

An Overview of CEPF's Portfolio in the Mesoamerica Hotspot: Northern Mesoamerica

The future of biodiversity in Northern Mesoamerica can be considered as being at a crossroad. On the one hand, large corridors containing some of the world's most biologically rich habitats continue to be well preserved, thanks to visionary policies, institutions, and leaders that encouraged the declaration of protected areas and the sustainable use of resources by local, often indigenous communities. CEPF targets two large corridors that harbor exceptional species endemism and diversity. These two corridors are considered to be of critical importance to ensure that Mesoamerica maintains its ranking as one of the top five hotspots in the world:

- Selva Maya Corridor (Belize, Guatemala, and Mexico), and
- Selva Zoque and Chiapas/Guatemala Highlands Corridor (Guatemala and Mexico).

Quite ominously, Mesoamerica confronts a host of threats that jeopardize its biodiversity. Northern Mesoamerica, in particular, has been bedeviled by development policies that have promoted the unsustainable extraction of natural resources, through extensive agriculture, colonization, logging, oil development, mining, massive tourism, and illegal wildlife hunting and trade. These poorly conceived policies often have exacerbated the widespread and chronic poverty in Mexico and Guatemala. Many people lack access to the most essential services to meet their basic human needs. Juxtaposed to this picture are unique social and cultural dynamics, in which a large percentage of the population is indigenous. Their history is characterized by disenfranchisement and victimization from civil strife and colonization. Politically, the situation is equally complex, with strained relations between Guatemala and Belize.

In the future, ambitious infrastructure and development projects and new economic policies promoted under Plan Puebla – Panama (PPP) and the Central American Free Trade Agreement (CAFTA) promise to bring the potential for real and urgently needed economic growth in this under-served region. These initiatives hold great promise as powerful and positive engines for growth and conservation. Conversely, if planned with little regard for the environment and local communities, these initiatives could well perpetuate the legacy of resource depletion, disenfranchisement, and impoverishment. Decisions taken in the next few years could determine the path of conservation and development for decades to come.

Given this context, CEPF launched the Northern Mesoamerica Ecosystem Profile in January 2004 with a budget of \$7.3 million. The portfolio seeks to tip the scale on critical policy decisions at multiple levels toward conservation and poverty alleviation. To achieve this goal, CEPF builds capacity within civil society in four strategic directions, which were developed by local stakeholders during ecosystem profile preparation:

1. *Foster civil society participation in regional decisionmaking on select policies and investments to promote the conservation and sustainable development of the Selva Maya and the Chiapas-Guatemala Highlands corridors.*
CEPF aims to mainstream conservation goals by building capacity within key NGOs to ensure they effectively engage in development of regional and national policies and initiatives, conservation-based enterprises, sustainable financing, and hotspot monitoring.
2. *Collaborate with other donor-funded projects to facilitate and operationalize successful conservation activities in Northern Mesoamerica's eight most important key biodiversity areas.*
Complementing high-level policy work under strategic direction 1, CEPF encourages improved conservation practices and policies within the two focal corridors, targeting better institutional coordination, threats amelioration, mitigation of impacts from infrastructure, and declaration of new protected areas.
3. *Support priority conservation actions in three priority key biodiversity areas.*
CEPF funds site-based management activities in Sierra de las Minas, Laguna del Tigre, and Chiquibul – Montañas Maya, where conservation priorities are likely to be underfunded in the next five years.
4. *Prevent the extinction of Northern Mesoamerica's 106 Critically Endangered species.* CEPF funds applied research, population and threats assessments, habitat conservation, and related activities to ensure that these species are preserved in perpetuity.

CEPF's strategy in Northern Mesoamerica is unique within the Latin America portfolio in that it combines site-based conservation with higher-level policy dialogue, analysis, and reform to ensure that decisions taken at state and national capitals positively impact biological diversity. This multi-pronged and integrated approach recognizes that conservation must be mainstreamed at all political levels and across multiple sectors if Northern Mesoamerica is to maintain its world-class biodiversity.

To date, CEPF has awarded four grants for \$1.9 million (Chart 1 and 2, all charts are included at the end of the overview). The current status of the portfolio and the timeline of grants awarded are illustrated in Charts 3 and 4.

Over the last year, the CEPF Grant Director and Coordination Unit engaged in outreach and co-design of several critical anchor grants, and in building partnerships that should establish a solid foundation for CEPF in the years to come. These grants and partnerships are described in the following pages.

Coordinating CEPF Grantmaking on the Ground

Conservation International's Center for Biodiversity Conservation (CBC) serves as the coordination unit for Northern Mesoamerica. Based out of Mexico City with satellite offices in Tuxtla and Guatemala City, the team is committed to realizing CEPF's strategy as presented in the Ecosystem Profile through support to a variety of partner organizations. The unit assists grant applicants and recipients in all facets of grantmaking, from identifying potential NGOs as CEPF partners, assisting in conceptualization and design of proposals, and facilitating strategic partnerships between other NGOs and governments with a view toward building alliances. The team has been instrumental in facilitating the submission of letters of inquiry and proposals, and in ensuring that relevant NGOs and governments are actively engaged in the design and implementation of grants to ensure coordination.

The unit also has explored opportunities to leverage and cooperate with other donors working in the region. For example, the CEPF team met with representatives of the IDB in Washington to exchange information on current and future plans. As a result, the IDB and CEPF team agreed on some common priorities for future collaboration. Similarly, the team met with the Embassy of Holland in Guatemala to explore co-funding opportunities in Cuchumatanes. In addition, the team works closely with several major USAID conservation and watershed management project located in Southern Mexico.

The coordination unit has adopted an innovative structure aimed at developing projects that are multidisciplinary in scope, focusing on integrating the biodiversity sciences with policy. The team includes a CBC director, which manages the team; two corridor heads, who have in-depth knowledge of their areas; and three technical experts in environmental policy and business, biodiversity science, and protected areas and corridors. The goal is for this multidisciplinary team to provide CEPF grantees with a range of technical assistance opportunities, while also providing the general portfolio with strategic guidance and leadership to achieve key outcomes.

Corridor Approach to Grantmaking

Selva Maya Corridor

The Selva Maya is the second largest expanse of tropical forest in the Americas after the Amazon. It contains diverse habitats shared between Belize, Guatemala and Mexico, including sweeping savannahs, transitional forests, and the largest protected wetlands in Central America. In addition to its enormous natural wealth, the Selva Maya houses the most important archeological sites of the Maya culture, which serve as important tourist attractions. Based on the biological assessment conducted during preparation of the portfolio, CEPF has identified four key biodiversity areas (KBAs) as anchors in the corridor – Selva Lacandona and Sierra del Lacandon, El Gran Petén, Laguna del Tigre National Park, and Chiquibul - Montañas Mayas. The latter two KBAs have been identified as priorities for CEPF site-based funding.

Unfortunately, major parts of the Selva Maya are being radically altered and significantly fragmented. The main threats stem from the presence of permanent communities and land grabs in protected areas, encroaching agriculture and livestock herding, forest fires, the oil industry, and lawlessness, which have combined to weaken institutional control over the area. The Laguna del Tigre National Park is perhaps the most visible

example of a park under siege. After years of neglect by previous administrations, the national park has lost roughly 50 percent of its habitat. It is at risk of completely collapsing. Environmentalists fear that the loss could be a harbinger of things to come in other parts of Selva Maya unless urgent steps are taken. Fortunately, the new Guatemalan Administration and Congress have made rescuing Laguna del Tigre a high priority, and have allocated new funds and personnel to strengthen the park.

While the situation in Chiquibul - Montañas Maya KBA is not as dire, this area also confronts several threats, most notably uncontrolled xate harvesting inside core areas of parks. So-called xateros live in camps and hunt game in important sites for biodiversity.

To address these threats, CEPF is coordinating current and future grants with key NGOs and governments. In the Selva Maya, CEPF works with the Alianza K'ante'el, a coalition of NGOs (WCS, Proyecto WAKA – Peru, Fundación Propeten), academic institutions such as CECON, and the Government of Guatemala represented by CONAP. In Belize, CEPF has entered into discussions with the government and PACT to identify potential areas of collaboration. To date, two grants valued at \$77,524 have been approved, and one other grant is in the planning phase. These grants are designed to provide critical information in this highly dynamic environment for future CEPF grants dedicated to achieving two principal outcomes:

- *Rescue Laguna del Tigre by supporting the Government of Guatemala and NGOs.* CEPF will invest in grants designed to reverse the course of habitat loss in the park, and thereby halt colonization deeper into the Selva Maya. To understand the park's current state and threats, ParksWatch/Tropico Verde is conducting a detailed needs assessment involving consultations with key stakeholders. The assessment will yield detailed investment recommendations for strengthening the area. A grant to WCS, which leads the Alianza K'ante'el, assists in updating the protected area's master plan, which expired in 2003 and was plagued with problems such as permitting human settlements inside core areas of the park. The results from these two grants will serve as the basis for future CEPF investments.
- *Improve management of Chiquibul – Montañas Maya.* CEPF will work with Guatemalan and Belizean NGOs and governments to channel site-based investment to promote conservation of the area. As a first step, ParksWatch/Tropico Verde will conduct a detailed needs assessment in Guatemala similar in scope to that already conducted in Laguna del Tigre. Findings from the assessment and further consultation with local stakeholders will help map out CEPF's strategy in the KBA.

Highlights to date

- Parkswatch/Tropico Verde carried out an in-depth literature review and conducted field visits with 37 representatives from local NGOs, government, and communities to assess the current situation in Laguna del Tigre National Park. Their report, which includes analysis on the biological, socio-economic, and management status of the protected area, will be issued shortly and will serve as the basis for CEPF grant making and CONAP and NGO planning.
- Preparations are underway to update the management plan for Laguna del Tigre. In coordination with the Guatemalan park service and archeological institute, the Alianza K'ante'el team initiated a broad consultation process involving local stakeholders, including community leaders and members, government officials, and NGOs. The plan is scheduled to be completed by June 2005.

Selva Zoque and Chiapas/Guatemala Highlands Corridor

CEPF's Highlands Corridor follows a mountain chain that starts at Selva Zoque and Sierra Madre along Southern Mexico's Pacific coast, then weaves through the Cuchumatanes highlands of northwest Guatemala, and ends at the Sierra de las Minas – Motagua - Bocas del Polochic by the Caribbean coast. The Corridor encompasses the four highest ranking key biodiversity areas that were identified through a multi-stakeholder planning process as regional priorities.

All four KBAs have unique characteristics that make them high priorities. In Selva Zoque, our top key biodiversity area, no protected areas or reserves exist. Sierra Madre constitutes the principal habitat in the world for the quetzal and endemic horned guan. Los Cuchumatanes has the most extensive expanse of highland ecosystems in Mesoamerica, with 1,500 km² lying above 3,000 m. And high variability of rainfall and large altitudinal gradients, coupled with geographical isolation, give Sierra de las Minas a pattern of speciation typical of islands. Collectively, the corridor contains sizable populations of large mammals such as jaguar, river otter, Baird's tapir, and spider monkey, and large birds such as harpy eagle, scarlet macaw and great curassow. Throughout the corridor lie highly-localized pockets of habitat that shelter the corridor's long list of endemic species.

Threats to the corridor are equally wide-ranging. Deforestation has occurred due to agricultural encroachment, illegal logging and fuel wood harvesting, and infrastructure development. In the Selva Zoque, for example, management of the area has been hampered by poor communications and coordination between the three state governments that have authority over different parts of the KBA. Forest fires have been a particularly tricky issue since the region's karstic geology allows fires to spread underground, out of reach of conventional fire fighting techniques.

Working in consultation with local partners and government, CEPF has developed two principal objectives, for which two projects are currently in the planning phase:

- *Improve management of Selva Zoque Key Biodiversity Area (Oaxaca, Veracruz and Chiapas).*
Through an alliance between Pronatura, WWF, and CI, in collaboration with Mexico's environment agency, CEPF plans to finance the implementation of a regional strategy developed by local stakeholders to strengthen conservation in Selva Zoque. In particular, CEPF will support a tri-state strategy for forest fires prevention and

control, facilitate development of new community reserves and/or protected areas, promote research on the area's globally endangered species, and foster dialogue between Oaxaca, Veracruz, and Chiapas to improve governmental coordination on management of the area.

- *Promote sustainable financing to conserve Sierra de las Minas Biosphere Reserve.* Through a planned grant to Defensores de la Naturaleza, CEPF will help launch the region's first water fund. The idea is to engage local municipalities, farmers, industry, and NGOs in efforts to protect the upper watershed, location of the biosphere reserve. Plans call for CEPF to fund the formation of watershed committees, design a payment system for the use of water, establish a permanent environmental and water education program, and promote protection of the upper watershed against agricultural encroachment and forest fires.

Highlights to date

- As part of project preparation, CEPF met representatives from WWF, PRONATURA - Chiapas, CI, CONANP, SEMARNAT, and CONAFOR to discuss priorities for conserving Selva Zoque. The team conducted a field trip to several potential sites to meet with local communities. CEPF invited the group to submit a proposal to address high priorities identified in a locally developed conservation strategy, which will formalize for the first time the Pronatura-CI-WWF alliance.
- Also part of project preparation, CEPF conducted a site visit to Sierra de las Minas. The team met with staff from Defensores de la Naturaleza, local mayors, and members of water user's associations to discuss how to link water use and payments to conservation of the upper watershed. CEPF invited Defensores to submit a formal proposal to help launch Guatemala's first water fund that will involve channeling water payments for conservation.

Regional Grants

A major aspect of the Northern Mesoamerica portfolio calls for helping civil society engage constructively on critical policy and regional issues. The idea is to ensure that biodiversity conservation is mainstreamed into major development policies and decisions by promoting innovative and coordinated approaches that meet the region's aspirations for economic development while also conserving its rich biological heritage.

Given this mandate, CEPF has worked with several key NGOs and alliances on preparing eight projects, two of which have been approved for \$1.6 million, to achieve several major objectives:

- *Ensure CEPF runs smoothly in the field to achieve outcomes.* The coordination unit grant provides day-to-day technical and project management support to grant applicants and recipients. To date, the coordination unit has supported grantees in their submission of letters of interest and full proposals. A team of technical experts will complement corridor-level directors to provide strategic leadership and technical guidance to build the CEPF portfolio in a well integrated and technically sound way. As the portfolio matures, the expectation is that the coordination unit will assist with grant implementation and performance and impact

monitoring, as well as engage partners and donor agencies in opportunities for co-financing and leveraging.

- *Ensure regional fora and the Plan Puebla – Panama integrate conservation objectives into their plans and operations.*
CEPF aims to help civil society participate in discussions and decision-making regarding future policies and projects in the region. A grant to the Conservation Strategy Fund is dedicated to ensuring that major infrastructure projects on the drawing board incorporate measures to accommodate biodiversity concerns. Another grant being designed considers support to leading NGOs to begin a constructive and open dialogue that leads to a common strategy for ensuring that conservation priorities are integrated into major infrastructure works and policies.
- *Support hotspot monitoring of conservation trends and parameters.*
CEPF will support CI and partners in the collection and analysis of baseline information to monitor the impact of current conservation projects and to identify future priorities for the hotspot. As part of the initiative, CEPF will promote strategic alliances to coordinate universities, governments, and NGOs on national and regional efforts geared toward the exchange of tools and data for decision-making.
- *Foster the development of sustainable financing mechanisms.*
Through an alliance between the Guatemala Trust Fund for Conservation (FCG), local and international NGOs, and the government, CEPF has asked the group to submit a full proposal to develop financial incentive mechanisms that support conservation in the Petén and Cuchumatanes. The proposed grant will fund public consultations, design of the mechanisms, and fund raising activities.
- *Promote conservation coffee in strategic locations throughout the region.*
CEPF will support CI to communicate and transfer its experiences in promoting conservation coffee in Mexico to other priority sites in the Northern Mesoamerica where conservation coffee could be an important tool, particularly in Sierra Madre de Chiapas, Cuchumatanes, Sierra de las Minas, and Selva Zoque. The potential grant contributes to the Conservation Coffee Alliance, in which Starbucks, USAID, and CI have agreed to work together to develop and promote best practices for producing conservation coffee in Mesoamerica. CEPF plans call for engaging major NGOs in Mexico and Guatemala in the initiative.
- *Identify new areas for public or private protection.*
CEPF plans to support analysis dedicated to identifying new sites requiring protection, as well as helping to lay the groundwork for declaring new private and public reserves. Two grants in the pipeline to Birdlife International and its national affiliates in Belize, Guatemala, Honduras, and El Salvador will assist in identifying Important Bird Areas (IBAs), which will be used as input to identify potential new areas for protection.

Highlights to date

- The Conservation International Center for Biodiversity Conservation (CBC) signed a four-year agreement to serve as the CEPF coordination unit in Mesoamerica. The CBC adopts a new model for conservation in the region in which technical experts in policy and business, biodiversity science, and protected areas team up with corridor-level directors to provide an integrated approach to conservation.
- The Conservation Strategy Fund is currently conducting field trips throughout the hotspot to inventory infrastructure projects that are being proposed under Plan Puebla - Panama. The inventory will help prioritize which infrastructure schemes require additional analysis and support from CEPF to ensure they consider biodiversity priorities.
- A CI monitoring team held discussions with ten potential partners throughout the hotspot to assess their current monitoring activities and capabilities and potential areas for future collaboration. As a result, an upcoming letter of interest contemplates an alliance of local partners working with CI to conduct hotspot-wide monitoring.

Working with The World Bank and GEF

Over the last year, several opportunities for World Bank – GEF – CEPF collaboration have emerged. In Mexico, for example, the CEPF team held discussions with the Mesoamerican Biological Corridor to explore opportunities to collaborate on species and habitat monitoring in the project's focal areas. A formal agreement of cooperation is under discussion, with the potential to secure additional financing to complement CEPF's investments in monitoring. Similarly on the issue of monitoring, the CEPF team has been coordinating with The World Bank, NASA, and CCAS to develop and implement the Mesoamerica Environmental Information System, which involves information exchange, harmonization of protocols, and development of joint systems for the early detection of fires.

Recently in Guatemala, the team participated in two workshops sponsored by The World Bank and GEF. In November 2004, the team attended the Technical Workshop on Protected Areas in Mesoamerica, in which the future role of the Mesoamerican Biological Corridor was discussed. In December, the CEPF team attended a GEF-World Bank meeting in Antigua, Guatemala. The objectives of the meeting were to exchange information on the GEF's existing projects in the region, and to form strategic alliances with other GEF initiatives with a view toward improving coordination. The CEPF team learned about other GEF conservation projects in the region, and looks forward to developing stronger linkages with these projects to ensure greater collaboration. As an example of this stronger linkage, the CEPF team participated in a meeting this month in the Petén regarding preparations of a new GEF proposal for the Maya Biosphere Reserve.

Conclusion

By helping some of the most respected civil society groups build their capacity to address Northern Mesoamerica's formidable challenges to conservation, CEPF believes that it has real potential to achieve lasting impacts to safeguard the region's biodiversity well into the future. The region faces historic opportunities with PPP and CAFTA, as well as potentially historic roadblocks. The opportunity to collaborate more closely with The World Bank and GEF on areas of mutual interest will significantly strengthen our ability to influence the future direction of development and conservation policy in the region.

Our collaboration is still emerging, although discussions between the CEPF team and the Mesoamerican Biological Corridor in Mexico on potential areas of cooperation in monitoring demonstrate that areas of mutual interest exist and need to be more fully explored. CEPF's comparative advantage is its ability to provide flexible and accessible funds and technical assistance to support networks of NGOs at all levels, to achieve conservation outcomes that were thoughtfully conceived. The World Bank and GEF have years of experience and expertise in policy reform and institutional strengthening across the sectors in this highly complex region. Projects such as the Mesoamerican Biological Corridor are among the most important initiatives for conservation in the entire hotspot. The CEPF team looks forward to building on our mutual strengths and interests to explore how we can enter into a lasting partnership to reach our shared goals of biodiversity conservation and poverty alleviation.

- January 2005

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Charts: Mesoamerica Hotspot: Northern Mesoamerica

Chart 1. Approved Grants by Corridor

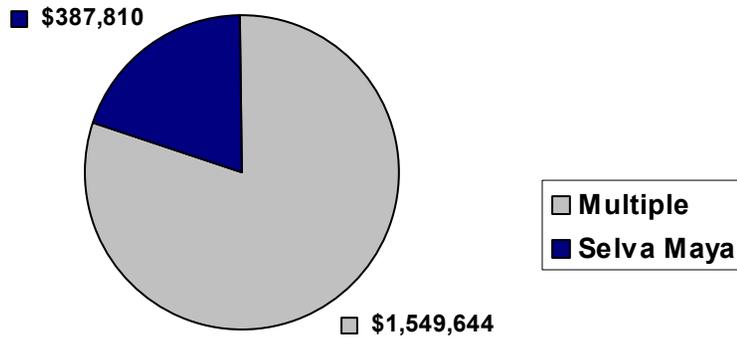


Chart 2. Approved Grants by Corridor and Strategic Direction

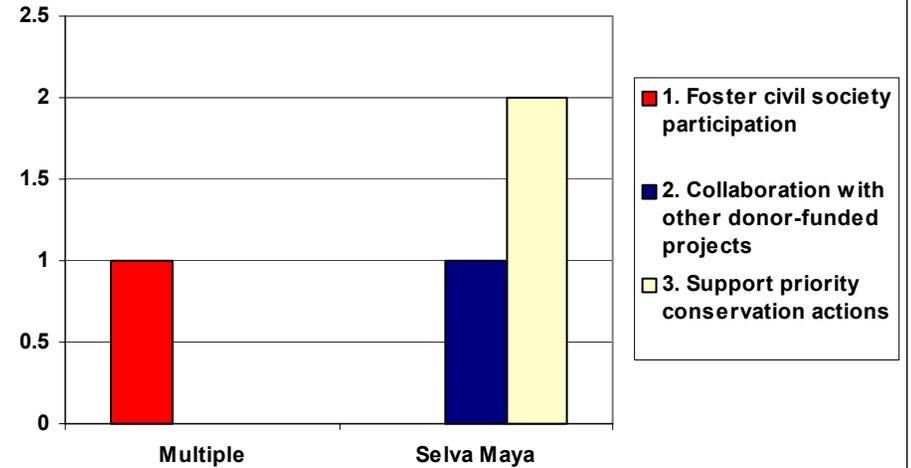
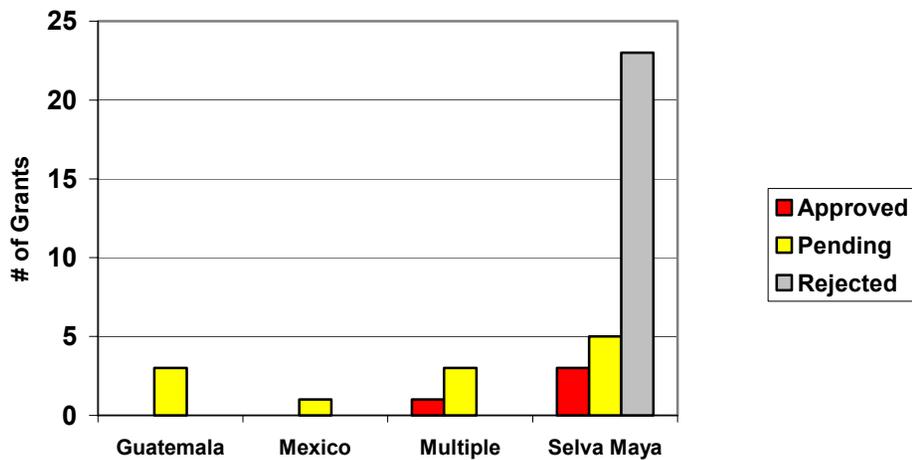


Chart 3. Portfolio Status by Corridor and Country*



*Small Grants are eligible to apply for grants in Guatemala and Mexico outside of the two priority corridors

Chart 4. Combined Value of Grants Awarded

