

MESOAMERICAN REEF FUND

M E S O A M E R I C A N R E E F F U N D

VISION

A prosperous Mesoamerican Reef region based on a thriving and functional reef system.

MISSION

We seek to conserve the resources and natural processes in the MAR region for the benefit of present and future generations through the management of natural resources, and technical and financial support for priority areas and issues such as water quality, sustainable tourism, sustainable fisheries and institutional strengthening.

For additional information about the MAR Fund, including obtaining a copy of the MAR Fund business plan, please contact:

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Vicki Sant: Page 10 (middle).

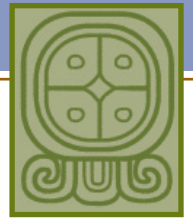
Map

Page 2: Adapted from Kramer and Kramer (2002).

Design

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What is the MAR Fund?



The Mesoamerican Reef Fund (MAR Fund) is an emerging environmental fund whose primary goal is to protect the Mesoamerican Reef Ecoregion¹ shared by Belize, Guatemala, Honduras, and Mexico. It provides long-term funding to local organizations and projects in the form of grants.

The MAR Fund operates as a participatory, privately managed fund that raises and allocates funds, while relying on the preexisting technical, administrative, and financial capabilities of its four founding funds: Protected Areas Conservation Trust (Belize), Fundación para la Conservación de los Recursos Naturales y Ambiente (Guatemala), Fundación Biósfera (Honduras), and Fondo Mexicano para la Conservación de la Naturaleza (Mexico). The founding funds comprise the MAR Fund's Board of Directors, in addition to a representative of the regional Central American Commission on Environment and Development, notable conservation experts from each participating country, and international donors.

The World Wildlife Fund and The Nature Conservancy have been instrumental in the design and development of the MAR Fund. Thanks to the steady technical and legal assistance from these leading international conservation organizations, the MAR Fund is now recognized in the U.S. as a 501(c)(3) tax-exempt charitable organization.

Conservation and Community Investment Forum is providing technical assistance for the development of the Fund's first business plan, with financial assistance from the Oak Foundation. The Summit Foundation is providing seed support to launch the Fund.

The next step is to build an endowment and raise project funds to support worthwhile regional scale conservation initiatives on the ground.

¹In this context, our "ecoregion" is defined as a large landscape and seascape bound by ecological rather than political boundaries. An ecoregion provides a relevant unit for identifying common species assemblages and natural processes that are interrelated and, together, are critical for the long-term viability of the ecoregion as a whole.

**The MAR Fund
has emerged
as the first truly
ecoregional
private solution
to the mounting
threats facing the
Mesoamerican
Reef.**





Where Does the MAR Fund Work?

The MAR Fund's area of action is the Mesoamerican Reef Ecoregion as defined by the geographic area extending more than 1,000 km from the northern tip of Mexico's Yucatan Peninsula to the Bay Islands/Cochinos Cayes off the northern coast of Honduras. Our definition of the Mesoamerican Reef Ecoregion includes all watersheds in the four countries that drain into the Caribbean Sea. Human activities upstream often have a negative impact on water quality and, ultimately, on coral reef health.

The Mesoamerican Reef is home to some of the world's most stunning coastlines and coral reef formations. In fact, it contains the longest barrier reef in the Atlantic Ocean, and its waters harbor a large number of fish species, as well as some of the last remaining populations of manatees and sea turtles in the Caribbean Basin. Its mangroves, seagrasses and coastal lagoons provide important protection against storms and hurricanes.

The MAR Fund is committed to protecting this world-class resource for the well-being of its people and for the planet's sustainability.

From the
Yucatan
Peninsula to
Belize and the
Bay Islands, the
MAR contains
the longest
barrier reef in the
Atlantic Ocean.





The MAR Fund serves the needs of both funders and conservation groups. *Funders* are offered the opportunity to invest in conservation solutions at a meaningful, ecoregional scale. This, in turn, increases the availability of funds for truly regional interventions, such as effective management of an ecoregional network of protected areas. In addition, this strategy makes it possible to apply such funding to localized problems with broad, regional impacts, such as pervasive sedimentation originating from rivers in Guatemala and Honduras that may affect Belize's Barrier Reef further north due to marine currents.

Through the MAR Fund, local *conservation groups* have access to funding and technical assistance in project design, bookkeeping and financial reporting, and project monitoring and evaluation. The Fund also provides assistance to improve the networking capabilities and coordination among conservation organizations on the ground.

VALUE-ADDED FEATURES OF THE MAR FUND

UNIFYING VISION. We are in regular and close contact with NGOs and governments in the four Mesoamerican Reef countries. This enhanced level of communication results in a well-grounded understanding of the complexities and interventions required to achieve effective conservation on the ground.

PROACTIVE APPROACH. We take a proactive approach to raising and allocating funds. Rather than establishing loose guidelines and reacting to proposals, the MAR Fund relies on carefully selected and integrated criteria for grant eligibility. The MAR Fund issues requests for proposals (RFPs) and selects grantees through a competitive process based on pre-defined conservation priorities.

PRIORITIZED RESOURCE PLANNING. We are at the forefront of assessing regional initiatives and identifying local capacity gaps. Through a rigorous set of internal processes combined with input from the in-country funds and our own Technical Committee, we are able to prioritize capital needs and allocate limited financial resources more effectively.

MASTER CONTRACTOR CAPABILITY. We serve as a 'master contractor' by assembling the appropriate organizations and experts in the region to fulfill specific roles as part of a larger vision and strategy. The MAR Fund can set up donor-advised funds, as well as "sub-accounts" for organizations in the region requiring a fiscal agent.

PROGRAMMATIC COORDINATION. Through our in-country member funds we are deeply involved in conservation work in the region. We are able to identify project overlaps, duplication or gaps, and to help coordinate actions at a regional level to address any discrepancies or outstanding needs.

The MAR Fund
finances regional
solutions that
are beyond
the mandate
or capacity of
governments and
local NGOs.





Governing Principles

The MAR Fund embodies several important values that guide our operations on a daily basis:

TRANSPARENCY. Because we are a conduit for scarce conservation funds from private and public sources, we follow strict reporting procedures and work to ensure that all our financial and programmatic information is readily accessible and available to the public and donors.

ACCOUNTABILITY. We have a rigorous monitoring and evaluation process to assess the proper and timely use of grant funds. An annual report, including programmatic progress and audited financial statements, is made available to funders and others.

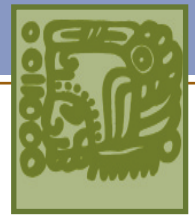
EFFICIENCY. We coordinate initiatives to identify synergies and avoid duplication of efforts. This reduces requests to funders for similar projects and allows efficient prioritization and allocation to projects with the potential for the greatest regional impact. We also strive to keep administrative and operational costs in check by practicing cost sharing with our member funds and maintaining a small staff.

EFFECTIVENESS. We strive to support the best project choices that will optimize the ecological soundness of our grant investments, while ensuring their social and economic viability, as well as their political acceptability. Ultimately, we seek to measure how much conservation impact we can achieve in the Mesoamerican Reef.

LEADERSHIP. We believe that much of the success of a project depends on the people behind the original idea and its implementation. While the Fund provides financial support to organizations, not individuals, we strive to identify and support those organizations housing the most promising leaders.

PEOPLE COUNT. We believe that the social fiber of a nation or a community needs to be touched in order for conservation to come to life. Every one of our actions and conservation investments will take into account the need for social and gender equity. Ultimately, we want to put a human face on every conservation investment we make.





THREATS

The Mesoamerican Reef's spectacular natural beauty makes it a prime tourist destination; the availability of natural resources attracts the presence of industry and agriculture; and the abundance of commercially valuable species fuels both artisanal and industrial fisheries. However, many of these activities, while stimulating the economy, threaten the integrity and health of the region's ecosystems:

- **Key fisheries are in rapid decline**, with far too many artisanal and commercial boats competing in a largely unregulated, "open access" environment.
- **Rapid pace of coastal development** has far outpaced the local infrastructural capacity, releasing municipal and industrial waste into coastal waters and the reef.
- **Exponential growth in cruise tourism and resort development** from the Yucatan Peninsula to Belize and Northern Honduras is resulting in a much greater magnitude of diving, snorkeling and water sports than can be sustained by the natural system over time, putting even greater pressure on the region's reefs.
- **Large-scale agro-industry pesticide application across millions of acres** results in runoff ultimately draining into the Caribbean Sea, while small-scale local farmers have no alternative than to continue to erode soils with slash and burn agriculture.
- **Manufacturing and textile plants rely on water from nearby rivers**, producing industrial runoff that disperses from the Caribbean coasts of Guatemala and Honduras throughout the Reef.



At one fish spawning aggregation site in southern Belize fishermen in the 1960s caught as much as 200 tons of grouper per year. That fishing site is now commercially extinct.

Whereas a "mere" 48,000 cruise passengers visited Belize in 2001, the Belize Tourist Board estimates that more than 900,000 cruise ship passengers will arrive in 2005.

INSTITUTIONAL CHALLENGES

There are significant bottlenecks that hinder conservation work in the region. These challenges are overwhelming local governments, NGOs and communities and they include:

- Limited institutional capacity
- Lack of financial sustainability and self-reliance in projects and institutions
- Poor enforcement of protection laws and regulations
- Limited private sector engagement
- Lack of training opportunities
- Incomplete scientific knowledge (information gaps)
- Gender and social/economic inequities

In addition, scarce funds are often allocated without an overarching programmatic context and consensus; efforts are duplicated by the myriad of implementing organizations, and funders seeking to support “at scale” conservation programs often find themselves without the regional capacity to do so.

The MAR Fund intends to address these challenges head on and to provide a reliable platform for conservation efforts at an ecoregional scale.



Down the Riviera Maya in Mexico, 500,000 cruise passengers arrive every year at the tiny fishing village of Majahual.

Agricultural and industrial runoff, sediments from forest clearing, and untreated sewage threaten the health of coral reefs, even those distant from the coastline.



To address the conservation challenges facing the Mesoamerican Reef Ecoregion, the centerpiece of the MAR Fund's grantmaking program is the development of an interconnected network of priority conservation areas (PCAs) that spans from "ridge to reef" and from the northern tip of the ecoregion all the way to the southern tip. The PCAs may encompass a wide array of institutional and legal arrangements, including national parks, national reserves, fishing no-take zones, private reserves and others.

In our vision, the network of PCAs must go beyond only marine protected areas (MPAs) to include upstream conservation areas whose forests and soils serve as important conservation buffers to protect downstream ecosystems, such as mangroves, and all the way to coral reef formations. PCAs of strategic value include nursery, spawning and feeding sites for a multitude of species whose life cycles often are interrelated.

If managed properly, such a network of PCAs will secure fish stocks, habitats, spawning sites, water/forest resources, and recreational opportunities. The MAR Fund supports coastal or marine PCAs that have been declared national priorities of regional importance, and which link together to form a regional network of high ecological and practical value.

The MAR Ecoregion already harbors a significant number of priority marine and coastal PCAs that can serve as the foundation of a wider ecoregional network. However, most of them lack quality management and trained personnel. Protected areas are expensive, and considerable resources would be wasted if the design and governance elements are neglected.

The MAR fund provides funding for a wide array of essential services of PCAs, including:

- Core support for operations
- Training opportunities for personnel and local communities
- Alternative economic strategies for resource users
- Protected area design and planning
- Monitoring and evaluation
- Enforcement and surveillance
- Sustainable financing strategies

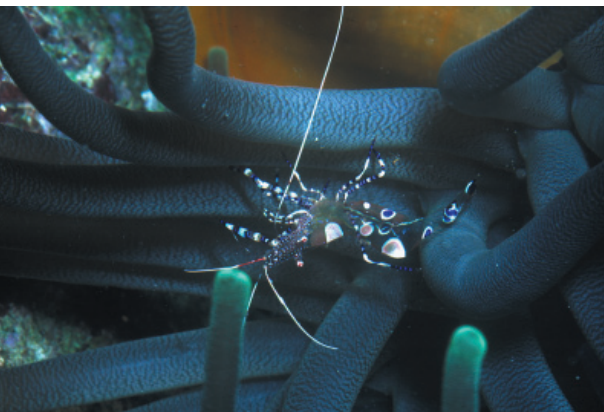
Our Goal:
A "ridge-to-reef" network of Priority Conservation Areas.



The MAR Fund is working with the World Wildlife fund (WWF) to develop a comprehensive financial model for the long-term operation of a system of coastal and marine PCAs in the MAR. This initiative is part of an ambitious, international project of WWF called “Large Conservation Program Management”. The model will provide valuable information on the costs of maintaining a consolidated, well-managed network of sites that will effectively protect a significant sample of the MAR’s natural resources and ecological processes over time. The model will also identify financial gaps between the operational cost and the actual and potential revenues that can be anticipated for each area. The financial gap analysis will be incorporated into our business plan to fine-tune the funding required to maintain a functional and ecologically significant network of PCAs.

PCAs do not operate in isolation of the myriad of threats they face. Concurrently with the creation of an effective network of PCAs essential for maintaining the structure and function of the complex coastal/marine Reef ecosystem, the MAR Fund seeks to target issues directly affecting the integrity and health of such a network of important conservation areas. When appropriate and feasible, the MAR Fund addresses key issues that promote better management practices, such as:

- Harmonizing regional fisheries policy & empowering local fishermen to better manage their fisheries
- Enhancing regional capacity for whole watershed management in a “ridge-to-reef” approach
- Fostering sustainable and socio-economically beneficial tourism
- Reducing land-based pollution from industrial and other sources

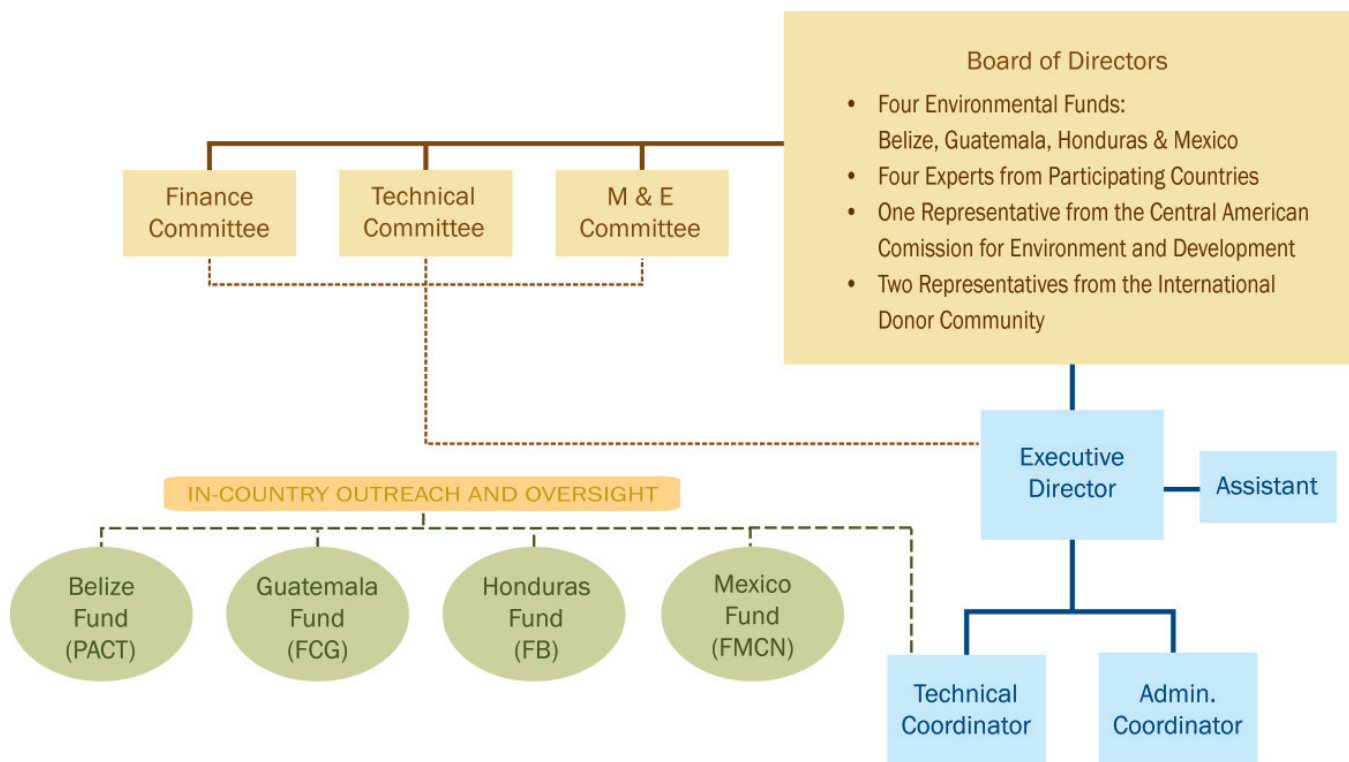




At its core, the MAR Fund is made up of four independent funds representing each one of the MAR countries (Belize, Guatemala, Honduras, Mexico). The four funds have permanent representation on the Board of Directors, and so does the Central American Commission on Environment and Development – the most important cabinet level agency in Central America responsible for environmental stewardship. In addition, one recognized expert from each country and two representatives from the international donor community join the Board on a rotational basis.

We strive to keep a small but efficient core staff in our Guatemala City headquarters: an executive director, a technical coordinator, and a finance/administrative coordinator.

To ensure the highest possible performance and sound decision-making, staff and Board are advised by three committees: finance, technical, and monitoring and evaluation.





Funding Needs

Making grants to safeguard the resources and local economies of the Mesoamerican Reef is the raison de'être of the MAR Fund. *The essence of the program is to support the development and long-term persistence of a network of ecologically critical coastal and marine Priority Protected Areas (PCAs).* It is through this interconnected system of PCAs that we address the most pressing and imminent threats to the ecoregion.

As a result of our grantmaking, we envision having thriving coral reefs and other natural habitats, replenished fish stocks, sustainable tourism activities, and a wealth of other ecosystem services that will benefit the local communities and, ultimately, the economies of the four countries sharing the magnificent Mesoamerican Reef.

To achieve this bold vision, we incur two types of expenses:

GRANTMAKING PROGRAM. To operate at a scale suitable for significant regionwide impact, the MAR Fund needs to disburse between \$3 and \$5 million in grants per year over a 10-year period. These grant budget projections are preliminary estimates based on existing projects in the region and expert calculations. The grant funds awarded by the MAR Fund provide a full array of essential services to local governments and NGOs, including but not exclusive of: training of local protected area managers; improved governance mechanisms; improved enforcement capabilities; core operational expenses for protected areas; strategies for financial self-reliance of the priority area network; strategies for promoting better management practices in fisheries, tourism and agriculture; and scientific monitoring.

OPERATIONS. The MAR Fund will keep a small but efficient operation in its headquarters in Guatemala City. Funds required to administer and monitor grants include the salaries of essential personnel (an executive director, a technical coordinator, a finance director, and one support staff), as well as office rental, utilities, equipment, insurance, and communications. The MAR Fund's standard overhead fee is 15 percent. This percentage includes an administrative share for local oversight and administration provided by our in-country partners (Protected Areas Trust Fund in Belize, Fundación para la Conservación de los Recursos Naturales y Ambiente in Guatemala, Fundación Biósfera in Honduras, and Fondo Mexicano para la Conservación de la Naturaleza in Mexico).

Estimated Program And Operations Expenses (2005-2014)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Annual Funds Required	\$159,600	\$3,306,724	\$3,294,224	\$3,294,224	\$4,895,567	\$4,361,786	\$4,361,786	\$5,963,129	\$5,429,348	\$5,429,348
Operations	159,600	311,600	299,100	299,100	299,100	299,100	299,100	299,100	299,100	299,100
Grantmaking Program		2,995,124	2,995,124	2,995,124	4,596,467	4,062,686	4,062,686	5,664,029	5,130,248	5,130,248
Cumulative Annual Funds Required	159,600	3,466,324	6,760,548	10,054,771	14,950,338	19,312,124	23,673,909	29,637,038	35,066,385	40,495,733