

SUMMARY OF THE PROJECT IN DESIGN * (*)

IDB Lab - DEFRA Mangrove Challenge

PITCH ELIGIBILITY DATE		COUNTRY(IES)
10/26/2022		Belize; Guatemala; Honduras
ALIGNED WITH COUNTRY STRATEGY?		
Yes		
PARTNER(S)		
Mar Fund		
PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT		
B (**)		
TOTAL BUDGET	IDB Lab	LOCAL COUNTERPART AND COFINANCING
US 3,000,000	US 2,000,000	US 1,000,000
DESCRIPTION		

The problem The main problem that the project will address is deforestation and degradation of mangrove forests in the coastal regions of Belize, Guatemala, and Honduras, which have very different dynamics of mangrove loss. Over 20% of the world's mangrove area has been destroyed since 1980. Similar trends are happening in Central America. Mangroves provide important ecosystems services for humans (food production, storm protection, shore stabilization, prevent saltwater intrusion, control of soil erosion and flooding) and animals.

A wide range of fish and shellfish also depend on mangroves as the swamps help to filter sediment and pollution from water upstream. The main causes of the destruction of mangroves include population pressure, lack of income opportunities for local and vulnerable population, conversion for shrimp and fish farming, agriculture, infrastructure, tourism, as well as pollution and climate change/natural disasters. Conversion to shrimp and fish farming is a leading cause because the areas are flooded with brackish water which become potential areas for aquaculture.

The majority (93.4 percent) of 17,641 hectares (ha) of mangroves are Guatemala's found within the lagoons on the Pacific Coast with the primary area being near the Mexican border of Rio Ococito. Per the National Forestry Institute (INAB), one percent of Guatemala's territory is suitable for mangroves, equivalent to 108,000 ha. Guatemala has lost over 70 percent of its mangroves since 1954

(MARN & UNEP, 2013). There are extensive mangrove areas to be found on both the Caribbean and Pacific coasts of Honduras. Though they cover only 1.1 percent of national territory, mangroves are

highly affected by different industries, in particular shrimp farming as well as the extraction of kindling and wood for a variety of uses. Mangrove forests in Honduras are important as they supply basic forest resources for those with limited income but are under competitive pressures since they are valued for shrimp farming, especially in the Gulf of Fonseca and are threatened by expanding urban development for tourism. In Belize, mangroves cover 747 km² of coastline and cays of the country and form a vital part of the natural ecosystem. Mangroves are legally protected under Belize's Forests Act and remain mostly intact in Belize. At least 60% of the population of Belize depends directly or indirectly on ecosystem services from coastal and marine habitats. Mangroves alone contribute about US \$174–249 million each year to the country's

*The information mentioned in this document is indicative and may be altered throughout the project cycle prior to approval. This document does not guarantee approval of the project.

**The IDB categorizes all projects into one of six E/S impact categories. Category A projects are those with the most significant and mostly permanent E/S impacts, category B those that cause mostly local and short-term impacts, and category C those with minimal or no negative impacts. A fourth category, FI-1 (high risk) Financial Intermediary (FI)'s portfolio includes exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, mostly irreversible or unprecedented, FI-2 (medium risk) FI's portfolio consists of business activities that have potential limited adverse environmental or social risks or impacts, FI-3 (low risk) FI's portfolio consists of financial exposure to business activities that predominantly have minimal or no adverse environmental and social impacts.

economy. However, foreign ownership and recent trends in land-use change, development, wastewater management, and tourism (especially a rapid increase in arriving cruise ships) put pressures on mangroves and other coastal habitats.

The solution The objective of this project is to develop an integrated approach for mangrove conservation by building and making the business case that it is possible to protect and restore mangroves if specific local solutions are developed and deployed together with local communities, private sector, and governments. Through the implementation of a large number of diverse pilot projects to be selected through a challenge, the project will generate actionable evidence, with a series of technologies, open innovation practices and partnerships, that increasing mangrove conservation and restoration can enhance the adoption of alternative sustainable livelihood practices, and result in visible and measurable impacts, i.e. reduced GHG emissions, strengthened resilience and higher adaptive capacity, generate higher income and restore biodiversity. The project will support, for example, adaptive management, where a structured, iterative process of “learning-by-doing” and decision-making is used to support continuous change to ensure success for mangrove ecological restoration project.

The beneficiaries The main beneficiaries of the project are coastal communities and their small and medium sized farms and businesses and their families in Belize, Guatemala, and Honduras. The project will leverage and complement IDB Group activities in the three countries. The interventions will be aligned with the IDB country strategies and the national strategies for climate adaptation and natural resources and environmental management in each country.

There will be 3 projects that are estimated to benefit 200 direct beneficiaries in each country, for a total of 600 beneficiaries. It is also estimated that there will be between 2,500-3,000 indirect beneficiaries.

The partner The project will be executed by the Mesoamerican Reef Fund (MAR Fund). MAR Fund is a private fund with a Board of Directors comprised of international collaborators, experts, the Central American Commission on Environment and Development (CCAD), and the in-country funds from each of the Mesoamerican Reef countries – Protected Areas Conservation Trust (Belize), Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG), Fundación Biósfera (Honduras), and Fondo Mexicano para la Conservación de la Naturaleza (Mexico). The mission of the MAR Fund is to drive regional funding and partnerships for the conservation, restoration, and sustainable use of the Mesoamerican Reef. MAR Fund will hire individual consultants and/or firms in accordance with the Bank’s procurement policies and procedures for the implementation of activities under the project. A project management unit will be established to help manage the program. In addition, MAR Fund will actively collaborate with local partners for implementation of project activities. MAR Fund has previously worked with the IDB in projects on coral reef restoration and insurances. MAR Fund has also been working with local conservation NGOs, government agencies and community groups in Central America for over a decade.

DEFRA (UK Department for Environment, Food and Rural Affairs) will provide core funding to the project. DEFRA is responsible for improving and protecting the environment and aims to grow a green economy and sustain thriving rural communities. DEFRA also supports the world-leading food, farming, and fishing industries.

The IDB Lab’s contribution The Project will be wholly funded by DEFRA, local counterpart of executing partner, and co-financing from other donors. The IDB Lab administers \$2,000,000 of Non-Reimbursable Technical Cooperation DEFRA finances through IDB Lab .

*The information mentioned in this document is indicative and may be altered throughout the project cycle prior to approval. This document does not guarantee approval of the project.

**The IDB categorizes all projects into one of six E/S impact categories. Category A projects are those with the most significant and mostly permanent E/S impacts, category B those that cause mostly local and short-term impacts, and category C those with minimal or no negative impacts. A fourth category, FI-1 (high risk) Financial Intermediary (FI)’s portfolio includes exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, mostly irreversible or unprecedented, FI-2 (medium risk) FI’s portfolio consists of business activities that have potential limited adverse environmental or social risks or impacts, FI-3 (low risk) FI’s portfolio consists of financial exposure to business activities that predominantly have minimal or no adverse environmental and social impacts.