

BLUEMX

IMPACT REPORT

2023-24

U' BALAM'MOO A'KALCHE
THE JAGUAR OF THE WETLANDS



Dear investors and friends of BlueMX,

We are delighted to share with you the first annual BlueMX Impact Report.

The Yucatec Maya project name “U’ Balam’Moo A’Kalche,” was chosen by local community members and roughly translates into “The Jaguar of the Wetlands.” Spoken in parts of Mexico, Belize and northern Guatemala, Yucatec is an American Indian language of the Mayan family. Little changed from pre-colonial times, the name reflects the presence of wild jaguars in the project area and local peoples’ enduring spiritual connection with this totemic species.

Ongoing delays related to the uncertainty of the REDD+ conservation methodology and significant accounting revisions to the mangrove restoration methodology have slowed the development of the BlueMX Project. However, the Project Design Documentation is now nearing completion and first issuance is expected in 2025.

Throughout these delays, work on the ground has continued. More than 100,000 hectares of mangroves and other wetlands have been conserved; 45 kilometres of tidal channels have been reopened and more than 18,000 cubic metres of silt build-up in the channels have been cleared in line with the project’s focus on community-based hydrological restoration.

BlueMX has also continued to invest in the social and biodiversity programs that communities and wildlife need, and that are essential to the project’s theory of change and long-term resilience:

- More than 300 people have been enrolled in social security for the first time, providing them with access to a pension, disability insurance and parental benefits.
- Mobile health clinics have treated 226 patients, many of them elderly.
- At least 600 species of plants and animals have been identified within the project's boundaries, more than 100 of which are at risk of extinction.

Key to delivering this impact is a commitment to investing locally. In the 2023-2024 reporting period, 88.7% of project funding was delivered to people, communities and organisations within Mexico. You, as our investors, partners and friends have made this impact possible. Thank you for the continued faith you’ve shown in BlueMX, and the support you have shown for the coastal people and communities of Mexico.

On behalf of the BlueMX and Carbon Growth Partners teams, we hope you enjoy the Impact Report. As always, if you would like to learn more, please feel free to reach out to us at any time.



Joseph L Garcia Falmer
Managing Director, BlueMX



Rich Gilmore
CEO, Carbon Growth Partners

TIDAL CHANNELS
RE-OPENED



45kms

PEOPLE ENROLLED
IN SOCIAL SECURITY



300

SPECIES OF PLANTS AND
ANIMALS IDENTIFIED



600

PEOPLE TREATED AT THE
HEALTH CLINICS



226

CONSERVATION AND COMMUNITY ENGAGEMENT

Strengthening conservation efforts and community development is key to the success and resilience of BlueMX and its partner communities

Mangrove rehabilitation work

Significant hydrological rehabilitation activities continue to be carried out in local community ejidos as well as public and private lands. Over the past year, BlueMX has supported communities to reopen 45 kilometres of tidal channels and clear 18,000 cubic metres of silt build-up in these channels.

The project employs the principles of Community-Based Ecological Mangrove Restoration (CBEMR), which seeks to empower local communities to restore and steward their mangroves while deriving sustainable mangrove-based livelihoods. Restoration focuses on hydrological and sedimentological remediation, with hand-planting as an intervention of last resort. This approach lowers cost, reduces mortality and improves resilience, as it focusses on addressing the drivers of loss alongside the repair of loss and damage.

These actions are essential to restore and promote water flow between well-preserved mangrove areas and those where mangrove vegetation is disturbed or completely degraded. This not only helps improve water quality and mangrove health but also contributes to flood protection and the safety of local communities.

Community outreach

The project team continues to liaise closely with ejido communities and local landholders. As part of the project's commitment to transparency, assemblies are recorded and saved.



Regular information and discussion sessions, and ejido assemblies, cover:

- The stages of the project.
- The details of any contracts or agreements.
- Information about where the project registration and progress can be viewed.
- Discussion of the restoration and conservation activities conducted in mangrove areas.
- Opportunities for educational activities and social programs carried out in the schools and communities of participating ejidos.
- Q&A

In addition to assemblies and consultation meetings, field studies are conducted with mangrove restoration experts. These studies help to identify priority conservation and restoration areas and inform the design of reforestation activities. The tours also allowed for the assessment of current conditions in the mangrove areas and the definition of strategies and next steps. Collaboration with experts ensures that restoration activities are carried out according to the highest scientific and technical standards, in ways that are supported and led by the communities in which they are undertaken.



Biodiversity assessment and conservation

The BlueMX team and scientists from Mexico's Colegio de la Frontera Sur (ECOSUR) are working to identify and document the biodiversity of the project area. ECOSUR (www.ecosur.mx) is a public scientific research centre that seeks to contribute to the sustainable development of the southern border of Mexico, Central America and the Caribbean through scientific knowledge, training and the connection of the social and natural sciences.

Aside from providing important baseline data to inform the project's co-benefits, this work helps communities to understand which species exist and which could disappear if restoration and reforestation activities are not implemented. To date the team has identified more than 600 species within the project's boundaries, more than 100 of which are at risk of extinction, including plants, birds, frogs, reptiles like snakes and turtles, and mammals like jaguars, coyotes, mice and raccoons.



Of the species documented, it is birds that are of the most interest to communities. The songs and colours of many species, like the hooded warbler, are only present during certain seasons of the year when they migrate south from the US and Canada to find food. Others live in the marshes of the project area all year round, where they make their nests, incubate their eggs, and raise their chicks. Both migratory and resident birds face significant threats that must be minimized, as their resting, feeding, and nesting areas are being lost in Mexico and across the Americas.



Planned activities

In addition to the continuation of existing conservation and community activities, BlueMX plans to:

- Resume monitoring of physicochemical parameters in areas where ecological restoration is considered part of the project.
- Collaborate with local NGO Pronatura Noreste's (<https://www.pronaturanoreste.org/>) Fishery Improvement Program by adding two community monitors.
- Update and expand the scope, extension, and management plans of UMAs (Environmental Management Units) in ejidos and communities participating in the project.
- Explore recycling and waste management initiatives to generate alternative employment and reduce deforestation pressure.

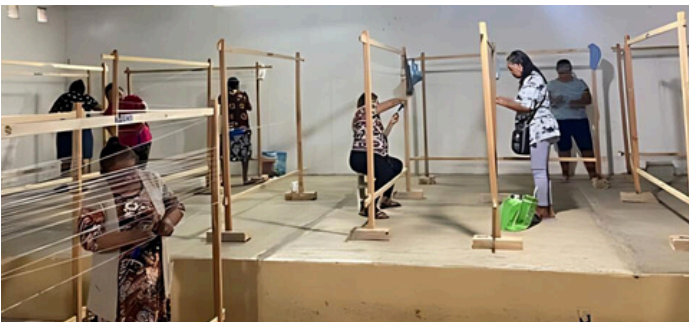


SOCIAL PROGRAMS

Investing in social programs is key to helping local communities realise their aspirations and to project's theory of change and long-term resilience.

Hammock weaving workshops

The hammock weaving program aims to preserve and revitalize the ancestral tradition of hammock weaving. Through practical workshops, participants are learning traditional weaving techniques, as well as the cultural and historical significance of this art. In addition to honouring historical roots, this program seeks to promote local economic development by providing community members with the tools and skills necessary to market their products effectively.



Mobile health clinics

BlueMX partners with the Red Cross and Women's Institute to bring health clinics to local communities. This year the program serviced the communities in the northern zone of Sodzil, Koben, and Hecelchakán. The initiative aims to bring quality medical services directly to community members. These mobile clinics are equipped to provide a wide range of primary care services, from general medical consultations to preventive health check-ups, disease screenings, and health education (First Aid Workshops). A total of 226 people benefited from the health sessions, including men, women, the elderly, and children.



Beekeeping

Supported by a donation from Airbus, the BlueMX beekeeping program aims to promote sustainable and conscious beekeeping among community members and support the critical role of pollinators in maintaining ecosystem function. In addition to promoting an extension group where a technician specialized in beekeeping was assigned to help beekeepers improve how they conduct their beekeeping activities.



Environmental education

Environmental education workshops are held in the schools of participating ejidos. These workshops are designed for children and young people aged 4 to 18, with the goal of raising awareness about the importance of mangroves both globally. Through these workshops, students learn about the local importance of mangroves and how to protect and care for these ecosystems in their own communities.





ONE EJIDO, MANY CHOICES

Ejido Santa Cruz is one of the largest ejidos in the BlueMX project, with more than 10,000 hectares of conservation areas and 6,000 hectares of restoration.

On the Pacific Coast of Mexico, a series of creeks and rivers pours down from the mountains and onto the plains of Las Marismas Nacionales (the National Salt Marshes). These waters create the sloughs, swamps, lakes and rivers of the Marismas – a RAMSAR-listed wetland area and a site of national biodiversity significance. Tidal waters from the Pacific pulse into the wetlands and lakes as far as 30 kilometres inland, creating the unique mix of salt and freshwater lagoons that support one of North America’s most biologically diverse wetlands and a massive carbon sink.

This is a very poor corner of Mexico—on the edges of the fertile coastal plain that supports an industrial agriculture economy. Some ejidos—the lucky ones—ended up with the fertile lands that grow large quantities of mangoes, tomatillos and tobacco for export. Others, like Ejido Santa Cruz, make do harvesting watermelons, lettuce and chillies, or raising a few cows in between the marshes and the sand dunes of the Pacific. Some farm shrimp, carving football pitch-sized ‘tanks’ out of the coastal plain that are then filled with brackish water and shrimp to breed for market. Natural channels are blocked, creating ponds from which to harvest a wild catch.

These operations depend on just the right mix of fresh and salt water. Often they don’t get it right and abandon the effort—leaving the tanks behind or the dykes blocking the channels. The saltwater encroachment and altered hydrology that result slowly drown the mangroves, destroying essential nurseries for the very species the fishers rely on. It is a despairing cycle of loss.

Now, in partnership with BlueMX, the fishers are migrating to a new way of management – removing dams to allow more fresh water into the marshes. They are betting that better water management can both grow shrimp and restore nature: it is good for their catch and good for the mangroves. Blue MX has become an important employer in Santa Cruz — labourers clear canals, collect data to monitor progress, and rebuild ‘chinampas’, raised sediment beds used traditionally by the Aztecs for agriculture and adapted for mangrove restoration.

It is a new idea and many community members start out thinking carbon projects like BlueMX are government grant programs meant to bring infrastructure to their villages rather than performance-based payments for successful emissions reductions. Communicating how and why these communities can earn money by protecting and restoring their mangroves – should they choose to – takes empathy and patience, qualities deeply embodied in BlueMX CEO Jose Luis Garcia Falmer and his team.

It’s early days and it hasn’t always been smooth sailing. Carbon accounting standards are a moving target, and the project has seen delays for all the usual as well as unusual problems that occur in dispersed and complex projects in small rural communities.

Despite these challenges, communities like Santa Cruz celebrate in the knowledge that thanks to BlueMX, they now have choices about the future of their lands and waters. The destruction of the nature they cherish is not the only path to prosperity. While they can’t wait forever, so far they believe what they’ve seen and are willing to take a chance on this new kind of harvest.



CARBON AND BIODIVERSITY: MAKING MARKETS WORK

On a humid July day in Cancún, Mexico, the Governor and State Secretary of the Environment for Quintana Roo have just charged their senior staff with figuring out how to better support nature-based solutions. Charles Bedford reflects on the discussions.

Cancún is a planned city, founded in 1970 to attract visitors to its stunning beaches and natural beauty. In a city and state that rely on healthy nature, runaway development now sprawls the coast for 100 kilometres in both directions, not particularly well-planned or managed. The new Governor and his Secretary are keen to figure out how to change that dynamic. And since Mexico has strong states under its federated constitution they are well equipped to take action with or without the support of policy mandarins in Mexico City.

We are joined in the government offices by experts from Biofin (the United Nations Biodiversity Finance Organization with offices all over the developing world), and the habitat banking firm, Terrasos, brainstorming ways to manage the state that would compensate for the development, maintain and increase carbon sinks, and preserve what makes the Yucatan such a globally significant place to visit.

Compensation mechanisms have grown around the world since being introduced in the 1980s and 1990s in the US through the Clean Water Act and the Endangered Species Act. These laws mandated conservation of wetlands and species by requiring infrastructure developers to restore more habitat than they destroy, but didn't prescribe a way to do it efficiently. Agency bureaucrats and the private sector teamed up to create "habitat banks," large pieces of land that are restored to support wetlands and species. These banks, in turn, receive investment from land developers who harm wetlands and species on their sites.

As part of the regulatory process, these investments in the restoration of nature compensates for the lost nature at the development site—but in a larger and more efficient way, with third party oversight. This accumulation of the mitigation of small wounds bring healing to a larger, connected landscape, with a multiplier to ensure ecological gains, and these habitat banking systems have grown dramatically. In the US, habitat banking now covers hundreds of thousands of acres, and the system is being taken up in many other jurisdictions in the global north and the developing world.

We discuss our experiences from around the world and how they might be adapted to Quintana Roo. Philanthropy, government grants, permitting processes, compensation mechanisms, green taxes/fees and of course, nature-based carbon projects, are all on the table. Because Quintana Roo has grown from private sector tourism – which has destroyed so much critical natural habitat – the conversation turns to what the state can do to make the private sector – through carbon and biodiversity markets – a bigger part of the solution.

The political staff get the concept immediately, and the agency staff start envisaging a rollout—which permitting agencies would need to be involved, how it could be promoted, what laws and regulations would need passing. It is inspiring to see the compensation principle, often described in the abstract at the national and global level, being translated to tangible actions at the local level. The reason is simple: these solutions work. Yes, they have to be run well, can be complicated, quality matters and politics can get in the way, but they provide a pragmatic pathway to what matters most: sustaining the health of the atmosphere and nature that supports us all.

CARBON ACCOUNTING

Ongoing delays related to the uncertainty of the REDD+ conservation methodology and significant accounting revisions to the mangrove restoration methodology have slowed the development of the BlueMX Project. However, the Project Design Documentation is now nearing completion and first issuance is expected in 2025.

The BlueMX and CGP teams, in collaboration with external consultant and advisors, continue to advance the completion of updated Project Design Documents in line with the revised Verra methodologies. The status of that work is shown in the table below. A number of key steps have been taken in 2024 to accelerate the completion of this work, including:

- **Increased spatial analysis capacity**

The BlueMX GIS team is currently working on updating the spatial boundaries of the project according to Verra's requirements. This product will be useful for identifying areas for implementing conservation and restoration actions through spatial analysis of changes in mangrove cover and associated coastal wetlands during the years 2010, 2015, and 2020. Thematic maps of the physical environment components of the project, including geology, climate, soils, and hydrography, are also being generated.

- **Collaboration with Verra**

The BlueMX, Carbon Growth Partners and the project's external technical advisors continue to liaise closely with Verra on the evolution of the VM0007, VM0033, and VM0048 methodologies and their applicability to mangroves and other wetlands in Mexico. While the timelines for the completion of these methodology updates remains uncertain, the process has been transparent.

- **Increased science capacity**

A collaboration agreement was signed between BlueMX and scientists from ECOSUR. The partnership between ECOSUR and BlueMX will promote comprehensive scientific support for mangrove conservation and restoration, and add capacity to the completion number of specific elements of the project PDDs including:

- Applicability of the methodology
- Project boundaries
- Baseline scenario
- Additionality
- Methodological deviations

- **Increased operational capacity**

In 2024 BlueMX began hiring for new senior roles to support the CEO. These include an operations-focused Director role, community liaison officers and support for government relations.





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**CONTACT
INFORMATION**

+61 438 389 278
rich.gilmore@carbongrowth.com

