



DUE DILIGENCE ON SURESTE SOSTENIBLE A.C. BY THE GLOBAL GREEN GROWTH INSTITUTE IN 2023

Sustainable Communities for Climate Action in the Yucatán Peninsula
(ACCIÓN)

Due Diligence on Sureste Sostenible A.C. by the Global Green Growth Institute in 2023

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Mexico City, September 10th, 2024

Due Diligence Sureste Sostenible, A.C.

Fondo Mexicano para la Conservación de la Naturaleza (FMCN) reports the results of the due diligence conducted in 2023 by the Global Green Growth Institute (GGGI) following the Green Climate Fund standards and the actions undertaken to strengthen Sureste Sostenible, A.C. (SSAC). This due diligence was conducted under the Readiness *Support for Enhanced Accreditation of National Entities and Development of High-Quality Concept Notes* (MEX-RS-002) and the objective was to ensure that SSAC had the capacities to be an Executing Entity of the ACCIÓN project.

Background

FMCN is committed to transforming the resources it receives into concrete actions for the environment. For more than ten years, FMCN has supported the creation and strengthening of independent Regional Funds in Mexico that operate and supervise projects in specific areas of the country. Today, there are five Regional Funds in Mexico: [Fondo de Conservación del Eje Neovolcánico](#) (FOCEN); [Fondo Golfo de México](#) (FGM); [Fondo de Conservación el Triunfo](#) (FONCET); [Fondo Noreste y Occidente](#) (FONNOR); and [Sureste Sostenible, A.C.](#) (SSAC).

SSAC has operated since 2021 in the states of Campeche, Yucatan, and Quintana Roo and the Mesoamerican Barrier Reef System, the second largest barrier reef in the world shared by Mexico, Honduras, Belize, and Guatemala. It aims to achieve a more sustainable and resilient southeast through financing and promoting socio-environmental initiatives, projects, collaborations, and comprehensive and impactful actions. A strong fund, with clear rules and solid institutional foundations, can build long-term strategies with effective, efficient, and sustainable results. This is also indispensable for building trust and creating alliances that translate into coordinated environmental projects. Also, a robust Regional Fund becomes an example and permeates its capacities in grassroots organizations and collaborators in the field, who are the first hands that transform the resources received into concrete actions.

On an annual basis, the Regional Funds and FMCN have generated a series of spaces and activities to strengthen institutional capacities, such as applying the Conservation Trust Funds standards, organizing FMCN technical advisories for Regional Fund Directors on identified needs, face-to-face meetings of the RedFAM, and applying due diligence in the framework of new projects. These have had positive results in the Regional Funds, which have shown significant progress in consolidating their institutional capacities.

Due Diligence 2023 from GGGI to SSAC

Within the framework of a Readiness financed by GCF, in 2023, GGGI proposed to carry out due diligence of Mexico's Regional Funds. This due diligence aims to diagnose the institutional level of the funds following

GCF standards. These standards were divided into three main areas: **fiduciary**, **safeguards**, and **gender**. In total, 84 criteria were evaluated, organized as follows:

Criteria	Number of criteria reviewed
General and contact information	6
Legal framework	3
Governance	14
Organizational structure and culture	4
Financial management	10
Procurement	5
Project management	7
Resource mobilization	15
Environmental and social safeguards	5
Gender	15

The compliance evaluation was done in two phases. Each Regional Fund received an Excel questionnaire format and assigned a person responsible for responding to each criterion, mentioning and justifying their compliance or degree of progress, and attaching the supporting information. The first information survey was done in September 2023, during which GGGI's consultant reviewed it and sent specific questions to the Regional Funds to complement the information provided. The second information survey was carried out between October and November 2024.

A detailed analysis of the responses and sound practices implemented by the Regional Funds was generated using the information received. At the end of the year, FMCN received the gap analysis of the fiduciary, safeguard, and gender criteria, as well as the documentary evidence provided by the Regional Funds. The deliverables provided were:

- A **Gap Assessment** Excel document with the responses provided by Regional Funds to each criterion, followed by an evaluation of compliance from the consultant. If there is non-compliance, a recommendation from the consultant is introduced.
- An **Action Plan** Excel document with only those criteria not met by Regional Funds and that, therefore, require specific attention for their fulfillment. GGGI's consultant assigned each criterion a priority, a timeframe for recommended attention, and a person responsible for follow-up.
- Finally, the GGGI consultant briefly compared the criteria evaluated in the 2023 due diligence and the Conservation Trust Funds due diligence applied annually to the Regional Funds. The table shows that all the Conservation Trust Funds criteria are reflected in the GCF standards that were the basis of the 2023 due diligence.

SSAC Results

The due diligence on SSAC was conducted between September and November 2023. Maria Eugenia Arreola, the executive director of SSAC, was the main point of contact for providing information. Based on GGGI's due diligence results, SSAC successfully met 49 criteria out of 84; 100% of the criteria required to be an Executing Entity of ACCIÓN were fulfilled, with four criteria that need to be further attended during project implementation. The requirements to be strengthened, the consultant's recommendation for meeting the criteria, and the relevance of these criteria to project operations to be an Executing Entity are detailed below.

Criteria	Consultant's comment	Required criteria to be an Executing Entity of ACCIÓN
TRUSTEE		
Existence of specialized committees	Form committees relevant to FAR activity.	N/A
Regulatory compliance process	Finalize the development and approval of the irrigation control manual.	N/A
Existence of a strategic and financial plan	Complete the design and proceed with the approval of the strategic plan.	N/A
Presence of a strategic planning process	Approve the Strategic Plan and implement a strategic planning process.	N/A
Existence of internal audit	Implement an internal audit unit.	N/A
Endorsement and approval authority levels	Establish a Procurement Committee.	N/A
Anti-fraud practices, corruption, etc.	Proceed with the approval and application of the Risk Control Manual.	N/A
Eligibility criteria for the selection of suppliers	Proceed with the approval and application of the Risk Control Manual.	N/A
Existing security protocols	Proceed with the approval and application of the Risk Control Manual.	N/A
Guidelines for field supervision of projects	Include field project supervision guidelines in the Risk Control Manual.	N/A
Existence of strategies to diversify and multiply their financing sources	Develop and implement strategies to diversify sources of financing.	N/A
Resource mobilization strategies	Develop and implement strategies to diversify sources of financing.	N/A
Donor selection policy	Proceed with the approval and application of the Risk Control Manual.	N/A
Search for additional sources of green financing	Design and implement the fundraising strategy.	N/A
Ability to demonstrate support for ANP	Continue with the institutional development processes to achieve the goal of interaction with ANP.	N/A
Existence of an equity generation strategy	Design and implement the fundraising strategy.	N/A
Grant award process	Develop the grant award process to be implemented.	N/A

Existence of a cost-sharing regime	SSAC is in the process of developing its counterparty policy.	N/A
SAFEGUARDS		
Environmental and Social Policy	Approval of the SAS and the Institutional Strategic Plan.	N/A
Environmental and Social Risk Management (E&S)	Approve the environmental and social risk management procedure.	N/A
Environmental and Social Risk Monitoring	Approve the procedure for monitoring environmental and social aspects of projects.	N/A
External Communication Mechanism (ECM) and Disclosure of Information	Strengthen and disseminate the SCM in informative workshops / Disseminate E&S information on projects in newsletters.	It will be carried out within the framework of the project.
Organizational Capacity	Train a staff member on the application of SAS.	It will be carried out within the framework of the project.
GENDER		
Gender Policy endorsed by senior management	Finalize the development of a Gender Policy for this fund.	N/A
SH Document	Develop workshops to socialize the Policy against Sexual Harassment in the workplace.	It will be carried out within the framework of the project.
Diagnosis of labor segregation	Conduct a vertical and horizontal job analysis.	N/A
Labor segregation plan	If wage gaps exist, it is recommended that an Action Plan be established to reduce the gaps.	N/A
Communication Campaign with inclusive, non-sexist language	Develop an inclusive and non-sexist language manual.	N/A
Annual gender training plan (general)	Identify free courses from various organizations and develop an annual calendar for all funds.	N/A
Annual training plan for mainstreaming PEG in the work of the funds	Identify which actions of the FMCN Gender Action Plan could be co-responsibility of RF.	N/A
Cross-cutting gender budget	Elaborate specific and cross-cutting gender budgets.	N/A
Manual with tools for incorporating PEG into projects	Develop a manual for incorporating the PEG in the fund's projects.	N/A
Existence of M&E mechanism on PEG impacts	Develop an E&M mechanism on PEG impacts.	It will be carried out within the framework of the project.
Identification of good gender practices	Identify good practices and develop a decalogue on these gender practices.	N/A
Dissemination of successful cases where PEG has been implemented.	Create and disseminate a log of successful cases of PEG implementation.	N/A

It is worth mentioning that many of the criteria evaluated in 2023 were addressed by SSAC in 2024. Although not reflected in this evaluation, the Action Plan presented below considered this progress and reflected only those items remaining to be attended in 2024-2026.

Action Plan

FMCN, in conjunction with the Regional Funds, developed an Action Plan in 2024 to address those criteria not met by at least one of the Regional Funds. The [Institutional Strengthening Plan for Regional Funds](#)



FONDO MEXICANO
PARA LA CONSERVACIÓN
DE LA NATURALEZA, A.C.
INSTITUCIÓN PRIVADA



2024-2026 aims to improve the institutional capacities of the Regional Funds to generate better results in the field to sustain Mexico's natural treasure. The Institutional Strengthening Plan seeks constant collaboration and exchange between the Regional Funds that have met the criteria and those in the process of meeting them.

The document's participatory preparation made it possible to integrate each Regional Fund's needs and approve responsibilities for strengthening each of them. Likewise, the Plan established deadlines for the fulfillment of each accompaniment, corresponding to the timeframe and priority deemed pertinent by the GGGI consultant and agreed upon by the Regional Funds.

SSAC will participate in implementing the Institutional Strengthening Plan, either as a Fund providing or receiving certain accompaniments. According to the established schedule, SSAC will participate in 22 accompaniments: two as a provider (these being "*anti-fraud practices*" and the "*existence of a strategy to generate own resources*") and 20 as a recipient.

Final positioning

Following the above, FMCN recognizes SSAC as a Regional Fund with institutional capacities for properly implementing climatic, conservation and sustainable development projects, and the had the capacity to be a co-Executing Entity of the ACCIÓN project. The results obtained during the 2023 due diligence and the progress made by SSAC in the first half of 2024 are positive for properly coordinating and implementing projects in the field as a sub-recipient.

Likewise, SSAC's participation in preparing the Institutional Strengthening Plan for Regional Funds 2024-2026 was of significant substantive contribution. With this Plan, SSAC has committed to acquire assistance and accompaniment obligations, allowing us to determine that SSAC will continue strengthening its institutional capacities. FMCN will continue to apply annual due diligence based on the criteria of the Conservation Trust Funds, which will allow to measure the progress made by SSAC. These may be shared, when deemed necessary, to the GCF.

We look forward to any questions or comments GCF may have regarding the due diligence performed on SSAC in 2023 and the actions taken by the Regional Fund to improve.

Best regards,

Melissa Rando

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