María Chimalapa, Oaxaca <sup>4</sup>	3	Comisariado de Bienes Comunales	2,000 <sup>5</sup>	Tropical evergreen forest	0	1	0	In this FY there are agreements with the Comisariado de Bienes Comunales toward the elaboration of a Pilot Forest Management Plan for 1,500 ha. Also group cattle producers must be organized to start with the implementation of best practices in 500 ha. <sup>6</sup>
Land Use Planning in Santa María Chimalapa, Oaxaca <sup>7</sup>	3	Comisariado de Bienes Comunales and Municipality	1,400 <sup>8</sup>	Tropical evergreen forest	0	1	1 <sup>9</sup>	In this FY the assessment of land use planning will be finished.

<sup>4</sup> WWF, CI

<sup>5</sup> This surface correspond to forest activities and intensification of cattle production

<sup>6</sup> The group of cattle producers identified is the Cuenca Alta del Uxpanapa association with 64 producers. They are willing to implement best practices in a pilot area.

<sup>7</sup> WWF, CI

<sup>8</sup> This surface corresponds to the study that actually is being carried out by IDESMAC

<sup>9</sup> IDESMAC is the firm that is working in the Land Use Plan of Santa María Chimalapa. The work will be finished in the second semester of this FY.

Name and Location	Type of management planned	Organization that accepts plan	Hectares	Major vegetation type	Benchmark at start of current fiscal year	Benchmark Targeted for current fiscal year	Benchmark achieved in current fiscal year	Brief discussion for level of determination
Business Plans of community based forest enterprises in Sierra Norte, Oaxaca <sup>10</sup>	3	Comisariado de Bienes Comunales, Economic Community Organization	8,484 <sup>11</sup>	Temperate evergreen forest	5	5	5 <sup>12</sup>	The business plans are about to be accomplished in this FY
Market studies for certified wood from community based forest enterprises in Sierra Norte, Oaxaca <sup>13</sup>	3	Comisariado de Bienes Comunales, Economic Community Organization	27,024 <sup>14</sup>	Temperate evergreen forest	5	5	5 <sup>15</sup>	The market studies will be accomplished in this FY to establish linkages.
Ecotourism Master Plan for Angangueo Municipality, Michoacán <sup>16</sup>	3	Municipality of Angangueo	5,449 <sup>17</sup>	Temperate evergreen forest	0	1	0 <sup>18</sup>	The design of the Municipal Ecotourism Master Plan will be accomplished in this FY.

<sup>10</sup> RA

<sup>11</sup> This surface is equals the sum of the certified forest areas of Capulalpam, Xiacuí and Comaltepec

<sup>12</sup> These communities are certified. Their Business Plans were not accomplished in this first semester.

<sup>13</sup> RA

<sup>14</sup> This surface corresponds to sum of certified forest areas of Capulalpam, Xiacuí, Comaltepec, Ixtlán and La Trinidad in Sierra Norte, Oaxaca

<sup>15</sup> These communities are certified. The market studies were not accomplished in this first semester.

<sup>16</sup> WWF

<sup>17</sup> This surface corresponds to the territory of the three Ejidos comprised in the Municipality

<sup>18</sup> This indicates the achievement in the first semester.

Name and Location	Type of management planned	Organization that accepts plan	Hectares	Major vegetation type	Benchmark at start of current fiscal year	Benchmark Targeted for current fiscal year	Benchmark achieved in current fiscal year	Brief discussion for level of determination
Reinforce the applicability of micro watershed management model in the Pacific Coast in Chiapas	3	Municipalities and Watershed Committees	ND <sup>19</sup>	Various	0	0	1 <sup>20</sup>	The first steps toward the applicability of integral watershed management will be carried out in the Municipality of La Concordia in Chiapas.
Consolidate COTAS AC, Oaxaca Oaxaca	3 Irrigation Pressurized	COTAS AC	600 <sup>21</sup>	I	720	600	120 <sup>22</sup>	Actual irrigation system is inefficient.
Strengthening of 3 OECs members of COTAS <sup>23</sup>	3 Hectares under greenhouse	COTAS AC	4a	I	7.2	4	1	They improved water efficiency and production conditions but not management practices

“Milestones” and “Index Levels“:

0. Land area targeted for improved management, but plan has not yet been completed.
1. Participatory natural resources management plan produced.
2. Natural resources plan formally adopted. [“Formally adopted” means that the plan has been sanctioned by an official decision-making body at the community or other government level.]
3. Best Management Practices (BMPs) proposed and adopted. [“Best Management Practices” are defined to be recommended land use, site management, application of technology or management approach that has been shown to work effectively for the purposes of economically viable, sustainable natural resources management.]
4. Monitoring systems, standards, and a communication plan developed and in place.
5. Improvement in management or condition of natural resources documented.

<sup>19</sup> Surface to be determined

<sup>20</sup> There is a general plan with TNC and CONANP to work on the reinforcement of the watershed management in the Pacific Coast watersheds of Chiapas

<sup>21</sup> COTAS data

<sup>22</sup> 3 new units of 40 has have been done, by the dynamic since PA-Consulting

<sup>23</sup> Includes market analysis

**Partner Data Sheet for Planning for USAID Mexico Indicator 1.1: Progress in national-level policy reform addressing natural resource issues.**

Fiscal Year of Planning 2006  
 Partner Planning IPRC

Policy title	Policy type	Entity targeted to accept proposed change	General problem targeted	Step level start of current fiscal year	Step level targeted in current fiscal year	Step level achieved for current year	Please explain a change in index from last report
National Environmental Services Policy	Rules for operation of PSA-H & CABSANational Water Law and related laws and regulations New economic policy instruments	CONAFOR	Mexico has recently put in action two programs to promote the payment of environmental services. This effort is just the beginning for promoting a national policy that effectively enforces environmental services payment as part of a conservation and sustainable use of natural resources strategy.	1	2	1	We expect to have recommendations for changes to existing policy and programs
Sustainable Tourism Strategy in Natural Protected Areas (Estrategia de Turismo Sustentable en Áreas Naturales Protegidas)	Rules for operation of Proders Strategy an policy principles Management Plans of 7 ANP, including administrative rules for tourism activities	CONANP	Tourism activities within natural protected areas (ANP) are practiced with poor environmental ad hoc regulations and with no policy directives	1	2	1	This project was approved by USAID-PMA in March 2006.

Steps:

1. Analysis of policy issue or problem
2. Recommendations for a new policy or changes to an existing policy
3. Promotion of adoption of recommended changes (e.g., negotiations, consensus building)
4. Policy reform formally adopted.
5. Action taken to implement policies or reforms.

**Partner Data Sheet for Reporting to USAID Mexico Indicator 2.1: Value of additional sales or benefits due to increased use of environmentally sound and economically viable practices and technologies**

Fiscal Year of Planning 2006  
Partner Planning IPRC

Community or firm receiving benefits	Sector	Type of value	Commodity	Baseline for determining additional value	Additional value targeted
CI Coffee program Associates	Agriculture	d	coffee	246,400	12,000 <sup>24</sup>
CEPCO, & IDESMAC	Agriculture	b	coffee	not defined	5% <sup>25</sup>
Bienes Comunes San Antonio & Ej Guanajuato (among others)	Ranching	b & d	livestock (milk & meat)	not defined	7% <sup>26</sup>
Lacanjá-Chansayab; Frontera Corozal; Nueva Palestina; Reforma Agraria, Las Nubes	Services	a, b & d	ecotourism	not defined	10% <sup>27</sup>
Nueva Palestina; Benemérito de las Américas y Reforma Agraria	Ranching	b & d	Livestock (milk & meat)	not defined	7% <sup>28</sup>
Santa María Chimalapa, Oax.	Livestock	b	Meat and milk	28,985 <sup>29</sup>	12,000 <sup>30</sup>
Community based forest enterprises Sierra Norte, Oax.	Forestry	a & b	Wood, furniture	119,606 <sup>31</sup>	70,000 <sup>32</sup>
Ejidos in Angangueo Municipality	Tourism	e		ND	Estimated increase of 10% in sales from tourism activities <sup>33</sup>
Monte del Toro	Agriculture	a & b	Tomatoes	113,131.40	6,787,88
IROSAMAR	Agriculture	a & b	Tomatoes	384,661.84	23,079.71
AGROPESA	Agriculture	a & b	Tomatoes	0	0

<sup>24</sup> Storing and trading savings

<sup>25</sup> Revalue coffee in the national market and ensure greater efficiency in the national value chain

<sup>26</sup> Making the value chain more efficient will reduce costs and increase per unit value (better quality)

<sup>27</sup> The ecotourism value chain presents severe malfunctions that can be solved, creating greater tourist demand, reducing costs, and improving prices.

<sup>28</sup> Making the value chain more efficient will reduce costs and increase per unit value (better quality)

<sup>29</sup> Baseline corresponds to actual income for calf selling in 500 ha.

<sup>30</sup> This additional value has not been achieved yet in this first semester

<sup>31</sup> Baseline corresponds to total sales in last quarter 2005

<sup>32</sup> This additional value has not been achieved in this first semester

<sup>33</sup> This additional value has not been achieved in this first semester

Community or firm receiving benefits	Sector	Type of value	Commodity	Baseline for determining additional value	Additional value targeted
San Pablo Huixtepec	Agriculture	a & b	Tomatoes	2,826.09	169.57
Orgánicos de la Chontalpa	Agriculture	a & b	Cacao	557,035.00	0

Type of value/benefits received:

- (a) volume of units sold
- (b) increased value per unit
- (c) energy savings
- (d) other savings, or
- (e) incentive payments

**Partner Data Sheet for Reporting to USAID Mexico Indicator 2.2:** Increased use of “Best Practices” which are environmentally sustainable and economically viable for increased quality and productivity

Fiscal Year of Planning 2006  
 Partner Planning IPRC

Name of targeted “firm” or enterprise	Type of enterprise	Sector	Type of best practices	Level at start of current fiscal year	Targeted level in current fiscal year	Level of intervention achieved in current fiscal year	Brief description of level of determination
Sposel	Producers Organization	Agriculture	Organic and fair trade	1	4	The means to obtain organic and fair trade certificates are in place and these should be obtained in the fourth quarter	
Grupos Etnicos de Tenejapa	Producers organization	Agriculture	Coffee practices	1	3 & 4	The documentation and process to obtain the CAFÉ Practices certification are underway. Adoption of a plan should be ready by the end of the fiscal year.	
Río Lacanjá	Private ecotourism	Tourism	Ecotourism	1	3	Not much has been done. All effort centered on the umbrella organization.	

Name of targeted "firm" or enterprise	Type of enterprise	Sector	Type of best practices	Level at start of current fiscal year	Targeted level in current fiscal year	Level of intervention achieved in current fiscal year	Brief description of level of determination
						In May the plan will be established	
Santa María Chimalapa	Municipality	Forestry	Sustainable Forestry	0	1	0 <sup>34</sup>	In this FY, agreements must be made around developing a Pilot Forest Management Plan for 1,500 ha. Also group cattle producers prepare to start implementing best practices in 500 ha.
Santa María Chimalapa	Municipality	Livestock	Intensive livestock	0	1	0 <sup>35</sup>	
Capulalpam	Community	Forestry	Sustainable Forestry	5	5	5 <sup>36</sup>	These certified communities need to consolidate their businesses. Their business plans and market studies will be carried out in this FY.
Comaltepec	Community	Forestry	Sustainable Forestry	5	5	5 <sup>37</sup>	
Xiacuí	Community	Forestry	Sustainable Forestry	5	5	5 <sup>38</sup>	
Ixtlán	Community	Forestry	Sustainable Forestry	5	5	5 <sup>39</sup>	
Anganguao	Municipality	Tourism	Ecotourism	0	1	0 <sup>40</sup>	The design of the Municipal Ecotourism Master Plan will be accomplished in this FY.
La Concordia	Municipality	Conservation	Integral watershed management	0	1	1 <sup>41</sup>	In this FY the first steps will be taken to establish a strategy with municipal authorities and local groups to shape an Integral

<sup>34</sup> This indicates achievement in the first semester

<sup>35</sup> The group of cattle producers identified is the Cuenca Alta del Uxpanapa association with 64 producers. They are willing to implement best practices in a pilot area.

<sup>36</sup> These communities are certified. The Business Plan will be carried out in the second semester of FY06

<sup>37</sup> These communities are certified. The Business Plan will be carried out in the second semester of FY06

<sup>38</sup> These communities are certified. The Business Plan will be carried out in the second semester of FY06

<sup>39</sup> These communities are certified. The Business Plan will be carried out in the second semester of FY06

<sup>40</sup> This indicates achievement in the first semester

Name of targeted "firm" or enterprise	Type of enterprise	Sector	Type of best practices	Level at start of current fiscal year	Targeted level in current fiscal year	Level of intervention achieved in current fiscal year	Brief description of level of determination
							Watershed Management Plan
COTAS AC	Partnership water users, municipalities	Other <sup>42</sup>	Pressurized Irrigation (ha)	4	4	1	An upgrade in technology was made to pressurized irrigation

Milestones toward certification are:

0. Firm/enterprise targeted for introducing best practices
1. Firm/enterprise formally adopts objective of implementing best practices within a certain period of time
2. Audit/assessment completed of current operations.
3. Plan developed and officially adopted by firm/other enterprise.
4. Plan at least 50 percent implemented.
5. Official third party certification obtained.

<sup>41</sup> There is an overall plan with TNC and CONANP to work on strengthening watershed management in the Pacific Coast watersheds of Chiapas.

<sup>42</sup> This is not a certification step, but an upgrade in technology from *riego rodado* to pressurized irrigation.

**Partner Data Sheet for Planning for USAID Mexico Indicator 3.1: Improved effectiveness by representative local groups to engage in natural resource management decision-making**

Fiscal Year of Planning 2006

Partner Reporting IPRC

Group and location	Type of groups	How representative?	Level at beginning current fiscal year	Targeted level for current fiscal year	Level of intervention achieved in current fiscal year	Brief description of level of determination
Cluster RB La Encrucijada	Cluster/committee	High	0	0	0	Interested sectors will be called upon during the Strategizing Process
Cluster Sierra Gorda	Cluster/committee	High	0	0	0	Interested sectors will be called upon during the Strategizing Process
Tehuacan-Cuicatlán	Cluster/ committee	High	0	0	0	Interested sectors will be called upon during the Strategizing Process
Cluster Turismo RB Mariposa Monarca	Cluster/ committee	High	0	0	0	Interested sectors will be called upon during the Strategizing Process
Cluster PSA	Cluster/ committee	High	0	1	1	Interested sectors have been invited. We expect to have a committee established and operating in current fiscal year 2006.
Bienes Comunes San Antonio and El Guanajuato (among others) in Chiapas coast	Producers	Low (15% of the ranchers)	0	2	The TOR are under discussion because of budget reduction.	They are working independently but moving in a common direction. Consolidation is indispensable to achieve better results.
Independent ranchers in medium Usumacinta's watershed	Producers	Low (5 percent of the ranchers)	0	2	Due to budget reduction, this activity has been eliminated	They have been working with CI and Chapingo, but only in technical aspects, leaving behind the organization that may give them local and regional negotiation power

Group and location	Type of groups	How representative?	Level at beginning current fiscal year	Targeted level for current fiscal year	Level of intervention achieved in current fiscal year	Brief description of level of determination
Santa María Chimalapa	Community assembly	High	0	2	1	The producers groups (forestry and livestock) are organizing
Capulalpam	Community assembly	High	1	3	2	The producers are organized and willing to take on activities in business plans and market studies
Comaltepec	Community assembly	High	1	3	2	
Xiacuí	Community assembly	High	1	3	2	
Ixtlán	Community assembly	High	1	3	2	
Anganguero	Municipal government	High	1	2	1	The municipality has taken the idea of the Ecotourism Master Plan as an axis for the Municipal Development Plan
La Concordia	Municipal government	High	0	2	1	In this FY, first steps will be made to establish a strategy with municipal authorities and local groups to shape an Integral Watershed Management Plan
COTAS AC Oaxaca	Partnership water users, municipalities	Low	2	3	3 <sup>43</sup>	They have a financial and management plan.
Monte del Toro	Social organizations	Medium	2	2	The project was redefined and starts up FY06	Production group has organized but has no formal financial and management plan yet
IPROSAMAR	Social organizations	Medium	2	2	The project was redefined and starts up FY06	Production group has organized but has no formal financial and management plan yet
AGROPESA	Social organizations	Medium	0	2	The project was redefined and starts up FY06	Expressed interest in forming group
San Pablo Huixtepec	Social organizations	Low	1	2	The project was redefined and starts up FY06	Production group has organized but has no formal financial and

<sup>43</sup> In this case strategic planning process start but change in level until next FY

Group and location	Type of groups	How representative?	Level at beginning current fiscal year	Targeted level for current fiscal year	Level of intervention achieved in current fiscal year	Brief description of level of determination
						management plan yet

Index levels are as follows:

0. Interest in forming group, but not yet consolidated. A representative natural resources governance group is formed, a decision-making process is determined, governing leaders chosen, issues and concerns identified, and priorities determined.
2. Plan developed and approved to address at least one priority identified.
3. Financial and management plan completed to address priority and implementation started.
4. Group continues to plan and implement activities to address priorities identified.
5. The degree of success is assessed and documented based on the results in relation to the priority issues

**Partner Data Sheet for Reporting to USAID Mexico Indicator 3.2:** Amount of financial resources accessed from existing national/state government and/or other sources to implement formally adopted local management plans

Fiscal Year of Planning 2006

Partner Planning IPRC

Community or local group involved	Location of accepted management plan	Official level of recognition for plan	Project to be supported	Source of support solicited	Amount of support targeted	Brief description of data source
Santa María Chimalapa	Tehuantepec Isthmus, Oaxaca	Assembly, Plan Maestro de Desarrollo de los Chimalapas	Forestry, livestock, agriculture	Federal and state government	81,905.00	General figure including some governmental programs
Xiacuí	Sierra Norte, Oaxaca	Assembly, Comisariado de Bienes Comunales	Carpentry tools	Federal government	TBD <sup>44</sup>	Reglas únicas de Operación de CONAFOR
Comaltepec	Sierra Norte, Oaxaca	Assembly, Comisariado de Bienes Comunales	Carpentry tools	Federal government	TBD	Reglas únicas de Operación de CONAFOR
COTAS AC	Oaxaca, Oaxaca	Assembly and government officials	Greenhouse construction through "Alliance" and FIRA resources	Federal government	3,864,927.54 <sup>45</sup>	COTAS AC, operation rules for Alliance and constructor estimates
Orgánicos la Chontalpa	Villahermosa, Tabasco	Assembly	Working capital financing	Development bank	1,275,362.32	A project appraisal for working capital

<sup>44</sup> This amount is to be determined

<sup>45</sup> USD