



We closed 2017 with many personal, social, financial and technical achievements that will lay the groundwork for coming years of work.

Through this annual report, we will take a look at all the elements that have brightened and enriched both our lives and our community—material and intangible goods, relationships and resources, knowledge and experience—the things that drive us to achieve our dream of a better future, one that is vibrant, prosperous, and full of life.



LETTER FROM THE CHAIRMAN OF THE BOARD AND THE GENERAL DIRECTOR



his year, like each of the 23 years since our founding on October 1, 1994 as Mexico's environmental fund, has been a good one. Most of you know our story well. In order to put the last two decades into perspective, we would like to share the following ten accomplishments.

From 1994 to 2017, we have:

- 1. Financed and overseen 1903 biodiversity conservation projects.
- **2.** Mobilized the resources of the **over 80 donors** who have put their trust in us.
- 3. Invested close to 150 million dollars in the field via donations.
- Consolidated an endowment whose value, at the end of 2017, is worth more than 130 million dollars.
- 5. **Trained 45 professionals** who currently devote their talent to our institution.
- 6. Supported the careers of over 100 professionals who now occupy key posts in the business, philanthropic, and public sectors.
- 7. Collaborated with five presidential administrations.
- **8.** Designed and launched **10 programs**, five of which are currently in operation.
- 9. Prepared and executed five strategic plans.
- 10. Created three regional environmental funds and the Environmental Communication and Education Fund and participated in the design and incorporation of a global knowledge exchange network (the Latin American and Caribbean Environmental Funds Network) that is about to celebrate its 20th anniversary.

Now, with so much young talent in our ranks, this institution will evolve and explore new financing mechanisms to support conservation efforts.

So far, the journey has been fascinating. We began 23 years ago by sponsoring projects through calls for grants and support for partner institutions. Since then, we have focused our efforts on programs and coalition-building. Now, as we enter a new phase, we aim to incorporate primary sectors such as ranching, agriculture, forestry, fishing, tourism, and mining as partners in our conservation efforts. To do so, we are examining visionary concepts and paradigms such as regenerative economics, impact investing, and the virtuous appropriation of geographies and local economies by Mexican communities and individuals who live in daily contact with their natural resources.

We can safely say that, since our early days of participatory design, we have been an institution with a soul. Each member of the Mexican Fund for the Conservation of Nature, whether they form part of the assembly, the board, the committees, or the team of collaborators, have in one way or another come to the same conclusion as to the reason for our philanthropic work. As stated by Simon Sinek in his book *Start With Why*, we are building and conserving a cathedral, one made of natural resources and knowledge that will provide future generations of Mexicans with hope,



PUMA
Sierra de San Marcos y Pinos, Coahuila
Daniel Garza Tobón

sustenance, and quality of life. Understanding the enormous importance of this challenge has led us to commit all of our energy and professionalism to this institutional project.

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Alberto Saavedra Olavarrieta

CHAIRMAN OF THE BOARD

Lorenzo J. de Rosenzweig Pasquel

EXECUTIVE DIRECTOR



OUR PRINCIPLES



MISSION

To build a better future for Mexico through conservation finance and by forming alliances and learning networks.

VISION

Mexico has reversed the degradation of its ecosystem and society now values the biodiversity upon which its well-being depends. FMCN is an innovative and financially stable institutional leader with a transparent system of governance. Its human capital is both talented and committed to its conservation programs, and it can effectively respond to domestic and international conservation needs.

VALUES

INTEGRITY

Adheres to the highest standards of honesty and transparency.

COOPERATION

Fosters partnerships with others to reach ambitious and inspiring shared objectives.

CREATIVITY

Brings innovation and flexibility to conservation activities.

COMMITMENT

Shows passion for conservation of the natural world based on experience and the best knowledge available.

PERMANENCE

Strives for continuity and a long-term vision for an institutional presence.



2013-2017 STRATEGIC PLAN

The 2013–2017 Strategic Plan laid down a blue print that shaped FMCN's programs and projects—it constituted the institutional guide for its last five years of work and supported our operational focus. In 2017, FMCN's directors and staff put together the 2018–2023 strategic plan in order to address Mexico's new conservation challenges.



2017 PROJECTS



24 YEARS OF FMCN



1903
PROJECTS
FINANCED

157.74 76
million dollars
invested in conservation
prior

ACTIVITIES

76
priority species supported

80 CALLS FOR GRANTS



CONSERVATION

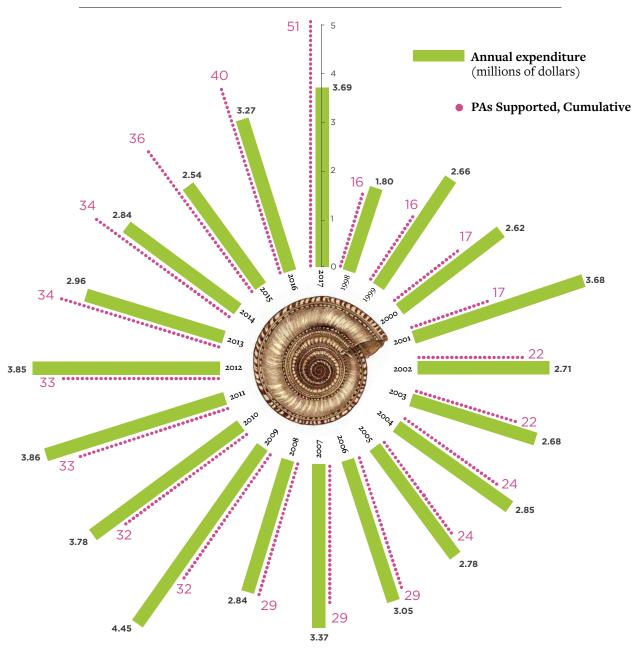
IN PROTECTED AREAS

51
PAS SUPPORTED

62.28
million dollars invested
IN WILDERNESS PROTECTION

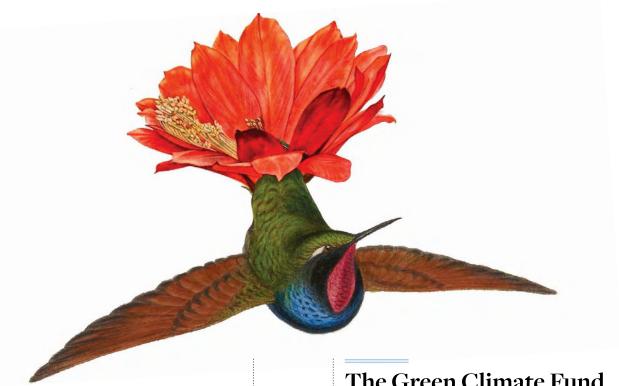


Annual Expenditure and Number of Natural Protected Areas (PAs) Supported





FINANCING SOURCES AND MECHANISMS



Private Sector Financing

In recent years, private sector involvement in funding conservation projects has increased. FMCN has opened doors, built partnerships and captured the interest of corporate donors such as Citibanamex Compromiso Social, City Express Hotels, Servicio Continental de Mensajería, American Eagle Outfitters, HSBC, Kimberly-Clark of Mexico, 7-Eleven México, Cinépolis, Axis Communications and Grupo Materias Primas, among others. The contribution of these companies has been essential in achieving successful results, and it is expected that private sector support of FMCN's work will continue to rise.

The Green Climate Fund

The Green Climate Fund (GCF) is the largest international fund that helps developing countries mitigate and adapt to the effects of climate change. In 2017, the Ministry of Finance and Public Credit nominated FMCN to begin the process of being accredited by the GCF as an implementing in-country agency.

Consequently, FMCN, which operates in accordance with the Practice Standards for Conservation Trust Funds, has revised and updated its practices and procedures in order to bring them up to international standards. In November 2017, it finished submitting a series of institutional documents for GCF accreditation. This process was carried out with the support of the consultant who led a similar process for the Environmental Fund of Peru. It is expected that FMCN's accreditation will be approved in 2018.





SMOOTH FLOWER CORAL Mesoamerican Reef System Antonio Pastrana

The Mesoamerican **Reef Fund**

Made up of the national environmental funds of Mexico, Guatemala, Belize, and Honduras, the Mesoamerican Reef Fund (MAR Fund) was established in 2004 in order to create a long-term mechanism for coordinating financial and technical resources to address critical issues revolving around the Mesoamerican Barrier Reef System.

Coastal development, habitat loss, unregulated tourism, overfishing, and the use of agroindustrial pesticides in areas that drain into the sea are some of the primary threats to the region. In over 13 years of operation, MAR Fund has promoted the integrity of both the region's ecosystems and the communities that depend upon them.

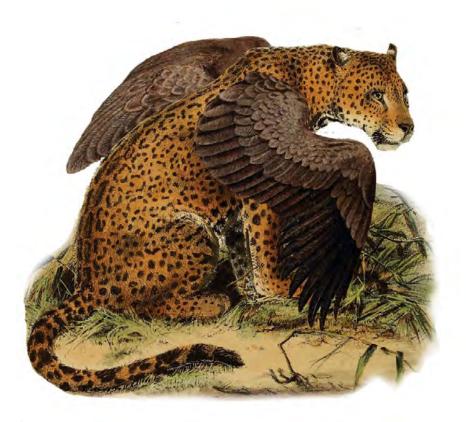


MAR Fund is financing initiatives in 28 marine protected areas in Mexico, Guatemala, Belize, and Honduras.

> MAR Fund is financing initiatives in 28 marine protected areas in these four countries. Since 2012, with financing from the German Agency for International Cooperation, it has been implementing the Central American Marine Resources Conservation Project, which works to explore innovative, transnational solutions to the region's environmental problems.

> To date, MAR Fund's endowment is worth over 26 million dollars.





Regenerative Ranching as a Tool for Conservation

The Private Land Conservation Program (PCTP) seeks to incorporate private and communal property into conservation mechanisms. Its primary project promotes regenerative ranching through adaptive grazing management that aims to regenerate the fertility of the soil and restore the natural cycles of local ecosystems. The PCTP has been supported through alliances with civil society and the private sector and strengthened by workshops and working groups.

In 2017, FMCN coordinated and participated in domestic and international events on sustainable

ranching. One of these was the Veracruz Sustainable Ranching Forum and Workshop, which was attended by over three hundred ranchers, academics, and representatives of civil society and was focused on the profitability of regenerative and sustainable ranching.

FMCN has also joined the Regenerative Ranch Management Network, allowing it to distribute relevant content to ranchers in northern Mexico, Veracruz, and Chiapas, and has formed an alliance with the World Wildlife Fund (WWF) to develop a national regenerative ranching strategy. To date, over 350,000 hectares of private land have adopted regenerative management practices, and we hope to secure the commitment of even more stakeholders in the coming years.

Sustainability in the Kitchen

The Sustainable Rural Life (VRS) project protects natural areas that are rich in biodiversity by encouraging local communities to participate further and adopt green technology.

After the successful implementation of the project in San Pedro Tetitlán, Oaxaca in 2016 and in Atlequizayan, Puebla in 2017, VRS has reached the Puuc region of the Yucatán Peninsula. The Maya communities Suc Tuc and Ich Ek have received green technology and participated in awareness-raising sessions and trainings on the use of energy-efficient firewood stoves and solar ovens. With Túumben K'óoben, our partner organization, workshops were held to teach these communities how to build their own energy-efficient firewood stoves using local materials.



Francisco Cubas





The number of identified golden eagle nesting sites has risen from 81 to 137.

Golden Eagle Conservation

Five years after the start of the Golden Eagle Population and Habitat Recovery Project, we have seen encouraging results that include an increasing amount of information available on this species in Mexico.

The number of identified nesting sites has risen from 81 to 137. In one of them, a young eagle was monitored through a satellite tracking device. The data this provides will allow us to better understand the ecology of the species through an analysis of its migratory routes. The genetic analysis of golden eagles will also allow us to estimate the size of the existing population. Two chicks in nests in Zacatecas were also placed under 24-hour monitoring over a 10-week period to learn about their diet and behavior.

In 2017, FMCN organized the third meeting on golden eagle conservation efforts and experts met with government agencies to discuss the topic. The meeting led to more open dialogue and the creation of a shared agenda that will work to maximize conservation efforts in the field.

Facing Climate Change

The Conservation of Coastal Watersheds in the Context of Climate Change Project (Project C6) promotes the conservation of biodiversity, the mitigation of climate change effects, and the sustainable use of biodiversity through the comprehensive management of 16 priority coastal watersheds located in the Gulf of Mexico and the Gulf of California. This is an unprecedented interinstitutional initiative bringing together the National Commission for Natural Protected Areas (CONANP), the National Forestry Commission (CONAFOR), the National Institute of Ecology and Climate Change (INECC), and FMCN.

In 2017, the World Bank conducted the mid-term review of this project and gave congratulations for their progress and the results achieved to date. Project C6 has organized a coalition of non-governmental organizations to represent the families of producers who are promoting coordinated efforts in specific watersheds. During this period, four additional Natural Protected Areas (PAs) were incorporated into the project: Los Tuxtlas Biosphere Reserve, Veracruz Coral Reef System National Park, Lobos-Tuxpan Coral Reef System Flora and Fauna Protection Area, and Usumancinta Canyon Flora and Fauna Protection Area.



In 2017, the World Bank conducted the mid-term review of this project, congratulating its partners for their progress and the results achieved.



Ensuring the Urban Water Supply

The availability of water in urban areas is one of the most important environmental challenges today. Since 2001, FMCN's Watersheds and Cities Program has fostered interinstitutional cooperation initiatives and created 7 model programs to protect and restore the watersheds that supply Mexico's cities. These initiatives are working to deepen social participation and ensure coordinated investments from key actors.

In 2017, FMCN financed 11 local initiatives that together preserve nearly 130,000 hectares of watersheds—18,800 of which have compensation schemes providing hydrological services that directly benefit over 2,000 families.





Tulúm, Quintana Roo Luis Fernández-Veraud

This same year, the Gonzalo Río Arronte Foundation announced its financial support for the implementation of Phase Four of the Watersheds and Cities Program over the next four years. This new phase includes 10 initiatives—one of which will address the water sources serving Guadalajara, Jalisco, Mexico's third most populated city. This project aims to improve land management in the two sub-watersheds that provide 40% of Guadalajara's water through collaborative restoration and conservation measures, the strengthening of local capacities, and the creation of networks connecting rural and urban areas.

ANGELFISH Caribbean Antonio Pastrana

Conservation of Marine and Coastal Areas

The Marine and Coastal Conservation Program finances initiatives in PAs aimed at managing and protecting the ecosystems and natural resources of the Gulf of California, the northern Pacific, and the Mesoamerican Reef. At the same time, it builds strategic alliances with environmental and fishing authorities, non-governmental organizations, coastal communities, and donors.

This program also facilitates the management of private lands that are important to conservation efforts. Under this framework, FMCN has restored, managed, monitored, and maintained infrastructure and signage in Valle de los Cirios, Bahía Magdalena, San Quintín, the San Cosme-Punta Coyote corridor, and the wetlands of Sinaloa. In December 2017, Marismas Nacionales Biosphere Reserve became the latest PA to receive the institution's support.

Also in 2017, in coordination with the institution's Natural Protected Areas Conservation Program and as the MAR Fund partner in Mexico, FMCN spearheaded conservation measures in both the Yum Balam Flora and Fauna Protection Area and Bahía de Chetumal State Manatee Reserve. Additionally, FMCN financed six other initiatives in five key marine areas aimed at promoting sustainable tourism practices, measuring blue carbon levels in mangrove forests, monitoring schools of fish and sea turtle nesting, restoring coral reefs, and promoting participatory management in PAs.



Monitoring the State of Biodiversity in Mexico

The National Biodiversity Monitoring System (SNMB) is the product of a five-year collaboration between the National Commission for the Knowledge and Use of Biodiversity (CONABIO), CONAFOR, CONANP, and FMCN. This innovative partnership brings together information on biodiversity in Mexico while generating reports on the state of conservation of the country's ecosystems.¹

In 2017, a new phase of this joint effort began with the implementation of the Community Biodiversity Monitoring Protocol (BIOCOMUNI), which allows *ejidos* and farming communities to systematically share their knowledge and experience, thus contributing to better decision making. In 2018, CONAFOR, with the support of FMCN and the U.S. Forest Service, will implement this protocol in areas that have Payment for Ecosystem Services programs, a part of the Biodiversity Heritage Fund.



1 http://www.biodiversidad.gob.mx/sistema_monitoreo/



Protecting Jaguar Habitats

In 2017, Conservation International, Friends of Calakmul, CONABIO, and FMCN joined forces to create the 1.5-million-dollar Calakmul Heritage Fund. This fund will provide the financial backing for ecosystem services in the Pustunich, Yohaltún, and Laguna Om *ejidos* in order to preserve 72,100 hectares of jaguar habitat in the Calakmul Biosphere Reserve.

This fund will also finance the 2018 International Ecology and Neotropical Cat Conservation Symposium. The goal of this event is to systematize the principal recommendations for the conservation of jaguars and other cats, such as ocelots, margays, and jaguarundis, as well as to promote collaboration between Latin American countries to create biological corridors to protect them. Additionally, the Calakmul Heritage Fund will launch a local





JAGUAR Santiago Gibert

public relations campaign to promote the jaguar as a symbol of local pride for communities that share its habitat.



Improving the Capacity to Fight Wildfires

The Wildfire Management and Restoration Fund (FOMAFUR) aims to improve the capacity of non-governmental organizations and rural communities to fight the wildfires that affect natural areas.

At the end of 2017, FMCN selected 11 projects to receive financing over the next two years in order to strengthen their capacity to fight fires and restore affected areas. These initiatives will be implemented by local organizations in federal PAs in Baja California Sur, Campeche, Chiapas, Colima, Jalisco, México State, Michoacán, Quintana Roo, and Yucatán.

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LA FRAILESCANA PROTECTED AREA Chiapas Comunidad, Ambiente y Biodiversidad, A.C.



FAMILY OF BLACK BEARS Sierra de San Buenaventura, Coahuila Daniel Garza Tobón

more than 25 people were trained to respond to incidents involving black bears approaching human settlements, and 25 species-monitoring devices were installed.

As part of a social awareness-raising effort, the Frontiers of Fire and Fauna campaign was launched. This included infographics and other public relations materials on golden eagles, prairie dogs, black bears, and forest fire prevention were designed and distributed.

Exchanging Knowledge on Forest Issues

FMCN's International Technical Cooperation on Forest Issues Program is dedicated to exchanging and strengthening fire management skills. As a part of both this program and the U.S. Forest Service, the First Latin American Women's Leadership Encounter on Forest Fire Management was held in 2017 in Tucson, Arizona. This event brought together 22 representatives from across Latin America to receive training, share experiences, and identify areas for improvement in the fight against forest fires.

At the national level, the Firefighting Leadership Course was held in Mérida, Yucatán and included the participation of 25 Mexican women who are involved in wildfire management.

Frontiers of Fire and Fauna

Since 2014, the Wildfire Prevention, Species Conservation, and Community Participation Program in Priority Biodiversity Areas, financed by Citibanamex Compromiso Social, has contributed to biodiversity conservation efforts in the state of Coahuila.

Through this initiative, which works in partnership with the Coahuila Ministry of the Environment, CONAFOR, CONANP, and the nonprofit Mexican Fauna Protection, 35 fire outbreaks were contained and firebreaks were given maintenance. The infrastructure of the State Wildfire Management Center was strengthened and emergency protocols to address forest fires were designed. Additionally,



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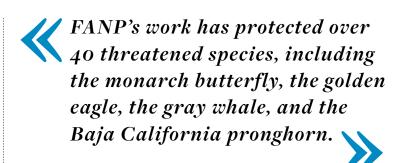
MAPIMÍ NATURAL PROTECTED AREA

Durango

Rodrigo Robles

Natural Protected Areas Fund

The Natural Protected Areas Fund (FANP) is a public-private collaboration between FMCN and CONANP that has financed strategic conservation activities in 51 PAs. In 2017, FANP held its 20th anniversary celebration, which was attended by donors and representatives of the government and members of civil society and academia. The directors of the 51 PAs that have received support from FANP received special recognition during the ceremony. To date, this fund has sponsored over five hundred initiatives, including species monitoring, the restoration of degraded areas, community surveillance, fire management, ecotourism, and training. FANP's work has protected over 40 threatened species including the monarch butterfly, the golden eagle, the gray whale, and the Baja California pronghorn.



In 2017, FANP financed 39 initiatives in 35 PAs. These initiatives include conservation actions for species endemic to Cozumel Reefs National Marine Park, such as the Cozumel raccoon, the Cozumel thrasher, the white-nosed coati, and the great curassow; the restoration of over 190,000 hectares of land and support for the sustainable management of an additional 361,810 hectares; training for nearly 5,000 people; and the organization of over 90 forums.

Conserving the Monarch Butterfly and Its Habitat

Founded in the year 2000, the Monarch Butterfly Conservation Fund (FCMM) serves as an innovative funding source for ecosystem services in *ejidos* and rural communities that both reside in and conserve the core of the Monarch Butterfly Biosphere Reserve. This is an endowment fund that uses resources from the Packard Foundation and CONAFOR.

In seventeen years, FCMM has provided nearly 54 million pesos in payment for ecosystem services to 34 *ejidos* and rural communities, and has contributed to stopping illegal logging and restoring the reserve's forests.

To date, the results of the program's first five years include the reforestation of 285 hectares and the protection of 226 springs. This, as well as the detection of infestations and forest fires, is the product of these communities' efforts to conserve, restore, and monitor these forests.



WHITE-TAILED DEER
Rancho Las Pilas, Serranía del Burro, Coahuila
Lorenzo J. de Rosenzweig

A Fund for Endangered Species

The Endangered Species Conservation Fund (FONCER) was founded in 2013 with the goal of financing measures to conserve 14 critically endangered Mexican species that live in 21 PAs. FMCN is responsible for the financial management of this endowment fund, which totals one million dollars. CONANP is in charge of activities in the field while the nonprofit Espacios Naturales y Desarrollo Sustentable (ENDESU, A.C.) administers the interest on the endowment and other resources. FONCER is funded by contributions from the Global Environment Facility and other donors.

In 2017, FONCER's Technical Committee was created. It is composed of representatives from the government, non-governmental organizations, academics, and wildlife experts.

Achieving FONCER's long and short-term goals will be possible through local participation, financial stability, and the effective management of PAs with a vision that incorporates everything from wildlife species to the landscape itself.

MONARCH BUTTERFLY
Guatemala
Lorenzo J. de Rosenzweig



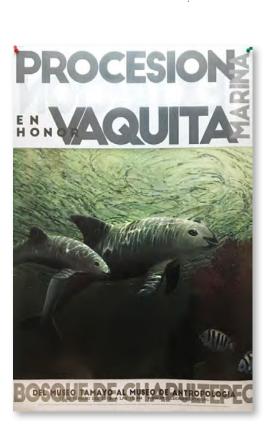


The Gulf of California Fund

Since its establishment in 2004, the Gulf of California Fund (FGC) has channeled financial resources to projects in marine and coastal PAs and their buffer zones in order to manage and conserve the ecosystems of the Gulf of California and the northern Pacific.

In 2017, the FGC funded 27 initiatives to strengthen operations in PAs, reinforce the social fabric of coastal communities, and promote sustainable fishing and tourism. These projects have included the consolidation of PAs through participatory zoning mechanisms, the fishing restoration and management program in Ensenada de La Paz, and the establishment of fishing refuge zones in Baja California Sur.

In collaboration with CONABIO, the first steps have been taken to promote strategic projects that include the National Marine Biology Monitoring System and a monitoring program for Mexico's mangrove forests.



The Mexican Environmental Funds Network

Over the course of its 24-year institutional life, FMCN has built nationwide alliances with regional environmental funds including the El Triunfo Conservation Fund, operating in Chiapas; the Gulf of Mexico Fund, operating in Veracruz and Tabasco; and the Northwest Fund, operating in the states of Baja California Sur, Baja California, Sinaloa, Nayarit and Jalisco. In 2016, these organizations came together with FMCN to found the Mexican Environmental Funds Network (RedFAM).

Based on the best practices for national environmental funds as established internationally by the Conservation Finance Alliance and RedLAC, RedFAM has developed a set of operating standards for its affiliates that are adapted to Mexican circumstances. By working through the network's regional members, FMCN guarantees more effective and efficient use of investments through the use of on-the-ground operators and lower costs for field supervision and skill development in different regions of the country.

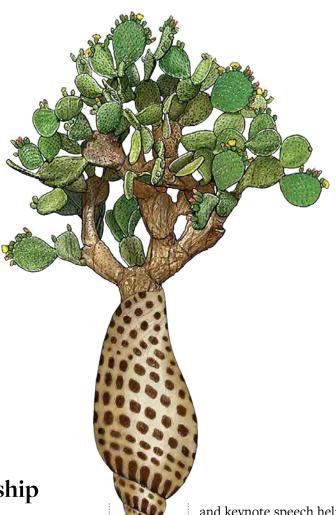
Saving the Vaquita Porpoise

The vaquita porpoise, with a population of fewer than 30 individuals, is a critically endangered species that is unique to the Upper Gulf of California. In 2017, FMCN was invited to participate in a task force that formed part of the alliance between the Mexican government, the Leonardo DiCaprio Foundation, and the Carlos Slim Foundation.

This working group aims to ensure the long-term conservation of the vaquita porpoise. Aside from connecting participants, FMCN facilitated the conceptual framework for the conservation of the vaquita porpoise formulated in 2016 and conducted a study entitled *Biodiversity Conservation in Mexico:* Achievements and Challenges From the Perspective of Civil Society (1995–2017) with the goal of promoting better decision-making.



DEVELOPING LOCAL AND REGIONAL CAPACITIES



Nature and Entrepreneurship

Since 2009, FMCN has organized the biennial Conservation Knowledge Exchange Week (SICC)—a space for sharing experiences and practices among representatives from academia, the government, and civil society.

The 5th SICC brought together 250 local partners to discuss the strategic importance of biodiversity as a provider of raw materials and natural resources within the business realm. FMCN's partners had the opportunity to speak to incubators and microfinance institutions about creating businesses that operate in harmony with the environment. The presentations

and keynote speech helped partners identify areas of opportunity for strengthening their operations, including compliance with their tax obligations, access to credit and markets, and dealing with the effects of climate change. The conference also addressed the need to standardize and increase the efficiency of their processes and strengthen social networks.

To date, FMCN has financed 44 community businesses including San Miguel Environmental Products, a certified lumber producer, and the Calakmul Ecological Apiculture Union, a producer of organic honey.

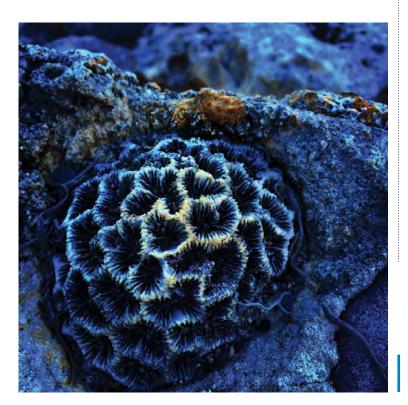


Leadership to Conserve the Mesoamerican **Reef System**

The Mesoamerican Reef System Leadership Program (LSAM) aims to conserve this ecoregion by developing the leadership abilities of young conservationists from Mexico, Belize, and Honduras.

The LSAM Cohort of 2016–2017 included twelve participants who were trained in the application of economic conservation tools. After seven years of operation, six cohorts, 71 trained leaders, and over 50 implemented projects, LSAM has created a resilient network that addresses issues such as sustainable tourism, fishing, solid waste management, and the blue economy.

Given its achievements and its awareness of new challenges, LSAM began a strategic review process in 2017 that allowed it to strengthen its program and develop a five-year plan aimed at expanding the region's capacities to protect both the health of the reef and the prosperity of its communities.





Since the founding of the Pescadero Program, over 230 people from 57 different organizations have received strategic training on organizational management.

Conserving Northwestern Mexico

The Pescadero Program, which is implemented in collaboration with the Northwest Fund, is focused on strengthening and consolidating the institutional capacity and leadership of conservation organizations in northwestern Mexico.

With the goal of making these organizations more effective and resilient in the face of the region's conservation challenges, the Pescadero Program has five main goals: increasing institutional effectiveness through better governance, management, and administration; training staff at the middle and upper levels in leadership skills; diversifying and increasing sources of financing through new strategies; improving their positioning among regional actors through the design of communication and public relations strategies; and meeting institutional goals through strategic planning, monitoring, and self-evaluation.

Since the founding of the Pescadero Program, over 230 people from 57 different organizations have received strategic training on organizational management.

ROUGH CORAL STAR Mesoamerican Reef System Colleen Flanigan

Strengthening Community Forestry Enterprises

The Forest Investment Program (PIF) is the model for a new generation of projects that FMCN has been implementing since 2013. It incorporates forestry companies into conservation efforts while working to increase income for rural communities. It also contributes to the mitigation of climate change by reducing deforestation and biodiversity loss.

Through this program, 55 Community Forestry Companies (EFCs) have received technical training and financing. Twelve EFCs were trained on the restoration of coffee plantations and best practices for logging and bee reproduction. FINDECA, a PIF partner, has channeled 77 million pesos to 20 EFCs for the manufacture and sale of certified wood furniture, timber harvesting, the restoration of coffee plantations, and the distribution and sale of organic coffee and gum. Fourteen of these businesses have been recurrent credit users.

During the 5th SICC, two honey producers that have received the program's support, Uh Sibal Jajal Dios and Lol X'takanil, were recognized for their operational maturity and sense of social responsibility. This experience shows the importance of providing the financial and technical support needed to strengthen EFCs.





Learning Communities

With the goal of sharing progress and lessons learned, FMCN has organized five learning-centered communal networks, or learning communities. Through both in-person and online opportunities, participants are able to share information on issues such as PAs, fire management, watersheds and cities, biodiversity monitoring, and community forestry companies.

The Natural Protected Areas Learning Community (CAAP) is a network made up of PA staff and non-governmental organizations. To promote experience exchanges, CAAP releases a call for proposals every two years to finance projects on issues related to the conservation and the use of natural resources. Examples of such projects include community surveillance, biological monitoring, sustainable fishing, and tourism, among others. Additionally, CAAP periodically organizes

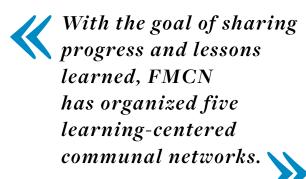


FLAMINGOS Celestún Lorenzo J. de Rosenzweig

a meeting of its partners in order to share experiences and forge alliances that contribute to the proper management and conservation of the country's PAs.

In 2017, the Fire Management Learning Community (CAMAFU) held a training workshop during the 5th SICC to prepare projects for submission to FOMAFUR. It brought together 20 people from both government institutions and non-governmental organizations that were interested in receiving FOMAFUR grants in 2018–2019.

The Watersheds and Cities Learning Community (CACyC) held its annual meeting in Mexico City, which was attended by 35 participants who came together to discuss resource mobilization, the impact of public spending, and the incorporation of economic activities into comprehensive watershed management.



The SNMB Monitoring Network also held its Second Experience Exchange Workshop in Mexico City with 56 participants from 29 PAs, 16 non-governmental organizations, 3 companies that monitor biodiversity, and representatives of CONABIO, CONAFOR, and CONANP. SNMB's data analyses were presented along with tools to revise this information and communicate results at the local level.

With the support of the Community Forestry Companies and Development Project, as well as FMCN and the Inter-American Development Bank's Multilateral Investment Fund, a group of 46 people from 20 EFCs, five technical assistance providers, CONAFOR, and FINDECA participated in the Second Encounter of the EFC Learning Community in Cuetzalan, Puebla. The goal of this meeting was to learn from the 40 years of experience of the Tosepan Titaniske Union of Indigenous Cooperatives and receive information on niche markets for certified forestry and honey products.

SAWMILL, ORO VERDE COMMUNITY
FORESTRY ENTERPRISE
Oaxaca
Robin Canul





PUBLIC POLICY



The Latin American and Caribbean Network of Environmental Funds

The Latin American and Caribbean Network of Environmental Funds (RedLAC) promotes connections between the region's environmental funds by strengthening their capacities and sharing knowledge that promotes conservation and sustainable development. Its 24 members meet once a year during the network's annual assembly.

In 2017, the XIX RedLAC Assembly was held in the Dominican Republic, and at this meeting, FMCN shared its experiences on impact investing and its current investing policy.

As part of RedLAC's Knowledge for Action Project (Project K), both FMCN and Natural Heritage, Colombia's environmental fund, visited each other's facilities and held meetings to exchange technical knowledge and field experiences with the goal of learning more about evaluation, communication, strategic planning, and relationships with partners in the field. The most important results from this exchange were systematized in a case study.





WOMEN IN NATURE NETWORK Cuernavaca, Morelos

The Profitability of the Las Cruces Dam

The Federal Electricity Commission (CFE) has proposed the construction of the Las Cruces Dam on the Río San Pedro Mesquital—the last undammed river in Mexico.

In 2017, FMCN conducted a study on the cost and impact of the project, which showed that it would be both unprofitable and socially and environmentally harmful. This study was commissioned by the National Council for Protected Areas (CONAP) and financed by the Resources Legacy Fund. FMCN has requested that CONAP use the study to help advise the federal government and CFE on this decision with the hope of changing the project's outcome.

Additionally, the study's results were presented at the World Forum on Natural Capital held in Edinburgh, Scotland.

Women Working for Conservation

Founded in 2014, the Women in Nature Network (WiNN) is a network of women working for conservation at the global level that shares experiences and promotes the leadership potential of its members through trainings and yearly meetings.

In 2017, WiNN held its annual meeting in Cuernavaca, Morelos, which was attended by over sixty women from Mexico and around the world. There were talks by experts in gender issues, leadership, and storytelling for conservation. Numerous initiatives came out of this meeting, including a plan to align investments in the Río Baluarte watershed in Sinaloa, the fund for protected areas in Argentina, and a nationwide apiculture project in Mexico.



ENVIRONMENTAL IMPACT ASSESSMENT FOR THE LAS CRUCES DAM Consultants: Pixan'ja y Valuing Nature



Over sixty women from Mexico and around the world attended the annual meeting of the Women in Nature Network.



FERRUGINOUS PYGMY OWL Sierra de Arteaga, Coahuila Linda Sada

International Exchange of Conservation **Experiences**

FMCN, MAR Fund, and the Brazilian Biodiversity Fund (FUNBIO) were invited by the French Development Agency and the French Global Environment Fund to a meeting in France to share their conservation experiences.

At this meeting, FMCN presented the process of founding RedLAC and its work with extractive industries. As a result of this successful collaboration with the French government, FMCN will participate as an international consultant for the design of the Mediterranean Protected Areas Network (MedPAN). For continued success in this new role, FMCN will draw upon its experience with FGC and MAR Fund.



FMCN presented the process of founding RedLAC and its work with extractive industries during a meeting in France held to exchange conservation experiences.





COMMUNICATION

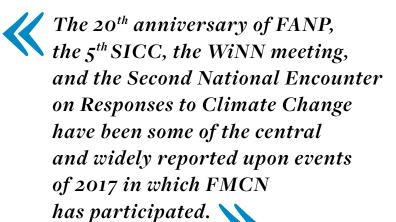
Communication for Conservation

FMCN's communication strategy aims to raise awareness and share information that improves decision-making. The 20th anniversary of FANP, the 5th SICC, the WiNN meeting, and the Second National Encounter on Responses to Climate Change have been some of the central and widely reported upon events of 2017 in which FMCN has participated.

FMCN's work has been mentioned in over fifty articles in digital and print media and has been featured in over 15 radio and television interviews that have been disseminated at all levels. On Facebook, its followers grew by 3,000 to reach a total of 14,300 by the end of the year, reflecting the enormous future potential for the institution's presence on social media. The hiring of a digital communication expert will allow us to improve our use of social media and generate original content.

Many important connections were also made in 2017. Together with Kimberly-Clark of Mexico, FMCN carried out awareness campaigns aimed at the conservation of the black bear, the monarch butterfly, and the prairie dog. The book *The Best of Mexican Nature Photography, Volume II* was also published in collaboration with the Mexican Community of Nature Photographers.

FMCN also secured the support of the FEMSA Foundation to create eight shorts on emblematic endangered species that will be produced in 2018 by the filmmaker Jaime Rojo.





The History of Conservation in Mexico

Besides directly financing conservation efforts in the field, FMCN has served as an extraordinary facilitator and major contributor to the pool of knowledge on Mexico's environmental situation. In 2017, the institution continued the development of a publication that will recount the birth and evolution of the conservation movement in Mexico, with the intention of documenting the path FMCN has taken in its quest to demonstrate the importance of conservation. This book, titled *The History of Our Future*, is scheduled to be completed in 2019—the same year that FMCN will celebrate the 25th anniversary of its founding.

Storytelling for Conservation

In March 2017, FMCN's communication team welcomed its newest member: a consultant specializing in social and environmental narratives who will work to systematize, document, and communicate achievements as well as share the lessons learned from failures. Written content with this focus has already been used for publications, reports, digital and print press releases, and new proposals.





Golden Eagle Conservation Awareness Campaign

The communication and awareness activities undertaken by FMCN to conserve the golden eagle have included the installation of a camera in an eagle nest in Zacatecas. The recorded images, aside from being analyzed for scientific and conservation purposes, were shared on social media every day through videos showing the growth of the chick, named Nima by its followers. These videos reached over 253,000 people on digital platforms, a success that has contributed to educating the Mexican public on the status of this symbolic and currently threatened species.

Awards and Recognitions

On the 25th anniversary of its founding, CONABIO recognized FMCN for its 23 years of leadership in financing initiatives and building alliances for the conservation of nature in Mexico.

In 2014 and 2015, FMCN received a variety of national and international awards, including the Nature Conservation Award, granted by CONANP and the Secretariat of the Environment and Natural Resources, and the BBVA Foundation's Biodiversity Conservation Award. It has been a great honor to receive these awards, which have encouraged FMCN's continued dedication to the conservation of Mexico's natural capital.

RED-EYED TREE FROG

Laguna Bélgica Ecological Reserve, Chiapas Sergio Gerardo Pedrero Villanueva









FINANCIAL AND OPERATIONAL RESOURCES AND INTERNAL CONTROL



A New Institutional Strategy

The 2018–2023 Strategic Plan, approved by the Board of Directors in December 2017, will orient FMCN's strategic direction over the next six years.

The process of developing this new plan involved reviewing the 2013–2017 Strategic Plan, the National Strategy on Biodiversity of Mexico, Biodiversity Conservation in Mexico (1995–2017), and the Practice Standards for Conservation Trust Funds.

FMCN determined the following four external objectives for the next period: conservation, sustainable use, environmental responsibility, and

capacity development. It also proposed the following five elements that should be considered for every project: climate change, landscape, gender, indigenous peoples, and culture, as well as the following five essential tools for reaching external objectives: communication, environmental education, social participation, governance, and policy impact.

This new institutional strategy is the result of its alignment with the most up-to-date national and international instruments on these issues, as well as broad internal and external collaboration.

Alliance with the Museum of Natural History

The Museum of Natural History Trust and FMCN have signed a cooperation agreement to ensure the mobilization of the matching funds needed to finish the renovation process that the museum began in 2016.

The government of Mexico City has made its first contribution to the total investment needed for this renovation; its second payment will be released once matching funds have been secured. In exchange, FMCN is looking for a permanent home for its offices within the museum's facilities.





COMPREHENSIVE PLAN

Plan to remodel Mexico City's Museum of Natural History

Evaluation of FMCN's Internal Control

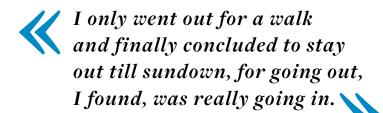
In August 2017, FMCN submitted its internal control system for evaluation under the methodology of the Treadway Commission's Committee of Sponsoring Organizations (COSO), which includes five components—control environment, risk assessment, control activities, information and communication, and monitoring—as well as 17 principles and 81 focus points.

This evaluation was conducted by an international consulting firm that, based on its internal control diagnostic, concluded that the five components of the COSO 2013 methodology are present, functional, and operational at FMCN.





ANNUAL MEETING Contepec, Michoacán Francisco Cubas/FMCN



—John Muir (1838–1914), naturalist.

Annual Meeting

During the annual meeting held in Contepec, Michoacán, FMCN's personnel were invited to plan goals, combine efforts, and share experiences.

Collaborators shared their achievements and areas of concern while discussing the main pillars of the 2018–2023 Strategic Plan. They also conducted logical framework approach exercises for their projects and reviewed the best communication practices for conservation institutions.

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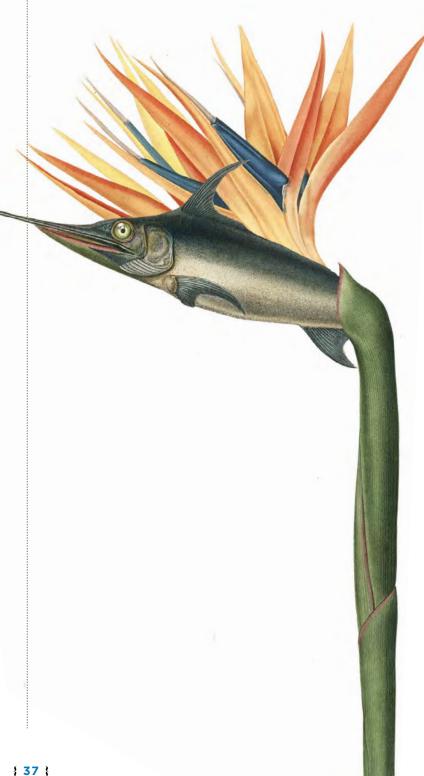
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