TREES, WATER & PEOPLE
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Funding Alternative Economies in Mesoamerica

Executive Summary

July 2026

Alternative economic models are increasingly viewed as valuable responses to intersecting challenges related to climate change, economic exclusion, and ecosystem degradation.

Momentum towards alternative economies in the region has been supported by locally-led and place-based initiatives…

- Rising support for Indigenous-led initiatives and territorial governance.
- Place-based approaches that enable multisector collaboration.
- Growing recognition of inequality and extraction within dominant economic systems.

Despite these key points of engagement, support for alternative economies in Mesoamerica remains limited in scope…

- Alternative economies are generally not positioned as a standalone funding priority, and are influenced by broader trends in conservation and climate spaces; Central America has minimal visibility in these spaces.
- Amidst funding constraints, declining development assistance, and perceived risk in the region, resources for locally-led initiatives in Central America are scarce.
- Alternative economies often challenge donor-driven definitions of impact and bring forward conflicting views on market engagement.

Emerging opportunities point towards centering and strengthening the local actors already building sustainable solutions. Philanthropy can play a stronger role by supporting the narratives, organizations, and ecosystem carrying alternative economies forward.

1. Invest in stronger evidence and narrative work on impact of community-led initiatives.

2. Provide long-term support for social movements shaping climate finance.

3. Support exploration of community approaches to engaging with markets.

4. Explore and shape partnerships with aligned impact investors.

5. Strengthen the intermediary and capacity-building ecosystem.

Funding Alternative Economies in Mesoamerica: Trends, Challenges, and Opportunities[1]

July 2026

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Introduction[2]

While the term "alternative economies" encompasses a wide and often diffuse set of approaches, it is commonly used to describe community-defined economic activities aimed at meeting local needs. These initiatives typically center on the provision of livelihoods that are closely tied to ecosystem regeneration and the sustainable management of natural resources. In many cases, they also reflect broader efforts to strengthen local autonomy, resilience, and more equitable forms of value creation. **They are increasingly viewed as valuable responses to intersecting challenges related to climate change, economic exclusion, and ecosystem degradation.**

This report provides a snapshot of the funding landscape for alternative economies, identifying current trends, persistent challenges, and emerging opportunities to expand support for these models.

Understanding how these initiatives are currently supported is critical, particularly given their cross-cutting nature. Alternative economies are not positioned as a standalone funding priority in the region, but it does show up in various' funders grantmaking strategies, from community-led conservation to economic security and climate justice. Despite engagement from key philanthropic actors, support for alternative economies in Mesoamerica remains limited in scope, uneven across geographies, and is unlikely to shift significantly in the near term.

[1] Liliane Loya authored the report and conducted the underlying research.

[2] The report is based on interviews with funders and practitioners conducted between November 21, 2025, and January 26, 2026. Interviewees were selected from a mapping of 30+ global foundations and funding collaboratives, prioritizing those whose grantmaking is most relevant to alternative economies. As a result, the sample is weighted toward funders active in areas such as economic development, climate justice, and community-led conservation, including those supporting this work without explicitly labeling it as "alternative economies."

Characteristics and trends in the funding ecosystem

The funding landscape for Mesoamerica is going through a series of significant shifts across multiple fronts. These include changes within both the philanthropic community—primarily private and public U.S. foundations—and broader development funding flows.

Dual pressures on funding: philanthropic contraction and the withdrawal of bilateral assistance

Beyond the immediate shock of the U.S. halting its bilateral assistance, longer-term trends point to a gradual contraction in available funding. Within the philanthropic sector, funding for the region persists but appears more limited in scale and increasingly selective in both its geographic and its thematic focus. Interviewees remarked that in the past two decades, Central America in particular has faced persistent challenges in attracting new funders for initiatives involving alternative economic models.

Two broader patterns emerged from the interviews:

- Compared to other regions, Latin America has historically attracted a smaller share of global philanthropic funding. Within the region, Mesoamerica – with the exception of Mexico—receives the least amount of funding.
- Within Latin America, funding constraints are particularly pronounced in Central America, where declining development assistance and limited philanthropic engagement have reduced resources for locally-led initiatives.

Despite the decline in funding in Mesoamerica some actors are stepping up

Besides the long-time presence of major funders like Ford and Kellogg Foundation, the Inter American Foundation, and Margaret Cargill Philanthropies, a small but notable group of funders has recently entered the region or extended existing commitments. These actors do not offset the broader contraction but they signal areas of interest:

- Focus Central America, currently concentrating its grantmaking on climate resilience and support for returned migrants.
- Fondo Agroecológico para la Península de Yucatán (Agroecology Fund for the Yucatán Peninsula), a regional agroecology fund established by the Agroecology Fund in 2020 with the Kellogg Foundation's support.
- International Community Foundation's 2021 launch of its Central America strategy, currently backed by four funders, and actively seeking additional donors.
- Rockefeller Foundation opened a regional office for Latin America in 2025. It is not yet clear whether it will adopt a defined geographic focus.
- Target Foundation, in partnership with Avina Foundation, with a focus on just and regenerative economic systems in Guatemala, El Salvador, Honduras, and Panama.
- Waverley Street Foundation centered in the food and energy sectors in three of Mexico's microregions.

Central America's dependence on international philanthropy vs. Mexico's stronger national philanthropy

The region remains heavily dependent on international philanthropy, particularly in Central America, where national foundations play a smaller role than in Mexico. By contrast, in Mexico several domestic foundations have emerged as relevant partners in areas such as sustainable food systems and community-led natural resource management.

Rising support for Indigenous-led initiatives and territorial governance

The growing recognition of Indigenous peoples' role in protecting global biodiversity has effectively translated into increased philanthropic support for Indigenous-led movements, particularly those focused on securing land tenure and strengthening territorial governance of natural resources. One illustration of this trend is the expansion by Pawanka Fund—a global Indigenous-led regrantor with an average grant size of $30,000—whose grantmaking grew from 18 grants in 2014 to 150 grants in 2025, with a current target of 200 grants for 2026. Despite this growth, funding to Indigenous communities remains disproportionately low relative to their global significance. Recent efforts in Mesoamerica to establish additional Indigenous-led funds include the Alianza Mesoamericana de Pueblos y Bosques' Fondo Territorial Mesoamericano.

Place-based approaches are enabling multisector collaboration

Funder collaboration with a specific geographic focus is facilitating a shift from fragmented project funding toward territorial approaches that align economic, environmental, and market objectives. The "landscape" approach not only directs resources into specific geographic microregions but also facilitates blended financing models in which private foundations and impact investors participate, often in coordination with multilateral and local agencies. Examples mentioned by interviewees include long-standing support for a community forestry model in Guatemala's Petén region and a multi-actor platform in the Gulf of California to strengthen sustainable marine and aquaculture management and local food systems.

Current dynamics impacting organizations that bridge funders and local communities

Interviewees pointed to four dynamics shaping the role of these organizations:

1. **Continued relevance of organizations playing intermediary roles.** Given large climate funders' growing interest in reaching local actors, intermediary organizations are increasingly important in connecting communities with donors. Some interviewees pointed to the high number of intermediaries funded in recent grants by MacKenzie Scott as a sign of their rising visibility among major donors.

2. **Growing debates around localization and tension around the role of intermediaries.** The growing emphasis among philanthropists on localization–i.e., efforts to channel resources directly to communities or through local organizations—has generated tension around the role of regranting or intermediary entities, particularly those outside the region. However, most interviewees contend that the challenge is not the existence of intermediary or supporting organizations, but rather role clarity of these players within the ecosystem.

> "Our goal is to decentralize the intermediary funding space and influence philanthropy to support local actors. We tell donors: if you can fund local organizations directly, do it. If not, fund networks and local funds. If this is not possible, then and only then use us."
>
> Regrantor representative

3. **Proliferation of collaborative and pooled funding mechanisms.** Interviewees noted a growing proliferation of collaborative funds operating at the intersection of the climate, conservation, and sustainable development sectors. In some respects, it may be true that the philanthropic space is now more crowded, with a higher number of actors performing similar functions.

4. **Intensifying competition due to shifting patterns in development assistance.** As long as the climate financing architecture remains structured as it is today, it will continue to rely on organizations with substantial implementation capacity to execute projects and distribute funds. At the same time, broader shifts in development funding are intensifying competition, particularly as a result of declining U.S. bilateral assistance.

> "[My] concern is that the emergence of new funding mechanisms could unintentionally deepen inequities, especially given that Global North organizations have greater capacity to position themselves effectively with donors. [Philanthropy in the region] should deliberately use an ecosystem-oriented approach to ensure that any given funding infrastructure does not reproduce historical imbalances."
>
> Funder representative

Growing willingness to question economic systems driving inequality and environmental degradation

> "We may be seeing a gradual change, but the economic system has been a taboo topic within philanthropy for a long time."
>
> Funder representative

A number of grantmakers are framing structural inequality not only as a social or economic issue, but as a central threat to democratic stability—prompting increased interest in strategies that address the underlying economic systems that shape it. Some recent efforts emphasize the urgency of expanding support for this work in contexts where rising inequality is fueling political polarization and enabling the advance of populist and authoritarian dynamics. One such example is the Global Fund for a New Economy, launched in 2025 by Open Society Foundations, Omidyar Network, Ford Foundation, and the William and Flora Hewlett Foundation. While still evolving, initiatives of this kind signal that the emerging *new economy movement* is gaining momentum.

Challenges and opportunities

Challenges related to the existing funding system

The conservation funding space and its bias toward "intact" ecosystems.

Even progressive funders that support community-led conservation tend to prioritize landscapes perceived as "intact." This bias is reflected in the concentration of philanthropic resources in the Amazon and the Andes, alongside underinvestment in Central America and Mexico—regions often viewed as more intervened or degraded, despite their ecological and social significance. In addition to the bias towards less degraded ecosystems, ecosystem size may be also at play.

Emissions reduction as the dominant priority in climate funding

Climate funding prioritizes emissions-reduction efficiency, often treating forest conservation and land-based sequestration as less reliable due to ecosystem vulnerability, highlighted by rising forest fires and extreme events. This emphasis can divert support from community-based resource management, even when it contributes to mitigation. While major funders recognize the benefits of community-led conservation and related alternative economic models, they tend to favor initiatives that deliver permanent emissions reductions, such as transition from fossil fuels.

> "[Climate] funders who are squarely focused on emissions reduction tend to concentrate on reducing methane and some "super-pollutants" used in agriculture as fertilizers, because those are seen as having the clearest potential to reduce global warming in the near term. It's about using the most immediate strategy."
>
> Funder representative

The complex global funding architecture limits access to locally-driven economic alternative models.

Despite increasing recognition of the importance of involving Indigenous and local communities, only a small fraction of climate adaptation funding finds its way to initiatives centered on community-led initiatives. Stringent requirements and complex procedures continue to hinder direct access to funds. At the same time, when funding is allocated to food systems or agriculture-based initiatives, projects framed as "innovative" tend to be prioritized, sidelining much of the work in alternative economies.

Supporting local actors and the perceived transactional costs

The administrative burden associated with issuing small grants—often requiring closer support to local grantees—means that funders often perceive supporting local actors as a high transaction-cost endeavor. This dynamic is further compounded by foundations' lack of in-country presence, ultimately limiting direct support to community actors involved in alternative economies work. While this reticence to support smaller, grassroots groups is not generalized, it likely deters new funders from supporting local work in the region.

Emerging opportunities related to the existing funding system

Growing recognition of the importance of centering local communities

Mainstream climate philanthropy is increasingly seeking to engage at the local level. This is by no means the majority of climate-oriented funders, but the perception among some interviewees is that there is greater flexibility to consider outcomes beyond reducing emissions or sequestering carbon.

> "The frontier of philanthropy is climate change. Climate work is multifaceted [and] we need to work constantly to demonstrate that reducing emissions does require looking at deforestation and food systems."
> Funder representative

Increasing effectiveness of movements advocating climate finance reform

A second opportunity may lie in changing the main climate finance mechanisms to ensure that climate funding effectively responds to local communities' priorities. Global movements and their advocacy continue to push for changes to address structural inequities in climate finance. The rising recognition of Loss and Damage in international negotiations —highlighted by its formal inclusion at COP27—shows how frontline communities and Global South advocates can shape the global climate agenda.

> "[Philanthropy] needs to keep supporting movements […] The biggest misconception is that the grassroots doesn't operate at scale. Look at La Via Campesina: more than 80 countries, over 200 million people. We need to [continue to] show the power of grassroots movements."
>
> Regrantor representative

High net worth individuals as an underexplored opportunity

High net worth individuals (HNWIs) may represent an underexplored opportunity to increase support for alternative economic models, particularly now that a generational shift toward questioning the economic system is taking place. While diverse in outlook, many HNWIs are particularly responsive to personal connection, compelling narratives, in addition to direct exposure to people and place. Storytelling, immersion, and site visits to particular ecosystems may be effective in mobilizing this segment of philanthropy.

Challenges inherent to the alternative economies field

Alternative economies challenge donor-driven definitions of impact

Large-scale outcomes continue to dominate funders' expectations regardless of the thematic area, and this characteristic works against some successful local initiatives. Alternative economic initiatives are intentionally place-based, relational, and ecologically bounded; their success is defined in terms of the communities' wellbeing rather than expansion. When scale becomes a prerequisite for significance, models designed to prioritize diversification, resilience, and collective

governance, tend to be undervalued—not because they lack impact, but because their contributions do not conform to mainstream parameters.

> "It may be that we don't have enough success stories. But more importantly, we haven't clearly articulated what impact looks like."
>
> Funder representative

The alternative economies field lacks a cohesive narrative.

The absence of a coherent narrative may prevent broader donor engagement beyond the relatively small circle of foundations already convinced of the field's importance. Developing a clear and compelling narrative—one that articulates both the contributions and the untapped potential of alternative economies—is therefore critical for advancing the field.

> "We have ten different concepts or terms that we use. [By contrast] if one talks about climate, people understand."
>
> Funder representative

Stakeholders' competing views regarding market engagement

Stakeholders hold divergent views on market engagement. Some interviewees caution that entering global markets can "hijack" community priorities by shifting focus toward profit maximization at the expense of equitable income distribution and diversification. Others emphasized that alternative economic initiatives must access broader—and often higher-value—markets to remain viable and self-sustaining in the long-term. Bridging these perspectives requires models of market engagement that center communities' priorities.

> "For progressive philanthropy—especially foundations supporting territory work—the focus has been on public policy, often through advocacy against large corporations. However, the reality is that individuals and communities, whether in agriculture or other economic activities, need market access to generate income. This segment of philanthropy has not paid enough attention to solutions in that area."
>
> Funder representative

Emerging opportunities related to the alternative economies field

Strengthening the evidence base on community-level impacts

There is a clear need to strengthen the evidence base on the impacts of community-led initiatives, by investing in approaches that capture economic, social, and environmental outcomes in ways that are translatable to mainstream funders' notions of impact. This requires expanding what counts as evidence of impactful initiatives from the perspective of communities.

Building a compelling field narrative

The field would benefit from a more cohesive and compelling narrative that articulates the value and distinctiveness of alternative economies, helping to bridge fragmented understandings and position these approaches in the broader climate agenda.

Supporting market engagement strategies

The decision to engage with broader markets ultimately rests with communities themselves and funders can play a supportive role by connecting them to the technical capacities needed to interact with markets on their own terms.

> "We need to work across [financing] silos. Doing so requires breaking down barriers that divide us from other sectors, particularly impact investors. […] Engaging with stakeholders with whom there may not be full alignment is important."
>
> Funder representative

Challenges related to the limited understanding of Mesoamerica and its potential

Perceptions of risk in the region

High crime rates and the presence of organized crime shape funders' grantmaking decisions. Weak state capacity in parts of Central America, combined with an unpredictable policy environment, are likely to deter new philanthropic actors from supporting work in the region.

Minimal visibility of Central America in conservation and climate discussions

Central America's limited visibility in global climate and conservation circles both reflects and reinforces its marginal share of funding, despite its high vulnerability and key role in biodiversity. Within Latin America, climate finance is concentrated in a few countries—Brazil, Colombia, Costa Rica, and Mexico—which receive nearly half of regional funding, leaving much of Central America overlooked.

Emerging opportunities related to Mesoamerica and its potential

Engaging existing funders to enable cross-programmatic support

Some interviewed foundations are exploring collaboration with other donors active in the region by adopting cross-programmatic approaches. In many cases, there are clear overlaps with funders' existing priorities such as education, food security or disaster prevention, where supporting community-led economic initiatives can strengthen ongoing efforts.

Recommendations for strengthening philanthropy's role in supporting enabling environments for alternative economies

Philanthropy can play a stronger role in advancing alternative economic models in the region. Beyond funding technical assistance and fostering collaboration among peers, foundations already active in the field could:

1. Invest in stronger evidence on impact of community-led initiatives

Provide funding to help communities improve the evidence that resonates with other funders—while also expanding what counts as impact.

2. Long-term support for social movements shaping climate finance

Strengthen long-term support for grassroots and Indigenous-led movements to sustain their growing influence on climate finance and advance structural change toward greater equity, access, and accountability.

3. Strengthen narrative work

Support local organizations in building a shared narrative that emphasizes common principles across approaches, making alternative economic models easier to communicate and connect to broader climate and development priorities.

4. Engage high net worth individuals through direct, relationship-based engagement

Create opportunities for direct, relational engagement to connect high-net-worth individuals to the work and expand their support for the field.

5. Support exploration of community approaches to engaging with markets

Support communities to navigate market engagement, highlighting models that maintain local control while expanding opportunities.

6. Explore and shape partnerships with aligned impact investors

Facilitate engagement with impact investors by identifying non-extractive partners, convening actors, and piloting models that protect community priorities while expanding available resources.

7. Strengthen the intermediary and capacity-building ecosystem

Many intermediaries and capacity-building providers aim to strengthen local organizations so they can become self-sustaining over time, often viewing their role as temporary. Identifying organizations that operate with this approach is critical for philanthropy to support the long-term sustainability of civil society in the region. To strengthen the intermediary and capacity building space, foundations can:

- Provide long-term, flexible funding to organizations that strengthen local civil society through network-building and accompaniment.
- Address structural inequities in the funding ecosystem by building on the strengths of local funds
- Invest in processes of relationship-building, dialogue, and collaboration across entities.
- Make grant application processes more accessible for local organizations and reduce reporting burdens.