



## Fundación Gonzalo Río Arronte

Venture philanthropy  
and advocacy

**Fundación Gonzalo Río Arronte** finances and supports institutions like Fondo Mexicano para la Conservación de la Naturaleza to channel financial resources, link local actors, and influence public policies that protect Mexico's water sources and natural capital. One example of this is the Cuencas y Ciudades (Watersheds and Cities) project, aimed at improving water management in the main cities and regions of Mexico.

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Venture philanthropy and advocacy



## LOCATION:

National - Mexico  
(States of Coahuila, Baja California, Baja California Sur, Sinaloa, Colima, Guanajuato, Chiapas, Yucatan, Veracruz, and Mexico City).



## MAIN PARTNERS

- Fondo Mexicano para la Conservación de la Naturaleza, A.C.
- Guardianes de los Volcanes, A.C.
- Pronatura Sur, A.C.
- Desarrollo Comunitario de los Tuxtlas, A.C.
- Senderos y Encuentros para un Desarrollo Autónomo Sustentable, A.C.
- Niños y Crías, A.C.
- Conselva, Costas y Comunidades, A.C.
- Fondo Noroeste, A.C.
- Instituto Corazón de la Tierra A.C.
- Protección de la Fauna Mexicana, A.C.
- Pronatura Noroeste, A.C.
- Sociedad de Historia Natural Niparajá, A.C.
- Salvemos al Río Laja, A.C.
- Fundación Manantlán para la Biodiversidad de Occidente, A.C.
- Consejo Civil Mexicano para la Silvicultura Sostenible, A.C.

## Local partners:



## SECTOR:

Access to water



## TYPE OF INVESTOR/SILO:

Foundation



## DURATION

2006

- now.



## MOTIVATION/PROBLEM TO TACKLE:

Misuse and lack of comprehensive management and sustainability of natural drainage systems and watersheds (rivers, lakes, groundwater) in cities and communities with a high water demand.



## FINAL BENEFICIARIES:

People in the high- and medium-elevation areas of the watersheds engaged in conservation and restoration activities.

Citizens of the urban areas that get better water supply.



## NON-FINANCIAL SUPPORT OFFERED:

- Impact management and measurement
- Strategy and/or business model

## SDGS ADDRESSED



## RESOURCES INVESTED OR DONATED:

Total donation

USD 6,500,000

## IMPACT:

More than

62,000

people make monthly contributions for the conservation of the Sierra de Zapalinamé in the state of Coahuila.



Three amended laws in the state of Colima around compensation schemes for the provision of hydrological environmental services.

A water treatment plant built for marginalized communities in Baja California Sur, along with strategies to constantly monitor water quality and strengthen the social fabric around its operation.

More than

25,000

hectares have been preserved through payment for environmental services.



## BACKGROUND AND CONTEXT

Population growth in urban centers in Mexico has led to a rapid increase in water demand, which puts more pressure on watersheds, some of which are overexploited. To date, it is estimated that around 102 out of the 653 aquifers in the country are in this situation. Water issues also include the presence of minerals or rocky material in excess, poor infrastructure, reduced capture capacity due to deforestation and erosion, and droughts caused by seasonal variations in the rainy season.

Neglecting these issues implies jeopardizing supply from the only permanent quality water source, watersheds. Preserving watersheds also allows to bring down transfer costs, avoid drilling deep water wells and desalination processes—which are hardly affordable—, and regulate hydrological flows, thus avoiding floods and extreme weather events.

In order to rise to this challenge, Fundación Gonzalo Río Arronte decided to support Fondo Mexicano para la Conservación de la Naturaleza (Fondo Mexicano), an NGO that is recognized for its environmental work<sup>1</sup> and that manages the Forests and Watersheds Conservation Program (which is also part of the program known as Cuencas y Ciudades). The aim of this program is to build a comprehensive management solution for watersheds through a knowledge platform bringing together different actors—civil society, government, rural communities, and citizens—, promoting the joint development of both the diagnosis and the solutions to the problem.



## DESCRIPTION

Fundación Gonzalo Río Arronte I.A.P. was created in 2000, with water as one of its three priority areas (the other two being addictions and health). To this end, it created a department in the organization whose goal is to promote sustainable watershed management.

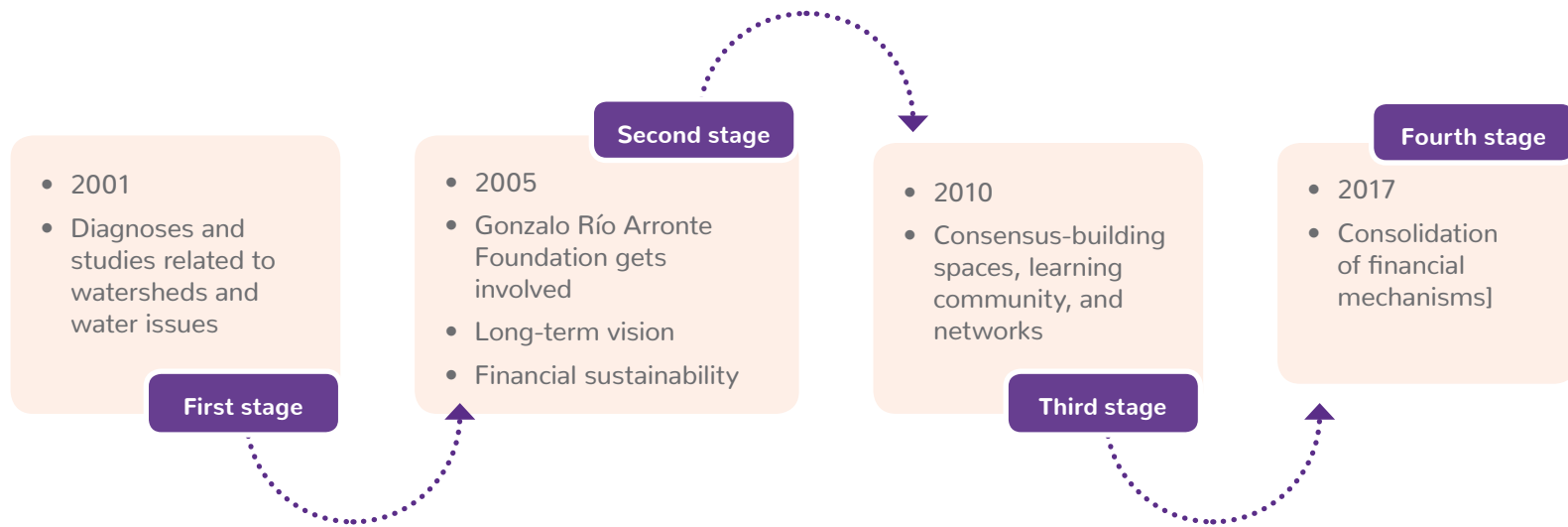
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<sup>1</sup> Since 2019, the Fondo Mexicano is accredited by the Green Climate Fund, a UN financing mechanism aimed at mitigating climate change.

The Cuencas y Ciudades initiative started out as a local project in the city of Saltillo (in the state of Coahuila), aimed at conserving and protecting the Sierra Zapalinamé. The resulting model has been perfected and replicated in more than fifteen towns in eleven Mexican states.

The project, operated by Fondo Mexicano para la Conservación de la Naturaleza, has been divided into four stages, each stage consists of a four-year term.

**Figure 1: Project stages**



Source: Based on conducted interviews.

To run this project, Fondo Mexicano coordinates a vast network of local partners in some of the main watersheds in Mexico, in the states of Coahuila, Baja California, Baja California Sur, Sinaloa, Guanajuato, Colima, Mexico City, Veracruz, Chiapas, and Yucatan.



## IMPLEMENTATION

The Río Arronte Water Committee has three strategic goals: 1) To strengthen local and regional governance for water management; 2) to promote financial mechanisms that allow compensation of environmental services; and 3) to conserve and restore riverbeds, land, bodies of water, and aquifers. Not only does it fund organizations engaged in this issue, but it also brings them together and sponsors them, and it helps to strengthen them intellectually, technically, and institutionally.

Through this work model, Río Arronte has managed to strengthen and consolidate the strategic planning done by Fondo Mexicano with its local partners. This is reflected in the configuration of five strategic areas that come together to create an institutional organization scheme focused on promoting the conservation of the water cycle, the sustainable operation of watersheds, and the improvement of the local economy.

### Tailored Finance

Throughout the project (from stages two to four), Río Arronte has donated USD 6.5 million in total. At least 70% of the amount granted in every stage had to be allocated to activities directly related to the project's goal, i.e., comprehensive watershed and water management.

One of the Foundation's internal policies is that the donation approved must be backed by the requesting party (in this case, Fondo Mexicano) with a co-investment in cash or in kind equal to or greater than 50%. This condition is for the purpose of ensuring that the SPO has a business model with the potential to be financially self-sustaining. It is also expected that these organizations be at least five years old and ready to scale and/or replicate their model. As for the matching funds, they can come from the applicant organization, the beneficiaries, or other national or international organizations to which the SPO has access.

In the case of the Cuencas y Ciudades project, financial support has gradually risen, with greater contributions from the Foundation, concurrently with an increase in matching funds from Fondo Mexicano.



Río Arronte has managed to strengthen and consolidate the strategic planning done by Fondo Mexicano with its local partners.

**Figure 2. Strategic areas of the Cuencas y Ciudades program**



**1 Communication and awareness**

Contributing to the creation of a society that participates in decision-making processes on good water resources management and watershed conservation.



**2 Consensus-building and coordination spaces**

Supporting and strengthening active participation, coordination, and collaboration among key sectors and social actors.



**3 Financial mechanisms**

Developing financial strategies allowing to operate and maintain actions to manage the watershed and water resources in the long run.



**4 Comprehensive watershed management**

Implementing regional models to protect, manage, and recover watersheds, riparian zones, and hydrological environmental services.



**5 Learning community**

Building an intra- and inter-organizational learning, reflection, discussion, exchange, and training space.

At least 70% of the amount granted in every stage had to be allocated to activities directly related to the project's goal, i.e., comprehensive watershed and water management.

Source: Developed based on interviews conducted to Fundación Río Arronte and Fondo Mexicano.

In the second stage, Fondo Mexicano got USD 761,819 (with a 52% co-investment); for the third stage, the amount approved was USD 2,005,128 (with a 72% co-investment). As a result of this expansion, the project went from funding 3 local partners in 2005 to 13 organizations by 2017.



### Non-financial support

Non-financial support provided by Río Arronte is mainly aimed at following up and identifying needs. In the case of Fondo Mexicano, it issued initial recommendations to strengthen the proposal and enhance the project's expected impact. For the Cuencas y Ciudades project, it worked on strengthening the local services' fiscal and administrative capacities, as these organizations tend to lose their status as authorized donees,<sup>2</sup> which immediately blocks the channeling of resources by national private donors.

Also, the Foundation brings together social organizations and agents that are usually neutral or reluctant to engage in this issue. In the case of the Cuencas y Ciudades project, the Foundation has encouraged partnerships and local networks with municipal governments and other governmental actors. As a result thereof, the Cuencas y Ciudades Learning Community network (CACyC) has been set up as an inter-institutional platform whose goal is to link and strengthen actors that promote the exchange of experiences and learnings around comprehensive watershed management.

*"Feeling supported by Fundación Gonzalo Río Arronte provides a pathway that allows us to achieve better management." Juan Manuel Frausto, Director of the Forests and Watersheds Conservation Program.*

Finally, the Foundation aims at providing Fondo Mexicano with capacities to build a better financial relationship with its local partners, so that they are not so heavily dependent on the transfers they currently receive. Payment for Environmental Services are notable examples of these schemes. In some cases, direct participation by taxpayers has been achieved. They make a voluntary contribution for the conservation of their watershed through their water bill.

<sup>2</sup> Under Mexican income tax law, in order to receive private funding, organizations need to get their Authorized Donee designation, which needs to be renewed constantly and is subject to audits by the tax authority.



**The Foundation**  
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actors.



## RESULTS

All of the projects financed by the Foundation are subject to external evaluations, setting aside 5% of the amount approved for that purpose; this is an independent evaluation conducted by specialized consultancy firms.

Meanwhile, Fondo Mexicano carries out performance evaluations of all local partners. To this end, it uses an Institutional Effectiveness Index, a tool that has been approved by the Foundation. The tool is applied by means of a questionnaire for the staff and management of the organizations on the field, in order to verify if there is effective internal communication, defined planning processes and governance schemes, among other indicators.

Local partners design their initiatives defining a general objective according to the strategic lines of the project. This planning exercise, supported by Fondo Mexicano, leads to the formulation of expected results, indicators, and long-term goals. Based on this exercise, monitoring and evaluation systems that lead to field reports are designed. Río Arronte complements this information by means of follow-up, support, and on-site verification activities.

The main results achieved by the Cuencas y Ciudades project are as follows:

- 1 More than 62,000 people make monthly contributions for the conservation of the Sierra de Zapalínamé in the state of Coahuila.<sup>3</sup>
- 2 Three local partners have joined the governing boards of three water-operating agencies.
- 3 Three laws have been amended in the state of Colima around compensation schemes for the provision of hydrological environmental services.
- 4 A water treatment plant has been built for marginalized communities in Baja California Sur, along with strategies to constantly monitor water quality and strengthen the social fabric.

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<sup>3</sup> The work done by local partners with the community is very diverse and responds to each region's distinctive features. However, all the local projects follow the same strategic lines.



- 5 More than 25,000 hectares have been conserved through environmental payment schemes for hydrological services.<sup>4</sup>

The results evaluation aims not only at meeting the strategic areas of the Cuencas y Ciudades project, but also validating that final beneficiaries notice an improvement in their quality of life. These evaluations have led to favorable recommendations that have contributed to strategic decision-making in terms of replicating the model in other states.

Thanks to projects like Cuencas y Ciudades, Fundación Gonzalo Río Arronte has developed an ambitious advocacy agenda. "If impact is what we strive for, we need to communicate, we need to push for changes in public policy." Laura Martínez, Head of the Water Department, Fundación Gonzalo Río Arronte.



## LEARNINGS AND PERSPECTIVES

One of the Foundation's challenges in the Cuencas y Ciudades project is operational complexity, given how diverse its local partners are: meeting the needs of all partners while achieving the general goals. This "methodological fluctuation" between the local and the national is certainly one of the principal learnings and accomplishments of the project.

Additionally, and in spite of its ability to be replicated, the project still faces the challenge of implementing an exit strategy that does not compromise the local projects' continuity over time. While some Cuencas y Ciudades organizations have become established creating public social businesses or voluntary fee schemes, there is still room for improvement so that 100% of them consolidate their own financing model.

Beyond the aforementioned support, from Fondo Mexicano program coordinators' perspective, the collaboration experience with Río Arronte has had three important benefits: 1) Social organizations

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<sup>4</sup> In the short and medium term, it is estimated that the fourth stage will benefit around 8000 families with instruments developed to use natural resources efficiently, 4500 agricultural producers will benefit from improved water supply, and more than 35,000 people in rural areas will have access to higher-quality water.

adopted part of the Foundation's "political skill" and, particularly, they developed a greater capacity to adapt and anticipate in the face of election periods in every region; 2) A certain collective identity was consolidated among local partners; and 3) A fruitful trust and open-dialog relationship was established between the Foundation and Fondo Mexicano.