

**Manual of Operations**

**2007**

Gulf of California Marine Endowment  
(GCME)



Mexican Nature Conservation Fund

**1. GCME Manual of Operations Outline**

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**1.2 GCME Manual of Operations: 2007 Version**

This Manual of Operations provides clear and useful guidelines to be referenced when applying the funds derived from the Gulf of California Marine Endowment (GCME). Program participants will review it on an annual basis to ensure adaptive management. The GCME staff is grateful for the participation of the directors of protected areas, members of advisory councils (CA), members of the GCME Committee (GCMEC), officials from the National Commission of Protected Areas (CONANP), and donors for their thoughtful feedback. We hope such feedback will ensure continued improvements in the grand challenge of conserving the Gulf of California.

The Manual of Operations consists of eight chapters. Chapter 1 presents an overview of the Manual of Operations and the executive summary.

Chapter 2 presents the background on the GCME, which will serve as an introductory outline for new personnel entering the program or for those from other sectors who are interested in the program.

Chapter 3 describes the components of the program and its structure, including the program objective, a basic description of the Mexican Nature Conservation Fund (FMCN), and the responsibilities of the GCMEC, the protected area directors, and the GCME coordinator.

Chapter 4 explains the management of the endowment, the disbursement of its annual interest, and the activities that are eligible to be supported by these funds. The latter includes emergency funds for natural disasters.

Chapter 5 presents the monitoring and evaluation system used to measure the advances of the program, its impact, and its performance based on a series of indicators and their corresponding baseline data.

Chapter 6 describes the temporal sequence of procedures and the delegations responsible for them in terms of reports, approval, and disbursement.

Chapter 7 provides a detailed description of the administrative procedures to be followed by the recipients of the funds. Chapter 8 contains the corresponding administrative formats.

Chapter 9 contains all the annexes referenced throughout the Manual.

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**1.3 Executive Summary: September 2007**

**Mission**

To finance and strengthen the basic management of marine protected areas (MPAs) in the Gulf of California.

**Vision**

In collaboration with all stakeholders, the MPAs in the Gulf of California will be effectively managed to ensure the conservation and sustainable use of their natural resources.

**Principles**

Integrity: The GCME is committed to openness, transparency, and honesty. To this end, the GCME will develop and implement effective monitoring and evaluation mechanisms.

Cooperation: The GCME will work in partnership with communities and nongovernmental organizations (NGOs), academia, government agencies, and the private sector.

Creativity: The actions funded by the GCME will consider new approaches and insights required to address the challenge of marine conservation.

Commitment: The GCME will rely on people and partners devoted to the sustainable use and conservation of natural resources, who have a long-term vision and the best available knowledge.

**Background**

The Gulf of California is one of the biodiversity hotspots in the world. In addition to its rich biodiversity, it contains the most productive marine areas in Mexico. High endemism results from the isolation of its more than 900 islands.

The marine biodiversity of the Gulf of California faces threats. A lack of adequate regulation and weak enforcement prevail in this intensely fished region and the accelerated coastal development of the area, which represents approximately 70% of the fishing value for the entire country. Trawling of the ocean bottom is common, while by-catch from fishing boats harms many species without commercial value. Turtle poaching is still prevalent. The region represents one of Mexico's fastest growing regional economies; it generates 9.1% of the country's gross domestic product.

These problems call for a systematic approach to conservation, including the use of a long term financial mechanism. The most effective and proven conservation

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strategy in the country for the protection of biodiversity is the establishment and operation of protected areas. A total of 26 federally protected areas have been decreed in the five states surrounding the Gulf of California, which represent 45% of the area under a federal decree in all of Mexico. Twenty of them have coastal or marine ecosystems. Additionally, all the islands and protected areas of the Gulf of California were declared a Natural World Heritage Site by UNESCO in 2005. New decrees are already in process for seven new protected areas.

It is critical to ensure that the protected areas have sufficient staff and budgets in the long term to regulate activities within the protected area and to provide an example of sustainability outside of the protected areas. A regional or system level approach is the best way to support the connectivity of a network of MPAs in the Gulf of California. This approach favors biological phenomena such as species migration, spawning aggregations, and population dynamics for fisheries.

A system level approach also has many financial advantages. While a shared pool of funds is attractive to professional asset managers, donors are increasingly interested in the eco-regional approach to conservation. A system approach can also help MPAs with high revenue to support those with lower income. Many activities require a coordinated effort, which are best promoted at a regional level. MPA sites often require similar activities that are most cost-effective when provided centrally, such as staff training or monitoring.

**Objective**

Given the global importance of the Gulf of California and the dire threats to its marine biodiversity, a group of donors established the GCME with a capitalization target of \$30 million. Its objective is to ensure the long-term conservation of a network of MPAs in the Gulf of California.

**Geographical scope**

The geographic scope of the GCME is the Gulf of California (bounded by the states of Baja California, Baja California Sur, Sonora, Sinaloa, and Nayarit). The scope may be expanded to include the Pacific Coast of Baja California Peninsula and oceanic protected areas located west of Baja California, only if:

1. The capitalization target to finance the Gulf of California MPAs has been reached;
2. Supporting additional Pacific areas will not reduce the amount of funding for MPAs in the Gulf of California; and,
3. The GCME Committee and donors have unanimously consented to the expansion in writing.

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**Operation**

Endowment funds for biodiversity conservation have existed for more than a decade in Mexico. The Mexican Fund for the Conservation of Nature (FMCN) was created in 1994 with a US\$ 30 million donation from the United States and the Mexican Government. Interest in conservation has supported more than 500 projects to date. In 1997 the Global Environment Facility via the World Bank allocated US\$ 16.48 million for the creation of the Fund for Protected Areas (FANP) within the FMCN. The FANP is the result of a public-private partnership. While the National Commission for Protected Areas (CONANP) is responsible for applying the funds in priority protected areas to achieve biodiversity conservation, the FMCN oversees the financial management and administration of the managed areas, the application of funds, and fundraising endeavors. The FANP has grown with contributions from ten additional donors, and its present US\$ 61.5 million capital supports the operation of 29 protected areas in the country.

The GCME builds on the FANP's experience over the last decade. In contrast to the FANP, the GCME will support a regional network of MPAs. The GCME will be managed by the FMCN. Its net annual interest will be allocated as follows:

- MPA allocation: At least 70% of the net income will be used for activities that support the management plan of the MPAs included in the endowment. The activities will be defined by MPA managers through Annual Operating Plans.
- Network allocation: 15% of the net income will support general regional needs for improved marine conservation, integrated coastal management, sustainable fisheries, and inter-agency coordination, as well as training and monitoring in the Gulf of California region. This allocation will also cover the coordination of the program.
- Administration allocation: 15% of the net income will be used to cover administrative expenses. Of this 15%, 8% is the administrative fee set by conservation organizations to conduct accounting and hiring of personnel, according to MPA annual plans. The remaining 7% is the administrative fee charged by FMCN to oversee the investment and management of the endowment funds, address accounting needs, report to fiscal entities in Mexico and the USA, provide support to conservation organizations and MPA staff with administrative issues, conduct audits, and prepare annual reports.

The GCME will have a program coordinator and an accountant hired by the FMCN. The program coordinator will report to the GCME Committee.

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**Governance**

The FMCN is the legal representative of the GCME. The GCME Committee will be recognized as one of the technical advisory committees within the FMCN structure and will report to the FMCN Board of Directors. FMCN will adhere to decisions made by the GCME Committee as long as they are financially sound and adhere to the integrity of both parties' respective missions.

The GCME Committee shall consist of nine members. The following two members shall be automatically appointed by the FMCN Board of Directors:

- The Commissioner of CONANP or a designated CONANP delegate.
- A representative of the FMCN.

The remaining seven members shall be nominated and elected by the founding donors (Donor Advisory Council, DAC). Thereafter, the GCME Committee shall nominate and elect future members, but the DAC will review and confirm nominations. GCME Committee members should be nominated and elected from the following sectors:

- Two regional NGO representatives.
- One MPA management expert (cannot be MPA Director).
- One local academic social or natural scientist.
- One government representative.
- One fishery representative.
- One tourism representative.

The GCME Committee will be responsible for ensuring that the GCME reaches its capitalization target and properly distributes its program funds. It will develop criteria for ranking MPAs for funding preference, assign budget allocations, withdraw support for under-performing protected areas, review the central and annual operating plans, oversee procedures, present the GCME budget to the Board of Directors of the FMCN for approval, report to GCME donors, resolve problems that arise, coordinate and evaluate the GCME Coordinator and its staff, as well as periodically audit the institutions receiving GCME funds.

**Capitalization target and present status**

In order to adequately complement existing funds from the Mexican government and other sources, a recent analysis conducted in the region concluded that a minimum of US \$27 million is required for the GCME. The FMCN has already submitted a request for US \$6 million to the David and Lucile Packard Foundation. The Global Conservation Fund (GCF) recently deposited US\$ 1 million in the FMCN for the Bahía de los Ángeles Biosphere Reserve. The agreement between GCF and FMCN includes the possibility of transferring the funds to the GCME upon agreement with the donor.

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1.4 List of Acronyms

CA	Advisory Council ( <i>Consejo Asesor</i> in Spanish)
CONANP	National Commission of Protected Areas ( <i>Comisión Nacional de Áreas Naturales Protegidas</i> in Spanish)
CONAP	National Council for Protected Areas ( <i>Consejo Nacional de Áreas Naturales Protegidas</i> in Spanish)
CONAPESCA	National Commission of Aquaculture and Fisheries ( <i>Comisión Nacional de Acuacultura y Pesca</i> )
CTFANP	Technical Committee of the Fund for Protected Areas ( <i>Comité Técnico del Fondo para Áreas Naturales Protegidas</i> in Spanish)
FANP	Fund for Protected Areas ( <i>Fondo para Áreas Naturales Protegidas</i> in Spanish)
FMCN	Mexican Nature Conservation Fund ( <i>Fondo Mexicano para la Conservación de la Naturaleza</i> in Spanish)
GCME	Gulf of California Marine Endowment
GCMEC	Gulf of California Marine Endowment Committee
GEF	Global Environment Facility
GOM	Government of Mexico
IC	Investment Committee of the FMCN
MPA	Marine Protected Area
NGO	Non-governmental organization
PA	Protected Area
PCU	Program Coordination Unit
POA	Annual Operating Plan ( <i>Programa Operativo Anual</i> in Spanish)
PROFEPA	Federal Enforcement Agency for the Protection of the Environment ( <i>Procuraduría Federal de Protección al Ambiente del Medio Ambiente</i> in Spanish)
SEMARNAT	Secretariat of the Environment and Natural Resources in the current administration ( <i>Secretaría del Medio Ambiente y Recursos Naturales</i> in Spanish)
SINAP	National System of Protected Areas ( <i>Sistema Nacional de Áreas Naturales Protegidas</i> in Spanish)

## 2. Background

### 2.1 The Gulf of California

The Gulf of California is one of the biodiversity hotspots in the world. Located in the north-western part of the country, it covers an area of 283,000 km<sup>2</sup> (from the Upper Gulf to Cabo Corrientes in Jalisco), and harbors more than one third of the marine mammals on the planet. In addition to its rich biodiversity, the Gulf contains the most productive marine areas in Mexico. This productivity results from upwelling that occurs in the Gulf year-round, which produces constant movement and the mixture of nutrient-rich water from the ocean bottom to the water's surface. The upwelling strongly relates to the tidal patterns and bathymetric characteristics of the zone, and it causes the general distribution of the nutrients in the Gulf to increase from south to north. The high nutrient and oxygen concentrations create conditions suitable for plankton reproduction, which in turn produces the base of a food chain that includes fish, birds, and marine mammals. Combined with the isolated condition of more than 900 islands, this area harbors some of the greatest biodiversity in the world.

The Gulf of California harbors fourteen of the world's 32 marine phyla, more than 900 fish species, 240 sea and shore bird species, 35 marine mammals, and 4,818 macro-invertebrates species (Findley *et al.* in press). The Gulf has a high degree of endemism, hosting around 770 species, 39 of them listed on the IUCN Red List as threatened or vulnerable (Conservation International, 2004), including the vaquita *Phocoena sinus*, the Gulf of California's unique harbor porpoise (Findley *et al.* in press). The complex archipelago of the Gulf's islands is home to 90 endemic species, five of which are critically endangered, and 60 of which are reptiles (Case et al. 2002).

Endemisms are not restricted to island biota. A recent analysis indicates that of the 782 species of teleost fishes recorded in the Gulf of California, 81 (10.4%) are endemic, including the "*totoaba*" (included in the Mexican list NOM-059 as an endangered species). Other relevant fish species in the area include the Gulf grouper (already rare in most of its distributional range), and the whale shark, a tourism magnet for the region since it is the largest fish on our planet. .

The Gulf of California is also an important habitat and feeding area for the five marine turtle species present in the Mexican Pacific: the green turtle, the loggerhead sea turtle, the Olive Ridley sea turtle, the hawksbill turtle, and the leatherback turtle. All five are included in the NOM-059 list as endangered species. Recovery of their populations depends on the protection of their habitats, as well as on the reduction of the number of turtles that are caught and killed in the area.

The Gulf of California is a site of enormous importance for seabirds, shorebirds, and raptors. The area is used as a resting site by thousands of elegant terns (listed in the NOM-059 as threatened), Heerman's gulls (listed in the NOM-059 as threatened), yellow-

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footed gulls (endemic to the Gulf of California), brown pelicans, and the blue-footed boobies (listed in the NOM-059 as threatened) that nest in Isla Rasa and other islands near the San Lorenzo archipelago.

Marine mammals found in the Gulf include the common dolphin, the Bryde's whale, the short-finned pilot whale, and many other whales that are listed in the NOM-059 as species subject to special protection: the finback whale, the blue whale, the humpback whale, the killer whale, the gray whale, and the sperm whale. The area is widely used by the California sea lion (also listed in the NOM-059 as species subject to special protection), which is a stable population according to studies in the area since 1985.

### 2.2 Threats to Marine Biodiversity in the Gulf of California

The marine biodiversity of the Gulf of California faces two main threats:

- *Open access, overfishing, and use of unsustainable fishing techniques:* The region contains approximately 70% of the fishing value for the whole country. The coasts of Sonora and Sinaloa boast the most important shrimp aquaculture facilities, and approximately 40% of the national production comes from this region (Carvajal *et al.* 2004). Historically, the lack of proper regulation and inefficient administration, the absence of surveillance, and the lack of enforcement of minimum guidelines prevail in this intensely fished region. Trawling of the ocean bottom is a common practice that devastates fish populations. Oil spills result in the deaths of marine fauna, and pollution mars the beaches. By-catch discarded from fishing boats results in the destruction of many species that have no commercial value; turtle poaching is still prevalent. Fishermen must adopt planning methods and restrictions on fishing practices; their organization and participation in decision-making needs to be promoted and facilitated. Fishing techniques and the commercial fishing fleet also need to be improved.
- *Unsustainable coastal development:* The Gulf represents one of Mexico's fastest growing regional economies, generating 9.1% of the country's gross domestic product. The "maquiladora" industry in the states of Baja California and Sonora, high-input crops and associated agro-industries in the agricultural valleys, and booming regional tourism all drive the economic and demographic growth in the region (Ezcurra, 1998). The city of Cabo San Lucas, a tourism enclave, shows the highest growth rate of any city in the country (9.1% per year, CONAPO, 2004). The lack of regulation and planning characterizes the coastal development in the area. To complicate matters, the Mexican Government has been planning an ambitious tourism development project termed "Sea of Cortes." This project's development model has resulted in a significant loss of competitiveness and a decrease in per capita spending from visitors to the region (IMCO 2006). At the same time, environmental, social, and economic impact is resulting in significant budget deficits for municipal and state governments. These governments, in turn,

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must provide infrastructure and services to an increasing tourist population. This unregulated coastal development is often a source of fishing pressure or damage to key interface ecosystems such as mangroves and other wetlands.

The problems described above call for a systematic approach to conservation from a variety of angles: long term financial mechanisms to support strategic activities in the area, programs to raise environmental awareness, and strengthening of local capacity to encourage and guide sustainable development.

### 2.3 A System Approach for the Marine Protected Areas

A system approach for MPA effective management and sustainability is the best way to support a connected network of MPAs in the Gulf of California. This approach prioritizes biological phenomena such as spawning aggregations and population dynamics for fisheries. It also requires activities at the network level, not just at the site level, which then can be coordinated more effectively and efficiently. Sustainable financing for MPA systems can be defined as the availability and allocation of sufficient funds to finance activities required to manage the MPA system on an annual basis and with a long-term perspective. A system level approach complements site level activity in different ways. Activities that benefit from planning at the network level include:

#### *Asset management of sinking and endowment funds*

A shared pool of sinking and endowment funds is more attractive to both professional asset managers and individual finance professionals willing to contribute their pro-bono talent. This allows for better fees and a higher accountability level with a long-term view.

#### *Effective and coordinated fundraising*

An increasing number of donors are interested in the eco-regional and system approach to conservation. MPA areas managed as a system add to ecosystem resilience and favor biological phenomena such as species migration, spawning aggregations, and population dynamics for key fisheries.

#### *Cost planning and system level planning*

A system approach can help cross-subsidization between MPAs with high revenue earning potential and those with low income earning potential but high management costs.

#### *Government policy on site income generation*

Some activities, such as setting new tourism related taxes, require a coordinated effort and support from several government institutions, particularly the Ministry of Finance. These activities are best promoted and lobbied through actors that work at a system level, i.e. represent the centralized management and financing system of an MPA network.

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### *Scale and cost effectiveness*

MPA sites will often require similar activities that are most cost-effective when provided centrally, such as training of staff or monitoring of performance.

### **2.4 Marine Protected Areas in the Gulf of California**

Today, the most effective conservation strategy that protects the country's biodiversity is the establishment and operation of protected areas. The operation of such areas in Mexico started only a decade ago, but important advances have been made since their inception. In 1994, only ten protected areas in the country were staffed, and these operated on a budget of about US\$ 100,000. As of 2006, CONANP had 1,000 people working in 86 protected areas with a budget of US\$ 61 million. Private collaboration further contributes, with a continuous yearly flow of US\$ 3.5 million to 29 protected areas through the Fund for Protected Areas (FANP) within FMCN. This is derived from the interest of a US\$ 53.6 million endowment provided by 12 donors. Additional contributions from multiple sources (international and national conservation organizations, academia, state and municipal resources) ensure that minimum protection of natural resources takes place in 86 protected areas.

Of Mexico's states, two of the five that surround the Gulf of California have the highest percentage of their territory devoted to protected areas: Baja California (about 40%) and Baja California Sur (about 33%). A total of 26 federally protected areas have been decreed in these five states. Additionally, all the islands and protected areas of the Gulf of California were declared a Natural World Heritage Site by UNESCO in 2005. The site includes islands, islets, and coastal areas. These 26 protected areas represent 45% (10,156,520 ha) of the total area protected under federal decree in Mexico. They all have a basic budget from CONANP, only ten have a published Management Program, and the staff working in these protected areas totals 114. Among the 26 protected areas in the region, 20 have coastal or marine ecosystems.

Despite these important advances, the geographic coverage of the present protected areas does not adequately protect the high diversity of marine environments required for a regional approach. The protected areas only cover approximately 2,272,209 hectares, an area far too small to achieve significant marine conservation results. Furthermore, only a small portion of these protected areas are fully protected as no-take zones, and these are too scattered to provide adequate biological interconnectivity. On the other hand, new decrees are being processed for 7 new protected areas, which will increase the representation of ecosystems under protection.

Decrees are only the first step to halt the loss of biodiversity that accompanies unregulated growth in the area. It is necessary that the protected areas have adequate staff and budgets over the long term to regulate activities within the protected area, and to provide an example of sustainability outside the protected areas. The approach needs to be strategic, especially in marine areas, which until recently have received little

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attention. Connectivity between MPAs is of high importance, since many organisms travel great distances. Hence, a regional approach that considers this interconnectivity is key to establishing and consolidating a network of MPAs in the Gulf of California.

**2.5 The Gulf of California Marine Endowment**

Given the global importance of the Gulf of California and the immediacy of the threats to its marine biodiversity, a group of donors established the Gulf of California Marine Endowment (GCME). The objective of the GCME is to ensure the long-term conservation of a network of the most important MPAs in the Gulf of California. This financial management of the GCME, the use of the interest (earned income) in strategic conservation activities, constant monitoring of advances in the field, subsequent adjustments to conservation strategies, evaluation, recording, and dissemination of experiences and best practices will be the basis for achieving marine conservation of this important region. The donors have agreed on the framework of the GCME summarized in the Executive Summary and presented in detail in this Manual of Operation.

Endowment funds for conservation of biodiversity have been used in Mexico for more than a decade. The FMCN was created in 1994 with a US\$ 30 million donation from the United States Agency for International Development and the Government of Mexico (GOM). The interest has supported more than 460 projects to date. In 1997 the FMCN received US\$ 16.48 million from the Global Environment Facility (GEF) via the World Bank (WB) to create the Fund for Protected Areas (FANP). The FANP is the result of a public-private partnership. The FMCN ensures the financial management and administration of the interest, as well as the oversight of the application of the funds and fundraising. The CONANP is responsible for applying the funds in the basic operation of priority protected areas to achieve the conservation of their biodiversity. The FANP has increased with contributions from 11 additional donors, and its present US\$ 61.5 million capital supports the operation of 29 protected areas in the country. The GCME builds on the FANP's experience from the last decade. In contrast to the FANP, the GCME takes a regional focus to support a network of MPAs.

This Manual of Operations describes the process through which the funds generated by the financial management of the GCME are channeled to support the annual operating plans (POA) of the MPA, highlighted in Chapter 3. The guidelines described here refer specifically to the operation of this program.

**3. Program Structure**

**3.1 Program Vision, Mission, and Objectives**

The GCME vision for the next twenty years is for the MPAs in the Gulf of California to be effectively managed to ensure the conservation and sustainable use of their natural resources. This will be accomplished in collaboration with all stakeholders, Its mission is to finance and strengthen the basic management of MPAs in the Gulf of California. Given the global importance of the Gulf of California and the immediacy of the threats to its marine biodiversity, a group of donors established the GCME with a capitalization target of \$30 million. Its objective is to ensure the long term conservation of a network of MPAs in the Gulf of California.

As discussed in Chapter 5 and 6, each program component has specific activities and measurable results that are presented in annual POAs. In the case of the MPAs included in the program, these activities and results are designed to implement or update the Management Program of each MPA.

**3.2 Description of the Mexican Nature Conservation Fund**

The FMCN is a private non-profit organization established in 1994 with capital from the GOM and the U.S. Agency for International Development. Its mission is to conserve Mexican biodiversity and ensure the sustainable use of its natural resources through strategic actions and medium- to long-term financial support. The GCME will be a sub-account within the FMCN.

The FMCN is run by a Board of Directors, to which the following five technical committees report (following the organizational chart provided at the end of this section):

- a) Investment Committee (IC)
- b) Conservation Committee
- c) Fund for the Conservation of the Gulf of California Committee
- d) Gulf of California Marine Endowment Committee (GCMEC)
- e) Technical Committee for the Fund for Protected areas (CTFANP)

The responsibility of day-to-day operations of the FMCN falls on the General Director, who is supported by three programmatic teams:

- a) The Conservation Program;
- b) The Mexican Initiative for Learning in Conservation; and
- c) The Program of Finances and Operative Support.

The GCME is a sub-account of the FMCN. The FMCN is the legal representative of the GCME, and GCME does not have unique or distinct legal constitution outside of the

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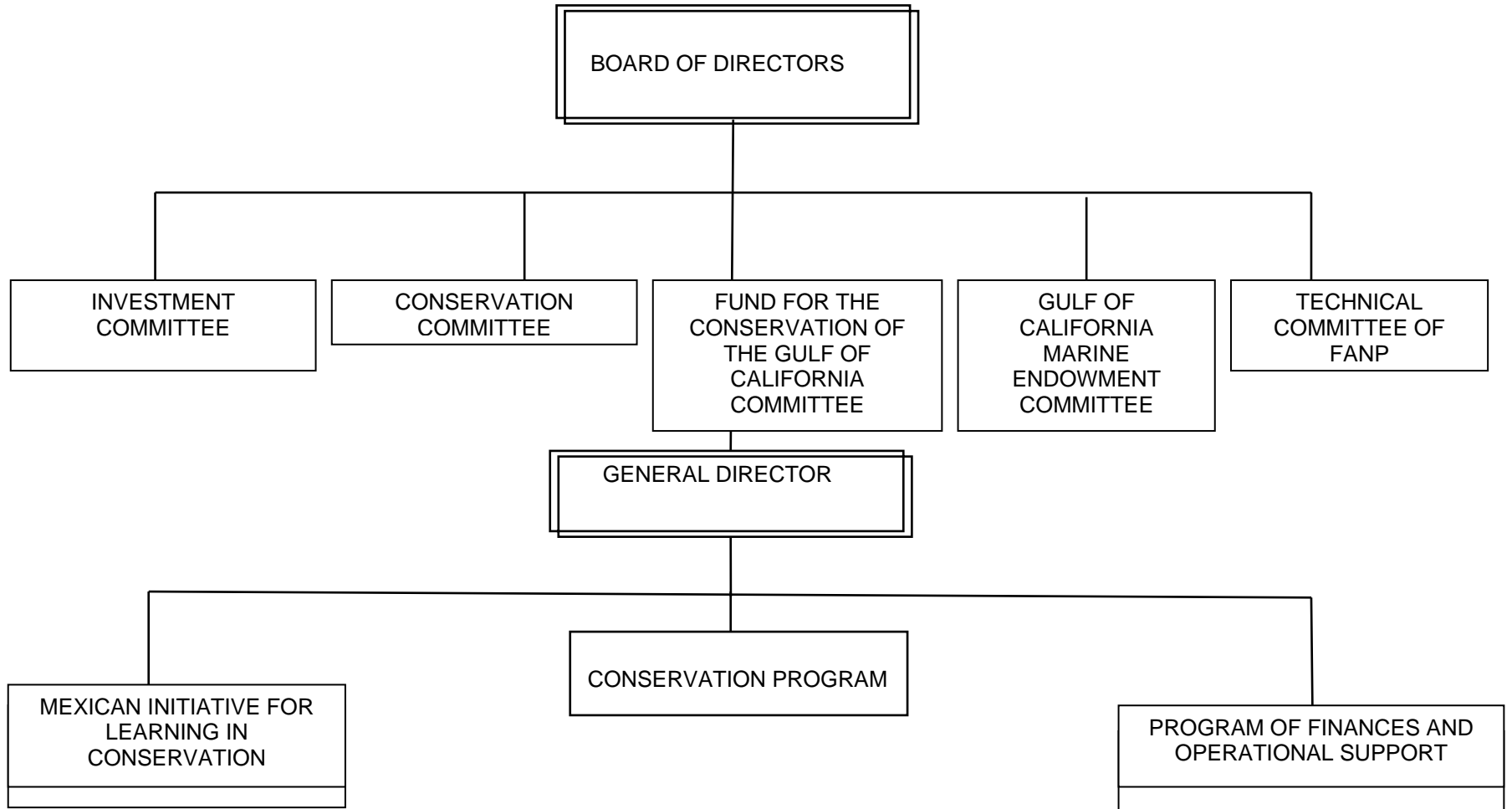
FMCN. Without compromising the ability and capacity of the FMCN Board of Directors to issue recommendations on any matter pertaining to these Guidelines, FMCN should respect the decisions of the GCME Committee when there is no risk to the financial integrity of the GCME or FMCN, and their respective missions are honored.

Under this organization, the GCME Coordinator (the staff person responsible for this program), as well as the corresponding GCMEC, are supported by the Board of Directors and staff of the FMCN in the disbursement of financial resources generated by the GCME endowment to cover basic operational costs, basic equipment, basic conservation activities, basic community activities, and basic capacity-building activities in the MPAs included in the program. The GCME Coordinator reports directly to the Conservation Director of the FMCN, and the GCMEC reports to the Board of Directors of the FMCN.

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**3.3 Organizational Chart of the Mexican Nature Conservation Fund**



### 3. Program Structure

#### 3.4 Program Components

As mentioned in the previous chapter, the collaboration of various institutions is essential to achieving the objective of the program. At the international level, the donors are in charge of overall grant supervision. At the national level, the CONANP is responsible for the basic operation and management of the MPAs included in the program, while the FMCN is responsible for channeling, supervising, and applying program funds, as well as acquiring additional donations to the program.

The program reflects an association between the private and public sectors. The financial mechanism and strategy are long-term. Both public and private funds will be invested in the MPAs.

The program initially will include three components (a detailed description of the fund allocation is in section 4.2):

1. MPA allocation: This component consists of activities that support the management plan of the MPAs included in the endowment. The activities will be defined by MPA managers through POAs.
2. Network allocation: This component consists of activities that support general regional needs for improved marine conservation, integrated coastal management, sustainable fisheries, and inter-agency coordination, as well as training and monitoring in the Gulf of California region. This component will also cover the coordination of the program, Program Coordination Unit (PCU); however, this will not include the costs associated with the program administration.
3. Administration allocation: This component consists of program administration for the MPAs and for FMCN. MPA administration is conducted by environmental nongovernmental organizations (ENGOS) for accounting and hiring personnel, according to annual plans. FMCN administration will oversee the investment and management of the endowment funds, conduct accounting, report to fiscal entities in Mexico and the USA, provide support to conservation organizations and MPA staff with administrative issues, conduct audits, and prepare annual reports. The PCU supervises the program administration; however, this allocation solely supports administrative expenses.

The directors of GCME supported MPAs are responsible for carrying out activities related to conservation, promotion of sustainable development, and inter-institutions coordination via their Annual Operating Plans (POA).

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The PCU within FMCN, through the GCME Coordinator, acts as a link to facilitate collaboration between the FMCN and the CONANP as well as to help meet the program cycle described in Chapter 6. In addition, the GCME Coordinator ensures that the activities described in the POA are carried out according to a pre-established monitoring scheme, supports capacity building, and provides technical assistance and the inter-institutional coordination required by a number of the MPAs included in the program. Finally, the program administration, which is part of the FMCN, reports to the PCU component of the program. The PCU is the responsibility of the GCME Coordinator, who is hired by the FMCN. In leading the PCU, the GCME Coordinator is responsible for ensuring that the decisions on the program made by the Gulf of California Marine Endowment Committee (GCMEC) are followed. The FMCN is responsible for the management of the GCME, while the PCU within the FMCN ensures the timely channeling of annual interest from endowment funds to program components, supervises the use of funds, and raises additional funds for the program with the support of the FMCN.

The interest generated through the management of the GCME by FMCN as a financial agent is channeled to support eligible activities described in the POA of each of the supported MPAs, the PCU, and the program administration. A permanent fundraising campaign, carried out at the local level by each MPA and at the central level by the GCMEC with support from FMCN, will ensure that the endowment continues to grow. The MPAs supported by the GCME initially will be determined by the GCMEC. This process is discussed in the following section.

The geographic scope of the GCME is the Gulf of California (bounded by the states of Baja California, Baja California Sur, Sonora, Sinaloa, and Nayarit). Upon the fulfillment of the following conditions, the scope may be expanded to include the Pacific Coast of Baja California, including Mexico's Pacific Islands west of Baja California:

- (1) The capitalization target to finance the Gulf of California MPAs has been reached;
- (2) Supporting the additional Pacific areas will not reduce the amount of funding that the GCME would otherwise have available to support the Gulf; and
- (3) The GCMEC and donors have unanimously consented to the expansion in writing.

**3.5 Marine Protected Area Allocation Prioritization**

FMCN developed an overarching programmatic strategy with goals and targets, which is described in section 5.4. These overarching goals and targets will guide the GCMEC and the process for MPA allocations and decision-making by the GCMEC.

Implementing this strategy, the GCMEC will define the priority MPAs to be funded by the GCME, and the Donor Advisory Committee (DAC) will review and comment on the

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prioritization. The PCU must ensure that such agreement is in writing. However, some donors may request that specific MPAs be funded with their contribution.

The process and criteria used to prioritize MPAs to be funded should be transparent and result from a consultation between the GCMEC and CONANP.

High level priorities for MPA funding, based upon the current MPAs in the region, are as follows:

- First, the most recently declared MPAs will be prioritized for funding.
- Second, existing MPAs that are doing fairly well, and have good potential to improve their performance significantly (e.g. Cabo Pulmo).

Regardless of whether the MPA is new or existing, the POA must be completed before funds are disbursed. The goal is to invest money in areas that will achieve the greatest conservation result with the smallest investment of funds by the GCME. For new MPAs, funds will be invested to improve their effectiveness and raise them to a mid-level of performance.

Due to local fund-raising efforts, some MPAs included in the program may become financially independent. In this case, the GCMEC will decide how program funds will be redirected to remaining MPAs, and whether additional MPAs will be added to the program. Under these circumstances, the GCMEC is the entity that decides when to expand the number of MPAs included in the GCME MPA allocation.

The GCMEC may consider adding additional MPAs to the GCME when the capitalization target is met or if funding is no longer needed for an MPA. However, if the GCMEC decides to expand the number of MPAs supported by the GCME, funds from the GCME will not support the creation of new MPAs, but rather support management costs

Criteria for selecting additional MPAs that the GCMEC may want to consider include::

- The value of the new area in contributing to or creating an effective regional MPA network in the Gulf of California;
- The biodiversity value of the area;
- The ability of the area to meet the conditions necessary for the approval of their POA, as described in this Manual of Operations.

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**3.6. MPA Allocations: Guidelines and Suggested Criteria for Ranking MPA**

Guidelines and criteria for the ranking of MPAs are important tools for the GCMEC to utilize in its MPA allocation decision-making. The GCMEC should continue to refine the high-level guidelines and criteria for ranking MPAs that is contained in this section of the Manual of Operations. The GCMEC may consider seeking input from stakeholders in the region.

The GCMEC will determine the disbursement of the MPA allocations. This decision-making process will not necessarily be based upon a formula; but rather upon a judicious evaluation of each MPA that considers information from the POA, the annual reports, and the effectiveness of the activities of the POA. This evaluation may be completed by a consultant or the GCME regional coordinator.

In ranking the MPAs for funding, there are likely to be two levels of screening:

- The first will determine the ranking;
- The second will review additional criteria to determine the most effective MPA to fund.

As stated above, it is important to use criteria to rank the MPA, but these rankings should constitute guidelines rather than a fixed formula. Additionally, in evaluating the MPA, it is important to also consider the MPA's ecosystem services and functioning in the regional network as well as its individual qualities.

Suggested criteria for first screen ranking of each MPA includes:

1. Immediacy of threats
2. Number and type of ecosystems in the MPA
3. Species richness
4. Endemism
5. Ecosystem services
6. Concentration of species at risk
7. Representation of ecosystems in the context of the national system and regional network

Suggested criteria for the second screen to determine MPA funding allocation include:

1. Socioeconomic feasibility for a conservation project (community/political support)
2. Capacity of government and civil society
3. Presence/absence of management plan and adequacy of the POA
4. Costs of management compared to the benefits to the marine environment and local community

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**3.7 Donor Participation**

Donors to the GCME will have the opportunity to participate in and observe the operation of the fund via a DAC, which shall be formed and governed by a separate contract between the founding donors. Additional membership to the DAC will be allowed at the discretion of the body itself.

The DAC may issue opinions to the GCMEC and is allowed to oversee the GCMEC's design and functioning during the first year of operations. As described in this Manual of Operations, the DAC will nominate and elect seven of the nine initial members of the GCMEC and will maintain the right to ratify all future nominees elected to the GCMEC. Additionally, deviations from this Manual of Operations require the written authorization of the DAC and the GCMEC.

**3.8 Guidelines and Responsibilities of the GCME Committee**

**3.8.A. The Constitution of the GCMEC**

3.8.A.i. On XX, 2007, the Gulf of California Endowment Committee (GCMEC) in the FMCN was created with the goal of supervising the operation of the Gulf of California Marine Endowment (GCME), according to the terms and conditions specified by these internal guidelines and the Bylaws of the FMCN. The geographic scope of the GCME is the Gulf of California (bounded by the states of Baja California, Baja California Sur, Sonora, Sinaloa, and Nayarit).

3.8.A.ii. The GCMEC shall consist of nine Members, unless changed by amendment to this section, as provided in this Manual of Operations.

The following two GCMEC Members shall be automatically appointed by the Board of FMCN:

- The Commissioner of CONANP or a designated CONANP delegate.
- A representative of the FMCN.

The first generation of the remaining seven members of the GCMEC shall be nominated and elected by the Donor Advisory Council (DAC). Thereafter, the GCMEC itself shall nominate and elect future members, but the DAC shall review and confirm nominations. GCMEC members should be nominated and elected from a range of stakeholder sectors:

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- Two regional NGO representatives elected from a recommended pool of five nominees.
- One MPA management expert elected from a recommended pool of three nominees (this cannot be the MPA Director).
- One local academic social or natural scientist from a recommended pool of three nominees.
- One government representative who is an issue expert, elected from a recommended pool of three nominees.
- One fishery representative elected from a recommended pool of three nominees.
- One tourism representative elected from a recommended pool of three nominees.

In gathering nominees, the DAC for the first generation of the GCMEC, and thereafter the GCMEC, may chose to issue a call for applications to the public. This call for applications should include eligibility guidelines relevant to the desired sectoral representation as well as desired experience. Nominees should be the most qualified applicants.

3.8.A.iii. Before the GCMEC begins operations, it will be randomly decided which members get two, three, or four-year terms for the first generation of the GCMEC. After the first generation, committee members will serve three-year terms for a maximum of three consecutive term (nine years). As stated in above, the GCMEC itself will initiate new nominations, which will be sent to the DAC for review and confirmation.

To ensure GCMEC turnover, every two years at least three Committee members (selected randomly or by secret ballot) are to be replaced by new members. After three terms, if a member takes a three-year absence from the Committee, he or she may be re-elected and may again serve up to three consecutive terms. Re-election occurs according to the nomination and election process described above.

**3.8.B. Functions and Responsibilities**

3.8.B.i. The GCME Committee, with the support of FMCN, will be responsible for ensuring the GCME reaches the capitalization target and the programmatic distribution of funds. The net income from the endowment will be distributed as described in Chapter 4 of this Manual of Operations 4.2 Distribution of Program Funds).

3.8.B.ii. The GCMEC is the official link between the FMCN and the MPA Directors. Its specific responsibilities include:

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- a) Oversee and approve the GCME Coordinator's preparation of annual costs and opportunities assessments for MPAs;
- b) Develop criteria for the ranking of protected areas in the portfolio for funding preference, and rank them;
- c) Approve budget allocations for the top-ranked protected areas in the portfolio;
- d) Withdraw funding support for under-performing protected areas;
- e) Provide consultation for, if appropriate, FMCN's decisions regarding the selection, hiring, and performance review of the GCME Coordinator, as well as the firing or replacement of personnel related to this position;
- f) Review management plans and POAs for the supported protected areas and the Program Coordination;
- g) Oversee the administrative manuals and procedures required to manage and channel financial resources derived from the GCME to support priority MPAs, as well as those required for bidding processes, subcontracting, and purchasing;
- h) Communicate to CONANP and other stakeholders' decisions, ranking criteria, and funding rationale each time a funding allocation is made (e.g. after the annual meeting);
- i) Identify network goals and contract for services or make grant recommendations to accomplish these goals with the 15% of endowment income through the POA of the Program Coordination;
- j) Upon receipt from the GCME Coordinator of the consolidated budget derived from the POA of each MPA and the POA of the Program Coordination, present this budget to the Board of Directors of the FMCN for approval;
- k) Report to the DAC on the spending of program resources via the reports and documentation prepared by the GCME Coordinator;
- l) Resolve any problems related to the use of program funds, and, when necessary, request the involvement of the Board of Directors of the FMCN;
- m) Authorize and instruct the GCME Coordinator to provide funds to the MPA, as established in corresponding agreements;
- n) Coordinate and evaluate the work plans and activity reports of the GCME Coordinator and its staff, as well as the periodic audits of institutions receiving GCME funds;
- o) Create consultative groups that will further the interests of the GCME and the GCME;
- p) Suspend the payments or disbursements made to MPAs when, majority vote determines that there is justifiable cause (such as when spending does not meet approved budgets, or activities fall outside the provisions of this Manual of Operations);
- q) Resolve any matter dealing with the adequate management and operation of the GCME, within the limits or faculties described in the agreement between the FMCN and the GCME donors and the terms and conditions of these guidelines;
- r) Authorize the preventative and corrective audits necessary to ensure the optimal use of financial resources designated for MPA management;
- s) Decide, when necessary, to increase the number of MPAs or conservation activities authorized for funding through the GCME in accordance with section 3.2; and

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t) Conduct other activities as the FMCN may require, when these activities meet the spirit and nature of the GCME and the provisions of this Manual of Operations.

3.8.B.iii. The GCMEC will rely upon the GCME Coordinator, who will be responsible for supervising the financial mechanism for channeling financial support provided by donors to MPAs in the Gulf of California. The GCME Coordinator shall be an employee of the FMCN and will be responsible for organizing the GCMEC meetings, communicating with GCMEC members, monitoring annual reports, supervising activities in the field and compliance with program requirements, reporting on expenditures of GCME grants, and performing duties as Technical Secretary of the GCMEC. The GCME Coordinator will report to the FMCN and to the GCMEC. The Board of Directors of the FMCN, with consultation of the GCMEC, will hire and review the performance of the GCME Coordinator.

3.8.B.iv. The GCMEC, via the GCME Coordinator and with information provided by relevant departments within the FMCN, will be obliged to provide timely notification (six months in advance) to the CONANP MPA staff of the financial resources available for the next budget cycle, thus providing them with adequate time to prepare the projects which will be included in their next POA.

3.8.B.v. Persons serving on the GCMEC who have a conflict of interest, as described in 3.10 of this Manual of Operations shall submit a clear written conflict of interest statement to the GCMEC and the Board of Directors of the FMCN. In addition to this disclosure, any member of the GCMEC affiliated with an organization that is or will be receiving funding from GCME shall excuse him or herself from voting on or participating in issues relating to that funding allocation.

**3.8.C. Organizational Structure**

3.8.C.i. As stated above, the GCMEC will be composed of nine voluntary members. Their coordination will be the responsibility of a Technical Secretary. The GCMEC will also have a President and Vice-President.

3.8.C.ii. Changes in the composition of the GCMEC will occur as stated in Section 3.8.A of this Manual of Operations, with randomly chosen staggered term limits for the first generation of members, and two-year terms thereafter. Replacement of at least three members will occur every two years, and care should be exercised to preserve the multi-sector representation of the committee described in Section 3.8.A.

3.8.C.iii. The election of members to specific posts within the GCMEC will be conducted by the GCMEC from among its members during its first work session, except the position of Technical Secretary, which is always filled by the GCME Coordinator.

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3.8.C.iv. The President and Vice-President will each assume office for a maximum of four years.

3.8.C.v. It shall be the duty of the GCMEC members to:

- a) Perform any and all duties imposed on them collectively or individually by law, by the Bylaws of the FMCN, by this Manual of Operations, or by policies and guidelines that shall be created to further delineate the duties of the GCMEC members.
- b) Meet at such times and places as required by these guidelines.
- c) Register their addresses with the Technical Secretary of the GCMEC. Notices of meetings mailed to them at such addresses shall be valid notices thereof.

3.8.C.vi. The powers and obligations of the President, who will be a member of the Board of Directors of the FMCN or its Assembly according to FMCN by-laws, include:

- a) Represent the GCMEC at meetings with relevant programs and departments of the FMCN, the CONANP-SEMARNAT (Secretariat of the Environment and Natural Resources), and the National Council for Protected Areas (CONAP);
- b) Preside over meetings of the GCMEC;
- c) Convene meetings of the GCMEC at least three times per year;
- d) Supervise and verify the decision-making by the GCMEC;
- e) Temporarily delegate to the Vice-President or the GCME Coordinator any of the Presidential powers; and
- f) All other powers and obligations conferred to the President through decisions of the GCMEC or that can be construed from the interpretation of these guidelines or this Manual of Operations.

3.8.C.vii. In the absence of the President, or in the event of his or her inability or refusal to act, the Vice-President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions of, the President. The Vice-President shall have other powers and perform such other duties as may be prescribed by these guidelines, or as may be prescribed by the GCME or the Board of Directors of the FMCN.

The powers and obligations of the Vice-President include:

- a) Assume the responsibilities and powers conferred by the President;
- b) Serve as the link between the GCMEC and other Technical Committees of the FMCN; and,
- c) Any additional powers and responsibilities conferred to the Vice-President through agreements made by the GCMEC.

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3.8.C.viii. The GCME Coordinator will automatically serve as Technical Secretary of the Committee. In his or her role as Technical Secretary, the GCME Coordinator shall attend all meetings of the GCMEC but will be a non-voting participant. The powers and obligations of the GCME Coordinator, in his/her capacity as Technical Secretary of the GCME, include:

- a) All those conferred by the President;
- b) Send to GCMEC members the documents specified by the President;
- c) Inform GCMEC members of the dates for meetings;
- d) Take attendance during meetings of the GCMEC, verify quorum, and tabulate votes on issues raised by the Committee;
- e) Transcribe the meeting minutes and perform all other activities related to the preparation of the minutes of meetings of the GCMEC. Meeting minutes will include a list of attendees and will be signed by at least the President and the Technical Secretary;
- f) Certify and keep at the principal office of the GCME the original or a copy of this Manual of Operations, as amended to date;
- g) Keep at the principal office of the GCME or at a place determined by resolution of the GCMEC a book of minutes of all meetings of the members and committees of members, recording therein the time and place of meeting, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof;
- h) See that all notices are duly given in accordance with the provisions of these guidelines;
- i) Keep or cause to be kept, at the GCME principal office or at a place determined by resolution of the GCMEC, a record of the GCME members, showing each member's name, address, and date of election to the Committee.
- j) Monitor that GCMEC decisions are implemented and/or receive proper attention;
- k) Represent the GCMEC in meetings with MPA Directors;
- l) Present reports on the use of GCME funds to the GCMEC and the DAC;
- m) File and process GCME correspondence; and,
- n) In general, perform all duties incident to the office of Technical Secretary and such other duties as may be required by law, by these guidelines, by agreement entered into by the GCME, or which may be assigned to him or her from time to time by the Committee.

**3.8.D. Committee Meetings**

3.8.D.i. The GCMEC may meet in any location within Mexico and preferably in the Gulf of California region. It may meet whenever one of its members deems it necessary and is supported by at least two other members, and requests, in writing, that the Technical Secretary organize such a meeting.

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3.8.D.ii. The GCMEC will meet at least three times per year. One meeting will be reserved for reviewing the POA proposals for the subsequent budget cycle, analyzing and approving the annual operating budget of the POA of the Program Coordination, and instructing the FMCN on the administration of the GCME interest. This first meeting will be held between October and November of each year. One or several additional meetings will be held as needed to review advances in the implementation of the POA for each MPA. An additional meeting will be organized within 90 days after the end of the fiscal year for the purpose of reviewing the annual reports.

3.8.D.iii. GCMEC meeting announcements should be delivered in person or sent by certified mail, fax, email, or express mail to each member of the GCMEC at least 15 days prior to the date of the meeting. Announcements should be sent to the last address members registered with the Technical Secretary. Meeting announcements will specify in writing the hour, date, location, and agenda of the meeting and should be signed by the President, Vice-president, or the Technical Secretary.

3.8.D.iv. In order for meetings of the GCME to be recognized as valid, at least a simple majority of GCMEC members must be present and the procedures for meeting announcements observed.

If, in the absence of a quorum, the meeting cannot be conducted on the specified date, a second meeting announcement will be prepared (without the need of an official request) within three working days. During the meeting that results from this announcement, the presence of a majority of GCMEC is required, and issues on the meeting agenda can be resolved by a simple majority vote of attendees.

The GCMEC members present at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of members from the meeting, provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting or such greater percentage as may be required by these Articles.

3.8.D.v. The President will preside over committee meetings and if absent, the Vice-president will be in charge. If both the President and Vice-president are absent the meeting will be presided over by the Technical Secretary.

3.8.D.vi. The decisions on matters concerning the GCME will be deemed official when approved by a numerical majority of GCMEC members. Each member will have both voice and vote in meetings. There will be no tie-breaking vote. Members may abstain from voting. Once a decision is made in a meeting, this decision cannot be changed by this person at a later date.

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3.8.D.vii. Any action that the GCMEC is required or permitted to take may be taken without a meeting if all GCMEC members receive the proposal and a written response to the action is provided. Such action shall be approved if the majority of the members respond in writing, including via electronic correspondence. Such actions have the same force and effect as any other validly approved action of the GCMEC. All such consents shall be filed with the minutes of the proceedings of the GCMEC.

3.8.D.viii. The Technical Secretary will prepare the minutes of each GCMEC meeting, which will then be signed by at least the President and the Technical Secretary. Meeting minutes will include a list of attendees.

3.8.D.ix. The GCME Coordinator, in his or her role as Technical Secretary of the Committee, should attend all meetings of the GCMEC.

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**3.9 Responsibilities of the GCME Coordinator**

In addition to responsibilities as the Technical Secretary of the GCMEC, the Program Coordinator is entrusted with the daily administration of the GCME and the following:

- a) Monitoring, in collaboration with the CONANP, the activities carried out by MPAs with funds from the GCME, in accordance with the methodological and organizational guidelines established for this purpose (see Chapter 5);
- b) Contracting and supervising, together with the CONANP, the collection of program indicators that cannot be obtained at the MPA level;
- c) Consolidating monitoring information on the program every year, and analyzing advances and needed improvements;
- d) Defining and implementing, together with different departments of the CONANP, actions for the collective benefit of program MPA;
- e) Preparing and implementing, according to the administrative guidelines contained in this manual, the POA of Program Coordination and of the Program Administration;
- f) Serving as the link between the CONANP and the GCME during the project cycle so that MPA Directors are informed of budget ceilings when preparing their respective POAs, and ensuring that the technical components of these POAs are reviewed by CONANP and the GCME Coordinator;
- g) Verifying with CONANP the fiscal support available to cover basic personnel, operating costs, and equipment;
- h) Being in continuous contact with MPA Directors to ensure that the POA of the Program Coordination addresses the concerns of the directors of these MPAs and meets the requirements of donors;
- i) Facilitating synergies and the information flow between the CONANP and the GCME required for fund-raising strategies;
- j) Following the administrative procedures contained in this Manual to ensure the correct use of GCME funds;
- k) Completing reports in a timely manner;
- l) Supporting the GCMEC and implementing its agreements and decisions;
- m) Suggesting to the GCMEC changes that could improve GCME functioning;
- n) Assuring the coordination between the GCMEC, CONANP, and NGOs;
- o) Maintaining relationships with other institutions whose interests are similar and programs complementary to that of the GCME;
- p) Developing the Annual Spending Plan and the Consolidated Budget of the GCME;
- q) Directing GCME operations to assure the timely delivery of funding of eligible activities according to the project cycle, once the MPAs have met the requirements outlined in this manual;
- r) Implementing administrative procedures and controls with the institutional support of the FMCN;
- s) Consolidating the reports corresponding to different program components to ensure their timely delivery to donors according to established agreements;

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- t) Developing, with the support of the FMCN, fundraising campaigns as required;
- u) Implementing monitoring and evaluation schemes for the GCME work program;
- v) Completing the reports described in this Manual in a timely manner; and
- w) Serving as the link between program components to ensure that the GCME functions efficiently.

The GCME Coordinator initially will be assisted by an accountant (the GCME accountant). As the GCME grows, upon the request of the GCMEC, the FMCN will hire additional technical or administrative support for the GCME Coordinator. Based on the experience of the FANP within the FMCN, additional technical and administrative assistants are needed at a rate of one of each for every ten protected areas for the first thirty protected areas. Beyond this point the rate decreases, due to economy of scale.

**3.10 Responsibilities of the Directors of Marine Protected Areas**

An MPA Director is responsible for administrating, managing, and carrying out the actions required to preserve the structure and function of protected area (PA) ecosystems, as is specified in Art.150 Bis of the Internal Bylaws of SEMARNAT and in the objectives and guidelines of the Management Program and the decree of the MPA. With respect to the GCME program, MPA Directors are responsible for:

- a) Preparing the POA of the MPA with the participation of the Advisory Council (CA), ensuring the inclusion of activities that promote the conservation of natural resources. The POA should conform to the form presented in Annex 10.5 of this manual and meet the requirements described for its approval.
- b) Submitting in a timely fashion (September 15) the POA and associated documents for review by the CONANP and the GCME Coordinator;
- c) Conforming to the administrative procedures contained in this manual so that GCME funds are used correctly, and requesting approval to changes to the GCME Coordinator when required;
- d) Ensuring the implementation of the proposed POA, so that program funds are used only for approved activities;
- e) Completing the reports and generating the documents related to the monitoring activities described in this manual in a timely manner;
- f) Immediately informing the GCME Coordinator in writing of any natural disaster occurring in the MPA that requires support from the Emergency Fund, and following the associated administrative procedures (for more information on the Emergency Fund, see section 4.4);
- g) Supervising the staff of the MPA under his or her direction;
- h) Raising additional funds for the MPA with the goal of making it financially self-sufficient;
- i) Cooperating with auditors and consultants hired to monitor the program; and,
- j) Meeting the obligations conferred to him or her by the CONANP.

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**3.11 Structure and Function of the Advisory Councils**

The Advisory Councils (CA) of each PA are designed to facilitate local social participation, consensus building, and planning between the public, social, academic, and private sectors. Their goal is to coordinate actions taken for the conservation and sustainable use of the natural resources of the PA, according to the reserve decree and its Management Program. The objective of CA is to issue recommendations, advise, and support PA Directors in the management and administration of PA (for a review of the rules and functions of CA, see the Guidelines of the General Law of Ecological Equilibrium and Environmental Protection in Protected Areas, published in the Official Gazette of the Nation on November 30, 2000).

The main functions of the CA include their direct participation in planning processes for sustainable development in the PA; the development, application, and evaluation of the Management Program of the PA; and the issuance of opinions about projects and activities being incorporated in the POA of the PA. The Directors of the MPAs receiving support from the GCME will ensure that the CA participate in the development of the POA. The GCME Coordinator will verify that CA participation has taken place, since this will be a condition for POA approval (as established in Chapter 6).

Each CA is composed of a Honorary President, a position held by the governor of the state in which the PA is located; an Executive President, elected in council meetings by its members; a Technical Secretary, which is the PA Director; the municipal president(s) in which the PA is located; and representatives of nearby academic institutions, social organization, community groups, businesses, and NGOs. Each CA may be run through sub-councils organized according to micro-regions, sectors, or topics.

**3.12 Conflicts of Interest**

These guidelines concerning conflicts of interest are directed at the partners participating in the GCME project, including the donors, GCMEC members, CONANP, and FMCN.

A conflict of interest may occur when the personal interests of a person or close family member may be contrary to the interests of the program, or in cases where:

1. This person is directly involved, or has direct interest in, the project, contract, agreement, or conflict to be resolved.
2. The person involved in the project, activity, or conflict is a spouse or a close relative of a partner of the GCME program.

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3. There exists a strong friendship or animosity between individuals involved in the project, activity, or conflict to be resolved by the program.
4. This person has or had a working relationship with the person or organization affected by decisions of the program regarding projects, activities, or conflicts that need to be resolved.
5. There exists any situation that could be deemed a conflict of interest between partners of the GCME program and third parties with interests affected by this program.

When a conflict of interest arises the person(s) involved should provide written notification to the GCMEC via the GCME Coordinator, or to the general director of the FMCN, who will analyze the situation and recommend the decision most appropriate for promoting the interests of the GCME program.

**3.13 Amendments to Manual of Operations**

Any amendment to this Manual of Operations may be adopted by a majority vote of the GCMEC members present at a meeting at which a quorum is present, with the approval of the Board of FMCN and the unanimous consent of all members of the Board of FMCN and the DAC.

## 4. Management and Use of Financial Resources

### 4.1 Financial Management of the Endowment

In accordance with the guidelines and investment policy developed by the Board of Directors of FMCN, the Investment Committee (IC) within the FMCN determines the investment strategy for the endowment. This strategy is implemented by an independent financial advisor, who is responsible for purchasing the appropriate financial instruments. The FMCN maintains the endowment funds in U.S. or Mexican accounts (according to donor preferences) with financial agents of recognized experience. The interest accrued every year is transferred to investment accounts in Mexico and then to checking accounts before withdrawals are made to fund the program components. Each project and donor has a separate account except when different donors contributing to a single project request that their contributions be invested in the same account.

The FMCN Board of Directors established as a financial goal the preservation of the nominal value of the capital. In its twelve years the FMCN has managed to conserve the real value of the capital in most of its projects. The annual budget for each project is based on the expected return from the previous year and the project's needs. The expected return is calculated based on the interest from the fixed income part of the portfolio. In general, the return from stocks is reinvested to offset capital erosion derived from inflation. The FMCN endowment has increased from US\$ 19.5 million in 1995 to US\$ 88 million in 2007. The average return of the FMCN endowment has been 8.41%:

Year	Return
1997	9,64%
1998	11,84%
1999	8,60%
2000	1,64%
2001	10,20%
2002	7,15%
2003	11,34%
2004	8,25%
2005	7,00%
2006	8,87%
<b>Average</b>	<b>8,41%</b>

The IC will define the program's annual expense level according to the investment return. If market fluctuations indicate the need to use part of the capital in addition to the annual return, the GCMEC will request written approval from the donors.

4. Management and Use of Financial Resources

4.2 Distribution of Program Funds

The endowment's annual return will be applied to the following three Program components of the GCME:

1. **MPA allocation:** At least 70% of the net endowment income will be used for activities that support the management plans of the key Gulf of California MPAs included in the endowment. Funds may be used for the area of influence but should primarily be used for the management of the MPA. The area of influence is the one described in the Management Program, or where there is a significant threat and that can affect the area of legal designation.

Within the MPA allocation funds must be provided for inter-agency coordination (e.g. CONANP, the Navy, PROFEPA, and CONAPESCA for social surveillance committees), which would become a core function of the management plan, within the context of the MPAs' POAs. Using a bottom-up approach, each MPA will determine how to achieve coordinated efforts,.

2. **Network allocation:** 15% of the net endowment income will be allocated to support the general regional needs for improved marine conservation, integrated coastal management, sustainable fisheries, inter-agency coordination, as well as training and monitoring in the Gulf of California region. This allocation will also cover the coordination costs of the program.

Of this 15%, an estimated 5% will pay for the salary and expenses of the GCME Coordinator and additional staff in the PCU (it is estimated that one technical assistant to the coordinator will be needed for every ten protected areas). The costs of the annual meetings of the GCME Committee will be covered by the Network allocation. Although the PCU supervises the administrative program, all administrative expenses are covered in the Administrative allocation.

The remaining 10% of the 15% will be allocated to activities that pertain to more than one MPA—regional and collective umbrella projects. This allocation will support general regional needs for improved marine management, particularly marine conservation, sustainable coastal management, sustainable fisheries, and inter-agency coordination (e.g. between the Navy, PROFEPA, and CONAPESCA), and monitoring in the Gulf of California region. Since PROFEPA and CONAPESCA are not legally allowed to certify inspectors hired by ENGOs or other public agencies, CONANP will need to increase coordination and capacity of PROFEPA and CONAPESCA so that these two agencies assign personnel to the MPA.

**4. Management and Use of Financial Resources**

The GCME should coordinate with research institutions, conservation organizations, and other projects to gather relevant ecological data be used in creating a regional framework, and thus eliminate duplicative efforts. The Network allocation will not fund original research.

Use of this portion of the endowment must be defined on an annual basis by the GCMEC, taking into account other institutions' activities and the needs of the region (e.g. inter-agency coordination, monitoring and evaluation, learning, capacity building, best practices, etc.).

- 3. Administration allocation:** 15% of the net endowment income will be used to cover two categories of administrative overhead expenses.

The first category allocates 8% of the 15% administrative allocation to NGOs to administer the funds to the MPAs. This administrative fee has been competitively set by conservation organizations as the amount needed to conduct accounting and hiring of personnel, according to MPA POAs. See Text Box 1 on the following page for a description of this administrative process. The second category allocates 7% of the 15% for the administrative fee charged by FMCN to oversee the investment and management of the endowment funds, conduct accounting, report to fiscal entities in Mexico and the U.S., provide support to conservation organizations and MPA staff with administrative issues, conduct audits, and prepare annual reports. In addition, these funds will pay for an accountant for the GCME regional coordinator.

These allocation percentages are based on reaching the fund capitalization target. Until this capitalization target is met, it is likely that the Network allocation and Administrative allocation will have higher allocation percentages. There are minimum costs to running the PCU and the GCMEC and GMEC. However, the goal is to reduce the percentage for the administrative allocation once the GCME exceeds the capitalization target.

## 4. Management and Use of Financial Resources

### Text Box 1: The Administrative Role of ENGOs in the GCME

*September 2007*

The Fund for Protected Areas (FANP) within the FMCN is the result of the restructuring of the first donation by the Global Environment Facility via the World Bank to the Mexican Government. The project was restructured due to the slow flow of these international funds within the public administration. As a result of an extensive consultation the conservation community decided that the funds should be deposited in a private institution and be used as an endowment, which originated the FANP.

The first challenge faced by FANP was to channel the endowment interest to the protected areas (PA). Under Mexican law only decentralized public agencies can receive funds directly from private entities such as the FMCN. The National Commission for Protected Areas (CONANP), which is the public agency responsible for the administration of the PA, is not a decentralized agency. The public mechanism to channel funds to CONANP by FMCN is to deposit the funds into the Federal Treasury of the Nation, where the resources are distributed according to national priorities. This process would not guarantee that the funds would be directed to the PA included in the project.

During the first year of operations of FANP, the World Bank, the Mexican Government and the FMCN decided to involve nongovernmental organizations (NGO), specifically environmental nongovernmental organizations (ENGOs), to facilitate the administration of funds. Use of the ENGOs facilitates the fund administration process because the ENGO carries the risk of employment liability while benefiting from the receipt of unrestricted funds for this purpose. In 1998 the FMCN opened a bank account for every PA and deposited the funds for recurring costs. Every month the FMCN collected the receipts from the responsible ENGOs and verified that agreed administrative procedures were followed in every PA. With respect to salaries covered by FANP, the World Bank, the Mexican Government, the FMCN and three labor lawyers agreed that the labor liability should be transferred and divided among local ENGOs to protect the organization housing the capital (FMCN), and to ensure adequate control of the hiring process and prompt attention to employees. A bidding process identified local ENGOs with the administrative capacity to hire complementary personnel and national ENGOs willing to hire complementary personnel in those PA where no local ENGO were present. At the end of 1998 the World Bank reviewed the process and recommended that the ENGO not only hire the complementary personnel but administer and conduct the accounting of the recurring costs as well.

Within a few years, incentivized by the opportunity to receive non-earmarked funds to cover their expenses, more ENGOs became interested in participating in the bidding process. These non-earmarked funds are critical for ENGOs because they allow for the payment of administrative expenses, which grants aimed at specific projects often do not fund. The increasing interest of ENGOs resulted in greater competition in the bidding process. As a result of competitive bidding, the percentage of support to ENGOs to hire and conduct the accounting for the funds specified in the Annual Operating Plan of every PA dropped from 11% to 8%. Some ENGOs placed bids as low as 5% to 7%, but experience showed that these percentages were not cost effective.

The FANP has been reviewed through four independent evaluations. These have commended the involvement of ENGOs in the project as a highly effective structure. One of the unexpected results of this relationship has been the strengthening of the administrative capacity of the local ENGOs. Additionally, the ENGOs and the PA staff strengthen their relationship, which has resulted in the development of additional projects. Alternative structures have been explored without much success, mainly due to the refusal of other institutions to acquire the labor liability or the high costs involved. One future possibility could be the creation of an ENGO specialized in accounting and hiring for PAs. While it could decrease costs to 6%, it would concentrate all liability in one institution and it would not have the rapport that the ENGOs have shown with the PA.

**4. Management and Use of Financial Resources**

**4.3 Eligible Activities**

Because activities funded by the GCME complement GOM funding through fiscal resources, eligible activities are those considered to be indispensable in guaranteeing the continuity of the operation of the MPA, of the PCU and of its administration. Activities not included in this chapter must be covered with funds from other sources.

Included among the activities eligible to be funded with GCME resources is the hiring of complementary personnel (core staff will be covered with fiscal funds). Since the implementation of projects is not part of the FMCN mission, hiring of personnel and accounting of each POA is conducted through ENGOs. These organizations are selected according to the guidelines defined in section 7.2 of this manual. Personnel hired in this manner report directly to the MPA Directors.

The catalog of eligible accounts is organized according to administrative activities (underlined), which are themselves divided into administrative sub-activities:

**0001 Basic Operation Costs (MPA office)**

- 0001 Office rent
- 0002 Travel expenses
- 0003 Tickets
- 0004 Phone/ Fax
- 0005 Stationery, office supplies
- 0006 Mail services
- 0007 Office maintenance

Basic operational expenses refer to the costs generated by the administration of the MPA and typically consist of office expenses. Expenses incurred through these activities include trips to Mexico City by the MPA Directors to follow up on administrative procedures at CONANP central offices, office maintenance, and office supplies. Office expenses directly related to projects (such as the stationery for an environmental education project) should be classified in the corresponding activity (basic community activities, in this example), as long as they are justified.

**0002 Basic Operation Equipment**

- 0001 Transport other than vehicles (beasts of burden, bicycles, boats, etc.)
- 0002 Radio-communication equipment
- 0003 Field equipment
- 0004 Measurement tools
- 0005 General tools
- 0006 Furniture and office equipment

**4. Management and Use of Financial Resources**

These activities include both purchasing and leasing of equipments or parts thereof.

**0003 Basic Conservation Activities**

- 0001 Supervision and monitoring
- 0002 Control/protection and monitoring of keystone species (indicator, exotics, etc)
- 0003 Prevention and control of fires
- 0004 Signs and marking trails
- 0005 Zoning (surveying boundaries)
- 0006 Communication and outreach
- 0007 Ecological restoration (rehabilitation)

Basic conservation activities include expenses such as maps to determine the limits of different activities within the PA (zoning), fuel to patrol the PA (supervision and monitoring), and travel expenses for monitoring birds within the PA (control/protection and monitoring of keystone species).

**0004 Basic Community Activities**

- 0001 Environmental training
- 0002 Design of small projects
- 0003 Implementation of small projects

Because of GCME's funding limits, MPA Directors should seek out other financial sources, such as the Regional Sustainable Development Program (*Programa de Desarrollo Regional Sustentable*- PRODERS in Spanish), the annual call for conservation proposals from the Fund for the Conservation of the Gulf of California (FMCN), and other similar opportunities (see <http://www.fmcn.org>) to support basic community activities.

**0005 Basic Capacity-Building Activities**

- 0001 Training of MPA personnel
- 0002 Training of the CA
- 0003 Workshops and travel expenses related with training

These sub-activities include expenses such as registration for courses on the management of natural resources, travel expenses to attend conferences related to the conservation or administration of the PA, and workshops on relevant topics for which the CA requires training.

4. Management and Use of Financial Resources

**0006 Basic Coordination Activities (only for the program coordination)**

- 0001 Salary of the coordinator and a technical assistant
- 0002 Travel expenses (including transportation)
- 0003 Newspaper publications (job announcements)
- 0004 Workshops for the MPA Directors
- 0005 Workshops for the strengthening of CA
- 0006 Technical audits
- 0007 Monitoring and evaluation
- 0008 Stationery, office supplies
- 0009 Training of personnel
- 0010 Consultants

These basic sub-activities refer to those expenses incurred by the Program Coordination in coordinating, evaluating, supervising, and supporting the work in the MPA and ensuring the success of the program. These sub-activities should meet the general needs identified in various MPA. They include, for example, courses for the MPA Directors, travel expenses for consultants to evaluate conservation impact through indicators, and travel expenses related to technical assistance.

**0007 FMCN Program Administration**

- 0001 Salary and benefits of the administrative personnel
- 0002 Consultancies and audits
- 0003 Management fees
- 0004 Travel expenses (including transportation)
- 0005 Stationery and office supplies
- 0006 Mail services
- 0007 Office equipment maintenance
- 0008 Vehicle maintenance
- 0009 Infrastructure maintenance
- 0010 Furniture and office supplies
- 0011 Communication and outreach
- 0012 Publications
- 0013 Newspaper publications (job announcements)
- 0014 Training of personnel
- 0015 Sub-grants (primarily to conservation organizations responsible for accounting and hiring for the MPA POA)

These sub-activities are related to the costs incurred by the program administration within FMCN. They include the salary of the program accountant, audits, tax returns, as well as the supervision of and support to conservation organizations that conduct accounting and hiring for the MPA POA.

**4. Management and Use of Financial Resources**

**Non-eligible expenses for GCME funding:**

- Core staff: Director, Sub-director, Administrative Assistant, two Project Chiefs
- Management Program
- Research
- Infrastructure
- Vehicles (except boats)

**4.4 Emergency Fund**

The GCMEC, in agreement with the CONANP and the FMCN, has developed procedures for the operation of the Emergency Fund to be used in the case of natural disasters, as well as human-induced emergencies such as oil spills. This Fund is available to the MPA.

The objective of the Emergency Fund is to provide extraordinary funds (additional to those included in the POA) to help MPA address exceptional needs that arise from natural disasters or other accidents.

Funds for this purpose come from the GCME capital of the endowment. Access to the Emergency Fund is provided to the MPA supported by the GCME, anytime, and as many times as required, up to a limit of 10% of the budget of all POAs in a given year. These Emergency Funds are provided as a loan to be repaid from the following year's POA.

The Fund covers only activities that are clearly unpredictable or unforeseen, can be verified, and cripple the operation and conservation agenda of the MPA. Situations that could have been foreseen or budgeted in the POA will not be covered.

The use of these funds follows the same guidelines as those provided for in the regular budget. Funds should be identified as coming from the Emergency Fund in all receipts.

In case of an emergency, the following procedure should be followed to make use of the Emergency Fund:

- 1.- The MPA Director will write to the GCME Coordinator explaining the need to address a verifiable emergency, describing its nature, the amount required, and the activities to be conducted with the emergency funds.
- 2.- The GCME Coordinator will submit the request to the GCMEC for evaluation and approval, which is issued by the President of the GCMEC (or whom s/he assigns) together with at least one additional member. Once authorized, the GCME

**4. Management and Use of Financial Resources**

Coordinator will inform the MPA Director and will proceed to transfer the approved funds, in one or several disbursements, depending on the total amount.

- 3.- Once the MPA Director has been informed, even if s/he has not received the funds, s/he may proceed to incur expenses, which will be reimbursed later when s/he receives the emergency funds.
- 4.- The MPA Director will send a technical and financial report to the GCME Coordinator on the use of these funds no later than 60 days after the date of the last disbursement.

Some examples of activities related to the Emergency Fund include:

- a) Rescue activities after a hurricane.
- b) Hospital expenses and major medical costs for personnel directly participating in addressing the emergency.
- c) Repairing facilities, infrastructure, or equipment damaged by a natural disaster.
- d) Oil spill remediation activities.

## 5. Monitoring and Technical Supervision

### 5.1 Importance of Supervision and Evaluation

To evaluate advances relative to the mission of the program and the three program components, a monitoring and evaluation system is needed that permits progress to be assessed periodically and that provides useful feedback to allow for adjustments in management practices as additional experience is accumulated. The logical framework developed for the general evaluation of the program is described in section 5.4. This logical framework will be further revised by the GCMEC and Program Coordinator.

This chapter describes the general monitoring and evaluation system of the program and the reporting format to be used by each program component of the program. The implementation of this system, as well as its supervision and improvement, are responsibilities of the Program Coordinator.

### 5.2 Goal Oriented Project Planning: Methodology for the Annual Operating Plans

The Goal Oriented Project Planning (ZOPP) methodology consists of identifying the problems and objectives of a project in order to facilitate its planning. Strategic planning is accomplished through a logical framework that clarifies project objectives, results, and activities. As part of this planning, indicators are established, which are then used to measure project advances. For the GCME project, a logical framework will be developed for the program in general and then for each individual MPA, to be implemented over a five-year period. The POA of each MPA included in the program (**Annex 10.5**), as well as other program components, will be based upon this logical framework. The logical framework of the MPA POA is designed to address the problems and objectives identified in the MPA Management Program. The POA of the PCU and the GCME administration are developed according to the general logical framework of the program.

A logical framework contains strategies, indicators, and assumptions. Strategies result from an analysis of the project's **objectives**. From the main objective, **results** are identified that lead to that objective. In order to achieve specific results, persons in charge of a project should identify **activities**, or actions leading to those results. The main objective, results, and activities differ in scope and time. Activities are a series of actions that occur in the short term; the responsibility level is high because the project implementers have complete control over them. Results, which depend on these activities, represent a long-term strategy compared to activities. Finally, because so many factors lie beyond the control of project implementers, the responsibility level for meeting the principal objective of the project is relatively low, and the time-frame for meeting this objective is greater. **Indicators** measure the degree of success in meeting these three different elements.

Indicators are simple measurements that summarize the level of success achieved over time and the proximity of current conditions to the ideal situation. Indicators should contain information on quality, quantity, and time. Ideally, the baseline status and the

**5. Monitoring and Technical Supervision**

targeted goal should be included directly in the indicator. **Assumptions** in the logical framework are those conditions considered beyond the control of persons in charge of the project. The identification of assumptions is important in recognizing beforehand the adverse conditions that may frame project objectives and results. These assumptions should be conditions which, when not met, may jeopardize the project's success. They should be identified at the level of results and for the main objective.

In the GCME program, the logical framework has been divided into two parts corresponding to the results and activities matrices. The first matrix contains the main objective, which is the general mission of the program modified to reflect specific conditions of each MPA (in the case of the PCU or the GCME administration, this objective is the program mission itself). It also contains the results to be achieved over five years with their associated indicators, their sources of verification, and corresponding assumptions. The indicators for the main project objective in the POA of MPA correspond to the general program indicators that have been adapted for each MPA in particular. Because the POA of the PCU reflects the general logical framework of the program, the mission indicators of these POAs are the sum of all the impact indicators of the MPAs supported through the GCME MPA allocation. In developing their POAs, MPA Directors and the Program Coordinator determine the results to be achieved over five years. In conjunction, they will establish indicators that correspond to the results for each year being planned. The design of the results matrix that integrates all of the aforementioned components is shown below:

<b>Results Matrix</b>			
<b>Strategy</b>	<b>Indicators</b>	<b>Verification Sources</b>	<b>Assumptions</b>
Main Objective			
<b>Results</b>			
<b>R1</b>			

The activities matrix reflects the actions to be carried out in one year to achieve the specified results. **Indicator** is used to determine change and measure of advances in objectives and results. In the case of **activities**, which correspond to every day actions, the simpler term **goals** is used. Activities are normally written in the infinitive, for example: "request resources for the turtle conservation project," where a possible goal might be "a proposal delivered to the FMCN." According to the logical framework, once the goals of activities are achieved and a series of assumptions are met, then the corresponding results should also be achieved. The activities matrix includes the goal of

**5. Monitoring and Technical Supervision**

each activity and the chronogram, divided into trimesters that will be followed during the year of a particular POA:

Activities matrix						
Activity	Goal	CHRONOGRAM				
		I	II	III	IV	
A1.1						
A1.2						
A1.3						
<b>R2</b>						
A2.1						
A2.2						

**5.3 Trimester Reports**

The objective of the **trimester technical report** (Annex 9.4) is to periodically chronicle the advances achieved. The report is designed according to the logical framework presented in the corresponding POA. In trimester reports, the MPA Directors and their staff report on the results, indicators, activities, goals, and the associated costs incurred over the previous three months. For the indicators of results, as well as for the goals of activities, advances are measured annually, with trimester accumulations (for example, one might advance 40% in the first quarter, reaching 70% in the second quarter, and achieve 100% of a stated indicator or goal by the third quarter). When, for a certain activity, no advance has been made because it is programmed for a future trimester (which is specified in the chronogram of each POA), one simply indicates “not applicable” with the acronym N.A. In cases where the advances achieved are less than those forecasted for the quarter, an explanation for this deviation is to be provided.

In the **Annual Report** (sent in January), all annual activities are included and results are reported based on annual indicators. This system allows the MPA staff to periodically review the technical advances of their POA and compare these advances with their corresponding costs.

**5. Monitoring and Technical Supervision**

**5.4 General Logical Framework of the GCME Program**

<b>Strategy</b>	<b>Indicators</b>	<b>Assumptions</b>
<p><b>Objective</b></p> <p>To ensure the long-term conservation of a network of MPAs in the Gulf of California</p>	<p>Trends of populations of target species for extractive or non-extractive use maintained or restored at desired reference points</p> <p>Areas protected that are essential for life history stages of defined species</p> <p>Representation of protected marine ecosystems protected</p>	<p>Significant natural disasters do not occur</p> <p>Government support for the conservation and sustainable use of natural resources continues</p> <p>Responsible agencies and organizations address the problems negatively affecting marine protected areas</p>
<p><b>Results</b></p> <p>1. Improve fisheries management within the MPAs and their areas of influence</p>	<p>Over-exploitation of living and/or non-living marine resources minimized or prevented</p> <p>Negative socioeconomic impacts minimized and restore reproductive capacity of species most likely to benefit from MPAs through retention of large, mature individuals</p> <p>Minimize negative socioeconomic impacts and optimize positive socioeconomic impacts for all users optimized</p>	<p>Sustainable production practices generate equal or greater economic value in comparison with unsustainable practices</p> <p>National and international demand for products generated by environmentally sustainable projects is stable or increasing</p> <p>There are no major subsidies for practices that are not compatible with conservation</p>

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<p>2. Foster the integrated management of coastal MPAs</p>	<p>Number of coastal management plans where the MPAs have been incorporated and are under implementation (e.g. territorial ordinances, Sea of Cortez nautical project, national tourism strategy)</p>	<p>Government support for the conservation and sustainable use of natural resources continues</p> <p>Responsible agencies and organizations address the problems negatively affecting marine protected areas</p>
<p>3. Improve the effective application of legislation and regulations to guarantee the conservation of the MPAs' natural resources and support of regional network of MPAs</p>	<p>MPAs have acceptable capacity/ resources to enforce MPA legislation and regulations</p> <p>MPAs have additional control mechanisms to ensure and assist with compliance and implementation of MPA rules and management plan (e.g. local community committees)</p>	<p>Government support (CONAPESCA and PROFEPA) for the program increases</p>
<p>4. Improve mechanisms for stakeholders' participation in decision-making and/or management activities</p>	<p>Mechanism and processes in place for stakeholders' (considering representativeness, equity, and efficacy) participation in decision-making and/or management activities</p> <p>Percentage of conservation initiatives result from the participatory process promoted by the project (including the design and execution)</p>	<p>Government support to social participation for biodiversity conservation is maintained or increases</p>

In the general plan, the baseline for indicators is composed of the baseline for each MPA. Baseline data on indicators need to be collected to track changes over time. Collection of this data will need to be standardized. Therefore, advances in the impact of the program depend upon the advances in each MPA. The PCU ensures that this information is

**5. Monitoring and Technical Supervision**

collected, and provides the technical supervision for this purpose. Several of these indicators require that reserve staff organize and systematize the information collected. The GCME Coordinator works with MPA staff to continually revise the monitoring and evaluation system for their components. For those program indicators that necessitate the hiring of external consultants, the GCME Coordinator will ensure that the guidelines of this Manual of Operations are followed.

In addition to monitoring the advances in the impact of the program, the PCU and the GCME administration evaluate the five-year performance indicators of the program. Based on these general performance results of the program, the PCU and the GCME administration draft their respective POAs. The PCU is responsible for the trimester and annual report on the advances in the performance results. The following table presents possible five-year performance results for the GCME program:

<b>Strategy</b>	<b>Indicators</b>	<b>Assumptions</b>
<b>Results</b>		
R1. Management of program resources is efficient	Quarterly disbursements of funds to program components occur in a timely manner and follow the guidelines established in the Manual of Operations	The stock market allows the program capital to generate the interest necessary for the annual support of the program
R2. Coordination exists between the majority of sectors within MPA that promotes the conservation and sustainable use of natural resources	The CA of the MPA in the program meet at least three times a year  A strategy exists for strengthening social participation in the MPA of the program	A political climate of peace exists in the MPA, which permits social participation
R3. Coordination exists between program components	The delay in the project cycle does not exceed one month at the end of the year	The program participants respect the agreed guidelines  The Public Administration continues to support the conservation of MPAs
R4. Coordination exists between the program and other organizations working with MPAs	Through communication, project duplication and projects antagonistic to the program are avoided	The mechanisms required to eliminate projects antagonistic to the program are found within the jurisdiction of the CONANP, the donors, and the

## GCME MANUAL OF OPERATIONS 2007

### 5. Monitoring and Technical Supervision

		FMCN
R5. Financial support for Mexican MPAs in the Gulf region increases	<p>The financial resources of the GCME for MPA increase by US\$ 6 million</p> <p>Three MPAs initiate their own capitalization programs</p>	<p>The interest of donors in the conservation of natural resources in Mexico continues</p> <p>The support of the Public Administration for the conservation of Mexico's protected areas continues</p>

## GCME MANUAL OF OPERATIONS

### 6. Program Mechanisms

#### 6.1 Project Cycle

Support for eligible activities of POA will be provided according to the project cycle described in this section. The project cycle starts the first week of July of each year with the notification of funds available for each POA. This notification of the GCMEC will come via the GCME Coordinator to the MPA Directors. The availability of funds depends on the return of the endowment and the assignment criteria developed by the GCMEC.

The MPA Directors of MPAs, in collaboration with their respective CA, then prepare their POA for review by the CONANP and the GCME Coordinator. The CONANP confirms that all activities proposed in the POA strategically promote the conservation of natural resources. After this review process and comments by CONANP and the GCME Coordinator, the MPA Directors send a final version of their POAs to the GCME Coordinator. The GCME Coordinator then combines them into the Program Coordination and Program Administration POA into an Annual Spending Plan. The GCMEC must then analyze the Annual Spending Plan to ensure it meets the approval criteria specified in Section 6.2 and does not exceed the predetermined budget.

The Annual Spending Plan, as well as the GCMEC recommendations, are submitted first to the donors and then to the Board of Directors of the FMCN for their approval. The Annual Plan will be approved by the GCMEC by November, so that this plan can be reviewed by the FMCN Board of Directors during its meeting in the second week of December. At the same time that the GCMEC reviews the Annual Spending Plan, the GCMEC will select the ENGOs to oversee the accounting and hiring of personnel included in the MPA POA. As determined by the GCMEC, this process will occur annually for all MPAs, or, alternatively, it will be restricted to only those conservation organizations whose performance has been deemed unsatisfactory by the MPA Director and GCME staff. The GCMEC may also decide to automatically renew contracts with conservation organizations whose performance they deem satisfactory.

Between January and October of each year program participants may submit, in writing, comments and recommendations concerning the Manual of Operations to the GCME Coordinator, who will then submit them to the GCMEC for their approval. An updated version of the Manual of Operations will then be submitted to the donors in November for their approval. The donors must respond by December so that the GCME Coordinator can distribute a new version to program participants each January.

#### Annual Calendar of Project Cycle

#	Start	End	Description
1	July 1	July 5	The IC of the FMCN informs the GCMEC about the availability of funds for operations in the next year
2	July 9	July 11	The GCME Coordinator informs the MPA Directors of the funds

## GCME MANUAL OF OPERATIONS

### 6. Program Mechanisms

			<p>available for the following year and requests that their respective POA be prepared</p> <p>The GCME Coordinator starts the bidding process for the accounting and hiring of personnel in the MPA or the renovation of existing agreements, as determined by the GCMEC</p>
3	July 12	Aug. 31	The MPA Directors, together with their CAs, prepare drafts of their POA
4	Sep 3	Sep 3	MPA Directors submit their POAs for review by the GCME Coordinator and the CONANP
5	Sep 3	Sep 21	The CONANP and the GCME Coordinator review the POAs, and then approve them or return them to the MPA Directors for reformulation
6	Sep 24	Oct 8	The MPA Directors reformulate the POAs and re-submit them to the GCME Coordinator
7	Oct 8	Oct 19	The GCME Coordinator ensures that MPA POAs meet the requirements for approval
8	Jan 1	Oct 31	Program participants send to the GCME Coordinator their suggestions to improve the GCME Operational Manual
9	Oct 22	Nov 1	The GCME Coordinator includes the POA of the Program Coordination and Program Administration and composes the Annual Spending Plan
10	Nov 5	Nov 9	<ul style="list-style-type: none"> <li>- The GCMEC ensures that the Annual Spending Plan meets the norms established in the Manual of Operations and submits it to the donors for their consideration</li> <li>- The GCMEC reviews the suggestions by program participants to improve the GCME Manual of Operations and submits the approved changes to the donors for their approval</li> <li>- The GCMEC selects the organizations to be oversee accounting and the hiring of staff in MPAs and submits the results of the bidding process to the donors for their approval</li> </ul>
11	Nov 12	Dec 7	<p>The donors review for their approval:</p> <ul style="list-style-type: none"> <li>- the Annual Spending Plan</li> <li>- the changes in the Manual of Operations</li> <li>- the bidding process</li> </ul> <p>They inform the GCME Coordinator of their approval</p>
12	Dec. 10	Dec. 10	The budget of the Annual Spending Plan is submitted for approval to the Board of Directors of the FMCN
13	Dec. 10	Dec. 12	-The General Director sends instructions to the financial agent to authorize the transfer of the corresponding funds
14	Jan. 7	Dec.31	<ul style="list-style-type: none"> <li>- The Annual Spending Plan is initiated according to the current Manual of Operations</li> <li>- The GCME Coordinator sends the new version of the Manual of</li> </ul>

## GCME MANUAL OF OPERATIONS

### 6. Program Mechanisms

			Operations to the MPA Directors
15	July 1	July 1	The cycle is repeated

#### 6.2 Requirements for the Approval of the Annual Operating Plans

In order to obtain funds from the GCME, reformulated POAs should be submitted according to the dates specified in the project cycle, following the instructions and formats in Annex 10.5, and meet two conditions:

1. The POAs are the result of a participative planning process with the CA and/or Sub-councils.

The MPA Director will organize a workshop with the CA or sub-councils in the first semester of the year to develop the POA for the subsequent year. The projects formed from this process, as proposals resulting from consensus building, will be considered for inclusion in the MPA POA by the MPA Director based on the following criteria:

- a) They respect the MPA decree and its Management Program;
- b) They address general concerns and promote management co-responsibility; and,
- c) Sufficient funds exist in the budget for their implementation.

All of the above should be documented by the MPA Director through meeting minutes, acts, and agreements that may be verified through field evaluations conducted by those responsible for the program.

The technical activities contained in the POA should be presented to the CA in a meeting prior to the delivery of the first version of the POA to the CONANP. A copy of the minutes of this meeting should be delivered, along with the POA, to the GCME Coordinator. An alternative way to meet this requirement is to include the minutes of meetings of the sub-CAs, the transcripts of the strategic planning workshop, or a letter from the CA that highlights the mechanisms used to facilitate participation in the definition of the activities included in the POA.

2. A **fiscal budget** exists to cover salaries and benefits for a core staff, basic operational costs and equipment, and the preparation of Management Programs (see Chapter 4 of this Manual). This budget must be validated by a letter from the CONANP showing that the fiscal support provided for the implementation of POA has been included in the budget package submitted for authorization to Congress.

As specified in the project cycle, the GCME Coordinator evaluates these two criteria in the review of the POA. This analysis is presented to the GCMEC, which ensures that POAs follow the guidelines specified in this Manual prior to requesting the approval from the donors and the Board of Directors of the FMCN.

**6. Program Mechanisms**

**6.3 Reports**

The following three sections summarize the deadlines, responsible parties, and the minimum required content of the reports:

**1. The monthly administrative reports of the MPA**

The MPA Directors should send supporting documents related to budget expenditures in the previous month to the organization in charge of accounting within the first five days of each month. Documentation should meet the administrative guidelines specified in Chapter 7 of this Manual. Organizations in charge of accounting and hiring of personnel for one or more MPAs in the program will send to the GCME Coordinator the corresponding reports specified in the contract signed with the FMCN.

**2. Trimester administrative and technical reports of the MPA**

MPA Directors will send the administrative report of the previous month, as well as a technical report covering the previous three months, within the first ten days of January, April, July, and August (see the format and instructions in Annex 10.6).

These reports will contain:

- A logical framework of results (including the indicators for each result, an evaluation of the advance of this indicator, and any causes of deviation) and the assigned budget and annual expenditures related to each result;
- A logical framework plan of activities with the annual goal, an evaluation of accumulated advance in percentage, and the causes of any deviation;
- A text containing at most one paragraph per activity that explains the activity, the cause of any deviation from the previously specified goals, the strategy for dealing with these deviations, and any other relevant observation.

Depending upon the quality and timeliness of the reports sent in January, April, and July, the GCMEC will choose MPAs whose performance indicates they can be trusted to send semester (July and January) instead of quarterly reports. The GCME Coordinator will inform the MPAs of this decision by the GCMEC every August. The January report is an annual report describing in three sections (as described above) the main advances of the MPA or the GCME Coordinator. This report should also explain other sources of funding that supported the completion of activities described in the POA during the year.

MPA Directors should send the technical reports directly to the GCME Coordinator. Administrative reports should be sent to the office of the conservation organization in charge of the MPA. The latter will in turn send the administrative reports to the GCME accountant for review. In order for the next budget disbursement to be authorized, each technical report must be approved by the GCME Coordinator, and documents supporting the budgetary expenditures of the previous three months must be approved by the GCME Coordinator with the support from the GCME accountant.

## GCME MANUAL OF OPERATIONS

### 6. Program Mechanisms

The GCME Coordinator will send the GCMEC and CONANP the approved reports, which MPA Directors will then share with their respective CAs. The MPA Director will then send a letter from the CA to the GCME Coordinator acknowledging receipt of this report within one month of the disbursement of funds. This letter will be required for the approval of the next budget disbursement.

#### 3. Semester reports of the GCME to the donors

The GCME will deliver to the donors the semester and annual report of the program within the first 15 days of August and February, respectively. These reports will contain the following:

- The technical report of each MPA and the Program Coordination, and
- The expenses associated with each program component (MPA, Program Coordination, and Program Administration) organized administratively by activity and sub-activity (according to the accounts catalogue) in each reporting period.

The February report will be an annual report of the activities of the entire program. A report on the performance of the investment (written by the financial consultant hired by the FMCN) will be included as an annex in this report.

#### 4. Monitoring report to donors

Every two years or as frequent as the GCMEC deems necessary, in the last week of March, the GCME Coordinator will deliver to the donors the evaluation of the indicators used to measure performance (see Chapter 5) in the MPA of the program. The GCME Coordinator will contract an external consultant to conduct this evaluation. This report will be accompanied by observations on the technical reports of each MPA based on audits and field inspections.

#### 6.4 Calendar of Reports and Disbursements

January	<ul style="list-style-type: none"><li>-By January 5, the MPA Directors deliver to the organization in charge of the accounting and verification of expenses the supporting documents related to budget expenditures from the previous month</li><li>-By January 15, the MPA Directors deliver the technical report of the previous year to the GCME Coordinator</li><li>-Upon approval of the technical reports and the verification of expenses from the previous year, the GCME Coordinator authorizes the first quarterly disbursement to the MPA Directors</li></ul>
February	<ul style="list-style-type: none"><li>-By February 5, the MPA Directors deliver to the organization in charge of the accounting and verification of expenses the supporting documents related to budget expenditures from the previous month</li><li>-By February 15, the Program Coordinator sends a draft of the bi-annual monitoring report to the relevant departments within CONANP for comments</li><li>-By February 15, the GCME Coordinator delivers to the donors of the program the consolidated report corresponding to the previous year</li></ul>

## GCME MANUAL OF OPERATIONS

### 6. Program Mechanisms

March	<ul style="list-style-type: none"> <li>-By March 5, the MPA Directors deliver to the organization in charge of the accounting and verification of expenses the supporting documents related to budget expenditures from the previous month</li> <li>- By March 15, the different departments within CONANP send to the GCME Coordinator their comments on the monitoring report</li> <li>- By March 31, the Coordinator sends the biannual monitoring report to the donors</li> </ul>
April	<ul style="list-style-type: none"> <li>-By April 5, the MPA Directors deliver to the organization in charge of the accounting and verification of expenses the supporting documents related to budget expenditures from the previous month</li> <li>-By April 10, the MPA Directors will deliver to the GCME Coordinator the first quarterly technical reports</li> <li>- Upon approval of the technical reports and the verification of expenses from the first quarter, the GCME Coordinator authorizes the second quarterly disbursement to the MPA Directors</li> </ul>
May	<ul style="list-style-type: none"> <li>-By May 5, the MPA Directors deliver to the organization in charge of the accounting and verification of expenses the supporting documents related to budget expenditures from the previous month</li> </ul>
June	<ul style="list-style-type: none"> <li>-By June 5, the MPA Directors deliver to the organization in charge of the accounting and verification of expenses the supporting documents related to budget expenditures from the previous month</li> </ul>
July	<ul style="list-style-type: none"> <li>-By July 5, the MPA Directors deliver to the organization in charge of the accounting and verification of expenses the supporting documents related to budget expenditures from the previous month</li> <li>- By July 10, the MPA Directors deliver to the GCME Coordinator their technical reports from the first semester</li> <li>- Upon approval of the technical reports and the verification of expenses from the first semester, the GCME Coordinator authorizes the third quarterly disbursement to the MPA Directors</li> </ul>
August	<ul style="list-style-type: none"> <li>-By August 5, the MPA Directors deliver to the organization in charge of the accounting and verification of expenses the supporting documents related to budget expenditures from the previous month</li> <li>- By August 15, the GCME Coordinator delivers to the donors the program report pertaining to the first semester</li> </ul>
September	<ul style="list-style-type: none"> <li>-By September 5, the MPA Directors deliver to the organization in charge of the accounting and verification of expenses the supporting documents related to budget expenditures from the previous month</li> </ul>
October	<ul style="list-style-type: none"> <li>-By October 5, the MPA Directors deliver to the organization in charge of the accounting and verification of expenses the supporting documents related to budget expenditures from the previous month</li> <li>- By October 10, the MPA Directors deliver to the GCME Coordinator their technical reports for the third quarter</li> <li>- Upon approval of the technical reports and the verification of expenses from the third quarter, the GCME Coordinator authorizes the fourth quarterly</li> </ul>

**GCME MANUAL OF OPERATIONS**

**6. Program Mechanisms**

	disbursement to the MPA Directors
November	-By November 5, the MPA Directors deliver to the organization in charge of the accounting and verification of expenses the supporting documents related to budget expenditures from the previous month
December	-By December 5, the MPA Directors deliver to the organization in charge of the accounting and verification of expenses the supporting documents related to budget expenditures from the previous month

**7. Administrative Procedures**

**7.1 Purchasing**

Purchases refer to all expenses incurred with GCME funds described in POA. The POA present the spending plan and indicate those purchases that require the approval of the PCU of the amount to be spent.

**POLICY**

1. The acquisition of goods, consumables, equipment, or small infrastructure should proceed by making efficient use of funds.
2. Purchasing will proceed according to the goods and items specified in the approved budget and following the standards and guidelines described in this Manual.
3. All purchases will require receipts made out in the name of the organization in charge of accounting.
4. Goods: for purchases below US\$ 300 the petty cash procedures should be followed and the best prices obtained.
5. At least three quotes must be obtained for each good or item of equipment purchased. These quotes, and the corresponding receipts, will only be included in administrative reports when the article's value surpasses US\$ 1,000. In the monthly administrative reports, quotes should be accompanied by a brief explanation for the selection of one of the suppliers. When three written bids are impossible to obtain in the geographic area, and the purchase amount does not surpass US\$ 15,000, direct purchasing may proceed. In this case, the MPA Director will send a letter with the receipts, where s/he explains that three suppliers do not exist in the area where the purchase was made.
6. Small infrastructure: investments in infrastructure must be supported by three quotes. When obtaining three quotes is not possible due to geography, direct purchasing may proceed for individual contracts valued at less than US\$ 30,000 with the approval of the PCU prior to the construction.
7. All payments for goods, equipment, or small infrastructure that surpass US\$ 100,000 per contract must also be accompanied by the terms of reference approved by the GCME Coordinator and the approval from the GCMEC (processed by the PCU).

General recommendations related to purchasing:

8. In the selection of a supplier, the following elements should be considered, when feasible:
  - The price, quality, and features of the item to be acquired

**7. Administrative Procedures**

- The possibility of discounts or reductions for prompt payment
  - Availability and cost of spare parts
  - Availability and cost of maintenance services
  - Availability of insurance
  - Professionalism of supplier, according to references
  - Supplier's environmental background
9. In the case of radio-communication equipment and transportation, a maintenance logbook should be kept to enhance the product's useful lifespan.
10. Fixed assets acquired in the program should be inventoried and insured according to their use and location.

**7.2 Contracting of Consultants or Services**

When hiring consultants or services for an amount equal to or less than US\$ 50,000 in the case of individuals, or US\$ 100,000 in the case of firms, selection will be based on the degree to which the qualifications of the individuals or firms match the profile needed for the task to be undertaken. To guide the selection process, the MPA Director or the GCME Coordinator will obtain the information on the qualifications of the consultants or consulting firms. The following documents are to be included together with the monthly reports:

- The curricula or descriptions of at least three consultants or firms that were considered in the selection process;
- A letter from the MPA Director or the GCME Coordinator explaining the evaluation criteria that led to the selection of one of the candidates;
- A copy of the contract, including the terms of reference; and,
- The receipt for payment of fees.

Contracts surpassing US\$ 50,000 in the case of individuals, or US\$ 100,000 in the case of firms, need, in addition to the qualifications of the proposed consultant, the following documentation: a letter of invitation, the terms of reference, a short list of qualified consultants approved by the GCME Coordinator, the evaluation criteria for the proposal, and the corresponding approval by the donors.

General recommendations relevant to contracting of services and/or hiring of consultants:

- A. The selection of the consultant should be based on, when feasible, the following elements:

**7. Administrative Procedures**

- Cost when services are standardized (for example, audits), quality, and characteristics of the service provided
- Technical and scientific capacity of the consultant or consulting firm
- The possibility of discounts or reductions due to prompt payment
- Professionalism of the contractor or service provider. according to references
- Preference for consultants or service providers from the local community

B. The consultant or service provider should deliver the results required by the contract.

In the specific case of agreements signed with the conservation organizations responsible for hiring personnel and managing the accounting for the MPA, the GCMEC may decide that annual selection processes are not necessary if such organizations show satisfactory performance. The GCME Coordinator will then simply renew the former agreements. This process allows conservation organizations to build upon their previous experience.

A selection processes for a new conservation organization will only be necessary if an MPA Director sends a letter to the GCME Coordinator that expresses and justifies his or her dissatisfaction with the service provided by the organization in charge of the concluding cycle. On the basis of the request of the MPA Director, and a summary of the results from the annual supervision of the conservation organization by the PCU, the GCMEC will decide if a new selection process is warranted.

**7.3 Complementary Personnel**

Complementary personnel is the personnel that works in the MPAs in addition to the core staff covered with fiscal funds. It will be hired through conservation organizations, which will be selected according to the process described above. Hiring will proceed according to the Federal Labor Law. The agreement between the FMCN and the conservation organization will specify that hired personnel will report directly to the MPA Director. In case of a labor dispute, the FMCN will use the program funds only to settle cases of unjustified termination of employment, as specified by the law. Conservation organizations will comply with the terms specified in the agreement with FMCN. The MPA Director will send the conservation organization the documentation required for hiring new personnel within five working days before the new personnel provides their services to the respective MPA. This will ensure that the worker is insured from the first working day. The conservation organization is responsible for making sure that the worker is covered with insurance from this day on. The organization is also responsible for evaluating the availability of funds when a new hiring process starts, since it acquires the present and future commitments derived from hiring within the period specified in the agreement.

**7. Administrative Procedures**

**7.4 General Accounting**

**POLICIES**

1. Accounting for each MPA will be the responsibility of conservation organizations. Accounting for the PCU will be the responsibility of FMCN.
2. The GCME accountant will periodically supervise conservation organizations following the guidelines established in the agreement signed with the organizations.
3. Adequate accounting controls are vital for the success of the project; hence, strict accounting and internal controls will be followed.
4. Internal controls are the following:
  - 4.1 All transactions (payments for services and/or goods) require a corresponding administrative authorization, as described below.
  - 4.2 All bills that justify expenses should be made out in the name of the conservation organization.
  - 4.3 Reports with all the justifying documentation, as required by the administration of the conservation organization, should be sent monthly to their respective offices, as specified in section 6.4.
  - 4.4 The administration of each MPA will save copies of all the documents sent to the conservation organization.
  - 4.5 Financial reports that are not approved by the GCME Coordinator at the end of each trimester will delay the next disbursement, which occurs when approval is granted.
  - 4.6 The MPA Director is responsible for the general administration of the MPA, and the GCME Coordinator for the PCU and administration. Hence, they should:
    - Ensure that funds are used according to the approved POA.
    - Ensure the use of funds according to the agreed objectives, restrictions, and instructions.
    - Ensure the integrity of financial reports and their timely delivery to the conservation organizations.
    - Guarantee compliance with all procedures and administrative controls designed to avoid the mismanagement of funds.
    - Approve the financial reports.
  - 4.7 The Administrative Assistant of the MPA and the GCME accountant are responsible for the application of administrative procedures, policies, and internal controls. Their activities include:
    - Applying the internal controls, agreed upon between the GCME and the conservation organization, for all transactions.

**7. Administrative Procedures**

- Verifying that all support documentation is made out in the name of the conservation organization.
  - Sending the monthly administrative report, with all the corresponding documentation, within the first five days of every month to the offices of the conservation organization.
  - Preparing and submitting in a timely manner the financial reports to the conservation organization.
  - Assisting the MPA Director or GCME Coordinator, respectively, in all matters related to program administration.
- 4.8 The conservation organization will keep all accounts and reports in a way which reflects the operation and financial condition of the program according to accepted accounting practices, including separate registries and accounts for the operations of each MPA.

**7.5 Content of Monthly Reports**

1. These reports must include:

- 1.1 All agreements, contracts, and documents related to the opening of bank accounts, rental agreements, or any other legal document related to activities financed with GCME funds.
- 1.2 Bank account reconciliation, support of such reconciliation, and bank statements from the exclusive account where GCME funds are managed.
- 1.3 Check requests and original bills, vouchers, or receipts that support the expenses incurred. Each receipt should be accompanied by a justification, as well as its classification following the account catalog established by the GCME (eligible activity and sub-activity) (example provided in **administrative format 8.1**).  
Check requests should be accompanied by:
  - The request signed by the MPA Director and the corresponding administrative assistant (**administrative format 8.2**)
  - Signature of the person receiving the check
  - Copy of the check with its corresponding requestCancelled checks should be marked "CANCELLED."
- 1.4 Written quotes and the selection criteria used for suppliers in those cases indicated in section 7.1, as well as all supporting documentation described in section 7.2, in the case of hiring consultants and/or services.
- 1.5 Inventory format that contains: date of registry, article description, date of purchase, brand, model, serial number, registry number, and current location of the article acquired with GCME funds (**administrative format 8.3**).
- 1.6 Consolidated financial reports according to eligible activities for the MPA or PCU (**administrative format 8.4**), as well as itemization of each eligible activity into sub-activities (**administrative formats 8.5, 8.6, 8.7, 8.8, and 8.9**). The PCU and

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- the program administration will itemize expenses in sub-activities using **administrative formats 8.10** and **8.11**, respectively.
- 1.7 Approval of the financial reports signed by the MPA Director (**administrative format 8.12**).
  - 1.8 The maximum period for the reimbursement of expenses is two months. Expenses justified afterwards will not be reimbursed.

7.6 Catalogue of Accounts

The account catalog approved by GCMEC is found in section 4.3.

7.7 Bank Accounts

POLICIES

1. The conservation organization responsible for accounting and hiring of the complementary personnel of an MPA will open two exclusive accounts for the management of GCME funds: one for the funds used for salaries, and the second for current expenses. The PCU and program administration have accounts established in the name of the FMCN.
2. The conservation organization responsible for accounting and hiring will only be able to manage one account, or cancel the account for current expenses and add the balance to the account for salaries, when:
  - a) The balance of the account for current expenses is less than the balance required by the bank for avoiding additional fees;
  - b) When the remaining deposits budgeted for the rest of the year (disbursements per trimester) do not meet the minimum balance required by the bank for the account of current expenses.

The first two fees resulting from not maintaining a minimum balance will be charged to the POA of the MPA. Additional fees will be covered by the conservation organization.

3. Funds will be kept in bank accounts that accrue interests in order to maximize the financial resources available to MPA.
4. **Bank accounts are exclusively for GCME funds;** they cannot be used for personal transactions or other projects.
5. Bank accounts require two signatures:
  - a) The bank account for current expenses will have the signature of two people hired by the conservation organization and selected by the MPA Director. In the case of the bank account with funds for salaries, the conservation organization will designate the two persons authorized to sign.
  - b) In the case of the PCU, the Conservation Director of the FMCN and the GCME Coordinator will register their signatures in the corresponding account.

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- c) In the account for the GCME administration, the signatures of the GCME Coordinator, the Director of the Conservation Program, and the General Director of FMCN are registered.

**RESPONSIBILITIES**

1. The MPA Director, the GCME Coordinator, and the persons responsible for the project within the conservation organization will coordinate the opening of the corresponding bank accounts.
2. The Administrative Assistant and the GCME accountant will be responsible for compliance with internal controls.
3. The Administrative Assistant and the GCME accountant will prepare the monthly reconciliation of the bank account (**administrative format 8.13**) no later than three working days after receiving the corresponding bank statement. The Administrative Assistant and the GCME accountant should request account balances directly from the bank at the end of the month, if the bank delays sending them.
4. Any discrepancy between the bank statement and the reconciliation prepared by the conservation organization or the GCME accountant should be analyzed and clarified.
5. The Administrative Assistant will prepare the reconciliation of the bank account (**administrative format 8.13**), together with supporting documents and the bank statement, and send all to the conservation organization no later than one month after closing of the month.

**7.8 Disbursements**

1. The first disbursement of funds by the GCME Coordinator to conservation organizations will occur during the first two weeks of January upon receiving the corresponding receipt. This disbursement will be registered as an expense to be justified according to the approved POA.
2. During the first five days of every month, the MPA will send their administrative reports to the conservation organizations. The conservation organization will review such reports and send their comments to each MPA. These observations should be addressed before the end of each trimester.
3. At the end of each trimester, the Administrative Assistant and MPA Director will ensure that all observations pertaining to the administrative reports of the three previous months have been addressed, and that the trimester report has been sent to the conservation organization.

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4. The conservation organization will then send to the GCME accountant the following: the consolidated financial report of the trimester, and those of every month within the period, with expenses classified by activity and sub-activity; the bank account reconciliations; support of such reconciliations; and the approval of such financial reports by the corresponding MPA Director. Conservation organizations need not send copies of the rest of the documents contained in the monthly reports, since these will be reviewed during the year by GCME personnel according to the agreement signed between the conservation organization and the FMCN.
5. At the end of the year, together with the December administrative report, the conservation organization will present the total amount of expenditures compared with the approved budget per eligible activity and sub-activity, including salaries and benefits.

**7.9 Budget Execution**

**POLICIES**

1. All expenses need to be authorized by the MPA Director or the GCME Coordinator.
2. To request the payments for services or goods, the format for requesting checks should be used (**administrative format 8.2**). In addition, the receipts or documents (vouchers, bills) that support the expenditure should be enclosed.
3. To provide proof of travel expenses, the name of the person traveling should be specified, as well as the travel period (specifying dates), the objective, and results obtained (described very briefly). When such proof includes bills for meals above US\$ 25, the number of people eating and the purpose of the meal should be specified. Supermarket receipts should itemize purchases and specify if the expense includes goods for communities and the number of people included in the activity.
4. The maximum period for requesting reimbursement of expenses is two months. Expenses justified after this period will not be reimbursed.

**PROCEDURES**

1. Prepare the request for issuing a check and have it signed by the authorized persons, once it has been confirmed that the planned expense falls within the budget available for the activity and sub-activity.
2. Include the original supporting documentation (receipt, bill, or voucher).

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3. Justify the expense and classify it according to the eligible activity and sub-activity (example in **administrative format 8.1**).
4. Prepare the check and register the expense in the internal control system.
5. The persons authorized will then sign the check after reviewing the request and enclosed supporting documentation.
6. Once the check has been signed, a photocopy should be made, accompanied by its classification and justification.
7. The person receiving the check should also sign a copy of the check.
8. In case a check is lost, the corresponding Administrative Assistant or the GCME accountant will notify the bank to cancel the payment. Bank fees for the first check bounced due to insufficient funds can be charged to the budget of the POA. Fees due to more than one bounced check must be reimbursed by the Administrative Assistant.
9. Bank fees for management of the account will be charged directly to the project. In the case of fees charged due to lack of minimum balance, the first two fees will be charged to the budget. Additional fees will be covered by the conservation organization.
10. The original documents will be filed following the checks' numerical order. Cancelled checks will be included following the same order.
11. Each MPA and the PCU will retain photocopies of all original documents in their offices.

**7.10 Budget Under-spending**

If, by the end of the year (December 31), under-spending of the budget is equal to or greater than 10% of the POA of a specific MPA, the amount under-spent will be deducted from the first disbursement of the POA of the following year.

When the amount under-spent is less than 10%, this saving should be justified by December 15 at the latest. Once justified, the amount saved can be applied to any eligible activity during the first semester of the following year. The corresponding proof of the expenses should be sent to the conservation organization in the corresponding

## 7. Administrative Procedures

administrative report, together with its classification into eligible activity and sub-activity, and a brief explanation of the expenses, which should be referenced to the under-spending. The conservation organization responsible for accounting and hiring should report to the GCME offices at the end of the semester how the under-spent amount was applied towards eligible activities and sub-activities using the **administrative format 8.14**. In case of a change in the conservation organization between the year of the under-spending and the following year, the under-spent amount must be transferred to the conservation organization selected for the year when the under-spent amount will be applied.

### 7.11 Budget Modifications

Modifications of the approved budget can be requested these ways:

- Requests will be in writing using the corresponding format signed by the MPA Director (**administrative format 8.15**), with a clear justification that indicates how reductions will be covered and why equivalent increases in other sub-activities are required.
- Transfers between sub-activities within the same eligible activity and between activities (up to US\$ 2,500) can be authorized by the GCME Coordinator.
- Transfers between activities that surpass US\$ 2,500 require authorization from the GCMEC, which takes two weeks for processing.
- Requests should be processed **before the expenditure**; otherwise, such expenses will not be considered eligible for reimbursement.
- Budget modifications after the expenditure will only be authorized in emergency cases (i.e. car breakdown) and when accompanied by a written justification.
- Modifications to the budget will be authorized in writing. **Only when such a document is obtained will the budget modification be considered authorized.** The GCME accountant is responsible for informing the conservation organization responsible for accounting about the modifications to the budget.

### 7.12 Petty Cash

#### POLICIES

1. The petty cash mechanism will be used for purchasing goods or services that require small amounts. It will be generally used to cover everyday office expenses.
2. The petty cash fund has an authorized balance of US\$ 300.
3. The petty cash fund should always have a total of US\$ 300 in cash, bills, or receipts.

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4. Examples of appropriate use of the petty cash fund include the purchase of stamps, payments for taxis or other modes of transportation, refreshments for meetings, and other miscellaneous expenses.
5. **All** expenses should be supported by a bill, receipt, or document made out in the name of the conservation organization or FMCN, as relevant.
6. **The petty cash fund should not be used for loans, salary advances, or to cash personal checks.**

**RESPONSIBILITIES**

1. The Administrative Assistant and the GCME accountant should ensure that the petty cash fund is kept in a safe place and that its balance is checked periodically. It is recommended that the funds be counted at various intervals to ensure that the available cash corresponds to the registered balance.
2. The Administrative Assistant and the GCME accountant will authorize the expenditures covered by petty cash.
3. The person responsible for the petty cash fund should check the receipts and bills that support the expenses and present a report (**administrative format 8.16**) to the Administrative Assistant and the GCME accountant for her/his review.

**PROCEDURES**

1. Selection of the person in charge of the petty cash fund
  - 1.1 The MPA Director and GCME Coordinator will assign the person to oversee the petty cash fund. It is recommended that an employee be selected whose job description does not relate to accounting or the management of bank accounts. The Administrative Assistant and GCME accountant should have access to the petty cash fund.
2. Management of petty cash
  - 2.1 The person in charge of petty cash will administer it according to the following guidelines:
    - 2.1.1 Minor expenses will be reimbursed based upon the document that supports the purchase. Reimbursement will not proceed when:

7. Administrative Procedures

- No documentation (bills, receipts) is provided, or
  - When such documentation is not made out in the name of the conservation organization or the FMCN, as relevant.
- 2.1.2 The person receiving them cash advances should sign a temporary receipt (**administrative format 8.17**). Such a receipt should include the date, the purpose of the cash advance, the approval from the Administrative Assistant, and the amount received. The bill or receipt that then supports the expense, together with the unspent money, will be given to the person in charge of the petty cash immediately after the purchase. The Administrative Assistant and the GCME accountant will then give the temporary receipt back to the person that received the advance.
- 2.1.3 The person responsible for the petty cash will keep the money in a safe located in a secure place.
- 2.1.4 For minor purchases where a receipt is impossible to obtain (taxis or expenses alike) a cash receipt form (**administrative format 8.18**) must be filled out. Expenses justified by cash receipts should not exceed US\$ 100 per month per MPA.
3. Registry of petty cash operations
- 3.1 Expenses from the petty cash should be registered immediately after having occurred (**administrative format 8.16**).
4. Replenishment of the petty cash
- 4.1 The person responsible for the petty cash fund will request a check (**administrative format 8.2**) made out in her/his name for the total of the documented expenses, which should never exceed the approved US\$ 300. The **administrative format 8.16** and all the receipts, bills, and cash receipts should be included that support the total funds requested. If accounting is the responsibility of the same conservation organization in subsequent years, the petty cash fund does not need to be closed at the end of the year and opened again in January. However, if the conservation organization in charge of accounting differs from that of the previous year, the opening of a new petty cash fund should occur the week following the first disbursement of the new year.
- 4.2 The check should then be cashed and the person in charge should keep the money in the safe.
- 4.3 Replenishment of the petty cash fund should occur at least once a month or whenever deemed necessary.
5. Maintenance of the petty cash fund

7. Administrative Procedures

- 5.1 The petty cash fund should only include money derived from the replenishment checks. Cash received from unused travel expenses or other projected expenses should be deposited directly into the bank account and not into the petty cash fund.

7.13 Inventories

POLICIES

The Administrative Assistant and the GCME accountant should keep the inventory of all equipment up to date, including:

- Office equipment, furniture, computer equipment, radio-communication equipment, vehicles, photographic equipment, field equipment, fire control equipment, generators, and any other equipment or fixed asset.

In the case of MPA, the equipment will be the property of the conservation organization for a year after the purchase. The conservation organization will then donate the equipment to CONANP.

PROCEDURES

The Administrative Assistant and the GCME accountant will be responsible for keeping the inventory of equipment and fixed assets up to date.

The inventory should include the following information (**administrative format 8.3**):

- Date of registry
- Article description
- Purchase date
- Brand
- Model
- Serial number
- Registry number
- Location of the equipment

The purchase value should include freight and installation costs, taxes, and other expenses necessary for keeping the equipment ready for use.

**7. Administrative Procedures**

**7.14 Filing of Documents**

1. All original documents should be kept in the conservation organizations (in the case of MPA expenses) or in FMCN (in the case of PCU expenses).
2. All financial records and supporting documents related to accounting registries should be filed in chronological and numerical order by document type and period, including bank statements, cancelled checks, and account reconciliations. These documents should be kept for ten years starting on the closing date of the corresponding fiscal year.
3. Files with original check requests and supporting documentation should be sent to the conservation organization every month.
4. MPA offices should keep copies of all documents sent to the conservation organization.

**7.15 Audits**

**FINANCIAL STATEMENTS**

1. FMCN independent auditors will conduct an annual fiscal audit of the records and financial statements of FMCN. The audit will follow the generally agreed principles for accounting and audits as defined by Mexican accounting standards. The MPA (whose accounting is kept by the conservation organizations), the PCU, and program administration will require a special review by these auditors, since the audit should include a specific opinion on the records and accounts of the GCME program.
2. The conservation organizations in charge of accounting for any MPA in the project should provide a copy of the results of their annual audit and collaborate with the auditors overseeing the FMCN audit.
3. The GCME Coordinator will provide the donors with the following no later than six months after the end of each year:
  - a) copies of the audited FMCN financial statements,
  - b) opinion of the auditors,
  - c) the report of the auditors, of such scope and detail as reasonably requested by the donors.
4. The FMCN will provide all information that donors may reasonably request with regard to the registries, accounts, financial statements, and audits.
5. The GCME Coordinator will ensure the delivery of information by the auditor to the donors, which the donors may occasionally and reasonably request, on registries, accounts, and financial statements.

**7. Administrative Procedures**

**FINANCIAL AGENT**

1. The FMCN IC will ensure that the financial agent keeps the accounts and the reports in a way that clearly reflects the operation and financial condition of the investment.
2. The financial agent will deliver promptly, and no later than four months after closing of the year, a detailed report that describes the performance of the investment by the closing date according to the investment guidelines. This report should be presented to the IC, the FMCN Board, and the donors.
3. The financial consultant hired by the FMCN is responsible for delivering reports on the investment to the GCMEC as requested, as well as an annual report on the investment performance.

**8. Administrative Formats**

- 8.1 Example of Presentation of Expenses
- 8.2 Check Request
- 8.3 Inventory Format
- 8.4 Consolidated Financial Report
- 8.5 Itemization of Basic Operation Expenses
- 8.6 Itemization of Basic Equipment
- 8.7 Itemization of Basic Conservation Activities
- 8.8 Itemization of Basic Community Activities
- 8.9 Itemization of Basic Capacity-building Activities
- 8.10 Itemization of Basic Coordination Activities
- 8.11 Itemization of GCME Administration Costs
- 8.12 Approval of Financial Reports
- 8.13 Monthly Bank Account Reconciliation
- 8.14 Application of Current Cost Under-spending
- 8.15 Request for Budget Modification
- 8.16 Petty Cash Report
- 8.17 Petty Cash Temporary Receipt
- 8.18 Cash Receipt

**9. Annexes**

9.1 Investment Guidelines

9.2 Instructions and Format for the Annual Operating Plan

9.3 Instructions and Format for the Trimester Report (Excel file)



9. Annexes

9.1 Investment Guidelines

**Investment Objectives**

The primary objective for investing the assets shall be the generation of annual income while simultaneously preserving the value of the endowment capital through adequate diversification of high quality instruments, with an acceptable degree of risk. The portfolio will be measured against a reference rate (see below).

**Execution of Services**

Except when the Investment Committee at FMCN directs otherwise, the Independent Financial Advisor (IFA) hired by FMCN may select brokers and dealers to purchase and sell securities for the purposes of the project. In making such selection, the IFA shall comply with its duty to obtain best executions and may take into account such factors as price, financial responsibility and execution capability of the broker/dealer, research, and other services furnished by such broker or dealer.

**Investment Guidelines**

- (a) Annual Income Objective: Funds will be invested according to the present guidelines seeking maximum return.
- (b) Investment Constraints:
  - 1) Investments must exclude corporations capitalized at less than US\$ 250 million.
  - 2) Fixed-income securities must be rated BB or better by S&P or equivalent.
  - 3) Derivatives are permissible for hedging purposes only.
  - 4) Longer maturity is preferable.
- (c) Investment Parameters:
  - 1) After disbursements, principal should not decrease by more than 8% in any one year (this will be achieved on a "best efforts" basis with the recognition that market volatility may render this objective impossible).
  - 2) Equity allocation should range between 10% and 70% of the total market value of the portfolio.
  - 3) Individual equities positions at cost can be up to 10% of the portfolio value.
  - 4) Fixed income allocations should range between 30% and 90% of the total portfolio value.
  - 5) Combined Government Securities (Mexican) at cost can meet 100% of the fixed income portion of the portfolio. Individual positions at cost can reach 100%.
  - 6) Combined Sovereign and Quasi-Sovereign Bonds at cost can be up to 100% of the fixed income portion of the portfolio. Sovereign and Quasi-Sovereign

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Positions will be considered individual instruments as per the maturity date of each and can be up to 35% of the fixed income portfolio.

- 7) Combined Corporate Bonds at cost can be up to 35% of the fixed income portfolio. Individual positions at cost can be up to 10%.

The above guidelines are summarized in the following table:

Asset allocation	Equities		Fixed Income				
	<u>MIN</u> 10%	<u>MAX</u> 70%	<u>MIN</u> 30%	<u>MAX</u> 90%			
Instrument exposure	<u>MAX</u> <u>Comb.</u> 10%	<u>MAX</u> <u>Ind.</u> 10%	Cap > \$250 million	Gov. Securities	<u>MAX</u> <u>Comb.</u> 100%	<u>MAX</u> <u>Ind.</u> 100%	-
				Emerging Bonds	100%	35%	BB
				Corporate Bonds	35%	10%	BB
Maturity	-----		Longer is preferred over shorter				

### Reference rates

<u>Investment</u>	<u>Reference rate</u>
Total Fixed Income in dollars	85% Mexican Sovereign Latin Eurobond Index
Total Equities in dollars	15% S&P
Total Fixed Income in pesos	85% PIP-Real
Total Equities in pesos	15% IRT

**9. Annexes**

**Other Restrictions**

The currency exposure of the portfolio may be actively managed from the base currency of the U.S. Dollar or the Mexican Peso. Third currency hedging is permitted. The portfolio will not be permitted to have net short positions in any single currency.

Derivatives (e.g., forwards, futures, swaps, options) may be used at all times or as circumstances that warrant hedging against interest and exchange rate risks. To the extent possible, use will be made of hedging products that are traded on recognized exchanges. Where this is impractical, transactions will be entered into only with brokers of financial institutions of sound financial standing.

**Annual Review**

It is the intent of the FMCN to review these general investment principles and guidelines at least annually, effect changes as required, and communicate any changes or additions in writing to the donor on a timely basis. Such changes or additions shall take effect only after the donor has accepted them in writing.

All investment activities must be conducted according to the CFA code of ethics.

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9.2 Instructions and Format for the Annual Operating Plan

Instructions for preparing the POA

The POA consists of one part in Word and another one in Excel. The GCME Coordinator will send to the MPA the corresponding files. The instructions for the Word file are found in Italics within the document.

The Excel file contains section 6 and 7 of the POA. Section 6, which includes the budget per technical activity, allocates amounts from the catalog of accounts to each of the technical activities defined in the logical framework. This section is found in the first page of the Excel file, which feeds through formulas of the budget summary (found on page 2 of the Excel file) and the trimester program by administrative activity (pages 3 to 7 in the Excel file). In order to adhere to the budget limit, page 7 (which contains the basic capacity-building activities) shows the total budget, with a signal indicating whether the approved budget has been surpassed.

In the Excel file, the **gray areas should not be touched**, while the white areas need to be filled according to the following instructions:

- **Page 1** ⇒ “**Budget by technical activity**” contains in a vertical arrangement the catalog of accounts up to 25 activities (in case more are needed, please contact the GCME office). According to the operation plan for the period, it is necessary to include the number of the activity and the amounts budgeted for each trimester **without taxes and salaries** for each administrative activity and sub-activity. The area for basic operation costs for each technical activity is shown in gray.
- **Page 2** ⇒ “**7a. Budget summary**” presents, according to the information presented in the previous page and insertions in the following pages of the Excel file, the total of every eligible administrative activity. Additional sources of financing for the MPA in the coming year need to be added by specifying the amount allocated to each administrative activity.
- **Page 3** ⇒ “**7b. Basic operation costs**” will be fed by the data on the technical activities on page 1. Only the expected taxes need to be added.
- **Page 4** ⇒ “**7b. Basic operation equipment**” will be fed by the data on the technical activities on page 1. Only the expected taxes need to be added.
- **Page 5** ⇒ “**7b. Basic conservation activities**” contains the budget fed by page 1 in the file. Only the areas in white need to be filled, which include the

9. Annexes

taxes and the area corresponding to personnel to be hired (number of people with the same position, position, and budget per trimester). It is important to remember that the budget limit includes personnel benefits, which are approximately 40% on top of the net salaries (it is not necessary to calculate this sum, since the benefits line includes the corresponding formula).

- **Page 6** ⇒ **“7b. Basic community activities,”** with the same instructions as page 5.
- **Page 7** ⇒ **“7b. Basic capacity-building activities,”** with the same instructions as page 5. The end of this page contains a verifying formula. In case the total budget exceeds the amount approved, a message error will appear. Another message will indicate if the budgeted amount is less than the amount approved. When the budget corresponds to the approved amount, the following message will show: **“Congratulations, correct budget.” It is important to remember that any adjustments made to reach the budget limit have to be made on page 1 of the Excel file.**
- **Page 8** ⇒ **“7 c. Additional information on personnel”** will further define the monthly salary and working months for the personnel to be hired, so that this information is included in the agreement with the conservation organizations in charge of hiring personnel.
- **Page 9** ⇒ **“Summary table”**: This page concentrates the information contained in the POA to be used in agreements, reports, and other project documents. It should not be filled, since it is based on formulas for its self-elaboration. It should only be included when the files are sent (either electronically or printed).

**Format for formulating the POA**

(The following Word file complements the Excel file mentioned above.)

***Annual Operating Plan  
2004***

---

*Name of the MPA*

**CONTENT**

1. Introduction
2. Background
3. Assessment of present and future situation
4. Matrix on Project Planning (ZOPP)
5. Operation Plan (ZOPP)
6. Budget per technical activity
7. Spending program
  - a) Budget summary
  - b) Trimester program per administrative activity
  - c) Additional information on personnel
8. Purchasing plan
9. Annexes
  - a) Minutes of meeting with the Advisory Council
  - a) Inventory of fixed assets
  - b) Others

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**1. Introduction**

- MPA category:
- Date of decree and/or change of category:
- Number of inhabitants:
- Total surface, surface of buffer, and core area (*if appropriate*):
- Geographic coordinates:
- Closest population centers:
- Types of ecosystems present in the MPA:
- Keystone species:
- Indigenous peoples in the area (*if appropriate*):
- Organizations that work directly with the MPA:
- Additional observations:

**2. Background**

*Include here a brief summary (maximum one page) on the advances and difficulties encountered in the first semester of 2007, as well as the expected activities for the last semester. This section attempts to analyze the present situation of the MPA, so that the goals proposed in the POA 08 are attainable.*

**3. Assessment of present and future situation**

- **Additional financial sources to GCME and fiscal funds in 2008** (*Include the name of the organization or institution, the expected funds, and the degree of certainty of the funds and projects to be supported. Use the format of the table below, which shows an example*).

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Financial source(s)	Project, program or activities	NGO or implementing institution	Amount US(\$)	Duration		Degree of certainty
				Starting date	Finishing date	
TNC	Balance of topics	Amigos de Sian Ka'an	N/A	01/07	06/08	70%
WWF	Personnel training	CONANP	23,000	01/08	12/08	100%

- **CA situation in 2007:** *(Include a brief description on the meetings conducted in 2007, and explain how CA participation was included in the formulation of the POA 08. Remember that participation of the CA in the formulation of the POA is necessary in order to receive GCME funds, so the minute(s) of the meeting with the CA or subCAs showing this participation should be attached).*
- **Equipment inventory:** *(Include in an attached file the inventory of the MPA equipment, classifying it by funding source, e.g. fiscal, ENDESU, etc. Such classification will highlight the existing possessions of and needs for fixed assets, as well as define the equipment purchased with GCME funds).*

**1. Matrix on Project Planning (ZOPP)**

*This section corresponds to the results of ZOPP planning workshops. The number of results depends on the MPA. This format will serve as a basis for the trimester reports in 2008.*

**Matrix on Project Planning (ZOPP)**

Strategy	Indicators	Verification Sources	Assumptions
<i>Principal objective</i>			
<i>Results</i>			
R1.			
R2.			
R3.			
R4.			
R5.			

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**5. Operation Plan (ZOPP)**

*The Operation Plan contains the technical activities to be conducted in 2008 according to each of the results. The plan should be updated and contain realistic goals. This section will also form part of the trimester reports in 2008. The number of activities will vary according to the MPA, so this format will be readjusted accordingly.*

<b>Operation Plan 2008</b>							
	<b>Activities</b>	<b>Goal</b>	<b>Responsible party</b>	<b>CHRONOGRAM</b>			
				<b>2008</b>			
				<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>
<b>R1</b>	A1.1						
	A1.2						
	A1.3						
<b>R2</b>	A2.1						
	A2.2						
	A2.3						
<b>R3</b>	A3.1						

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	A3.2						
	A3.3						
	A3.4						
<b>R4</b>	A4.1						
	A4.2						
<b>R5</b>	A5.1						
	A5.2						
	A5.3						
	A5.4						

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**6. Budget per technical activity**

*Please attach the section on page 1 of the Excel file.*

**7. Spending program**

**7a. Budget summary**

*Please attach the section on page 2 of the Excel file. The total amounts per financial source expected in 2008 should be included.*

**7b. Trimester program per administrative activity**

*Please attach the section on pages 3 to 7 of the Excel file.*

**7c. Additional information on personnel**

*Please attach the section on page 8 of the Excel file.*

**8. Purchasing plan**

*Chapter 7 of the Manual of Operations enumerates the guidelines related to the purchasing and contracting of services or consultants.*

*On the basis of this information and a review of Chapter 7, please submit the following:*

- **Purchasing and contracting of consultants or services with GCME funds and according to the POA 08 will follow the procedures outlined in the Manual of Operations:**

\_\_\_\_\_  
*(Name and signature of the MPA Director)*

**9. Annexes**

- a) Minutes of meeting with the Advisory Council
- b) Inventory of fixed assets
- c) Others

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9.3 Instructions and Format for the Trimester Report

Instructions

*1) Results matrix*

Name (a) – Name of the MPA

Reporting period (b) – Specify the start and finish dates of the trimester, for example, 01/January/2008 to 31/March/2008. The annual report's period is 01/January/2008 to 31/December/2008.

Strategy (c) – Include the results according to the project planning matrix of the MPA.

Indicators (d) – Include the indicators according to the expected results presented in the project planning matrix of the MPA.

Evaluation (e) – Assign the percentage of advancement on an annual basis, considering a trimester accumulation to complete, ideally, 100% at the end of the year. For example, if a lineal relationship between time and the advance of the indicator exists, a 25% advance should be expected after the first three months, 50% for the next three months, 75% after nine months, and 100% at the end of the year.

Deviation (f) – In case the advancement is less than the one anticipated by the MPA, please use the following codes to indicate the reasons for deviation:

- 1 – Difficulties related to personnel
- 2 – Budget difficulties
- 3 – Technical difficulties
- 4 – Difficulties due to lack of inter-institutional cooperation
- 5 – External political factors (assumptions)
- 6 – Others (explain)

Assigned budget (g) – Write the amount assigned for each result. **The assigned amount will be the approved annual total for each result.** This part and the following one require collaboration between directors and administrators. If the result has funding sources other than GCME, please indicate the source (acronyms can be used as long as an explanation is provided). The GCME amounts have to agree with the annual approved budget included in the 2008 POA and the later approved budget modifications.

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Expenditures (h) – Write the amount spent up to the closing of the corresponding trimester. When the assigned budget and the expenditures are compared, there should be no expenditures that surpassed the budget.

**II) Activity matrix**

Name (1) – Name of the MPA.

Reporting period (2) – Specify the start and finish dates of the trimester, for example, 01/January/2003 to 31/March/2003. The annual report's period is 01/January/2003 to 31/December/2003.

Activities (3) – List each activity corresponding to the chronogram of the first trimester according to the POA:

R1	A1.1
	A1.2
R2	A2.1
	A2.2

Annual goal (4) – Briefly describe the goal for the activity for the year according to the POA.

Evaluation (5) – According to the annual goal, assign the percentage of advancement (100% when the goal has been completely accomplished).

Deviation (6) – Use the following codes to indicate the causes for deviation from obtaining 100% advance:

- 1 – Difficulties related to personnel
- 2 – Budget difficulties
- 3 – Technical difficulties
- 4 – Difficulties due to lack of inter-institutional cooperation
- 5 – External political factors (assumptions)
- 6 – Others (explain)

**III) Explanatory text**

On a separate page, explain briefly (one paragraph per activity) the following points:

1. Description of the activity
2. How the goal was or was not achieved
3. If the goal was not achieved, explain why
4. Corrective measures that will be taken to meet the programmed goal
5. Any additional observations

**Format for the trimester report**

(This annex complements the Excel file that contains the financial part of the report.)

**I. RESULTS MATRIX**

Protected Area		Reporting period					
Strategy		Indicators		Evaluation	Deviation	Assigned budget	Expenditures
R1.							
R2.							
R3.							
R4.							
R5.							

**II. ACTIVITY MATRIX**

Protected Area		Reporting period:		
Activities		Goals for the period	Evaluation	Deviation
R1				
	A1.1			
	A1.2			
R2				
	A2.1			
	A2.2			