

As Aid & Ecosystems Demise, One of the World's Most Resilient & Regenerative Regions Faces a Turning Point—What Comes Next for Central America?



Buen Vivir Capital Institute convenes Salvadoran Impact Leaders & Social Enterprises, March 2026



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Central America sits at the crossroads of some of the most urgent global challenges of our time—climate change, forced migration, food insecurity, youth unemployment, gender inequity, and fragile democratic institutions.

And yet, it is also one of the most entrepreneurial, resilient, and regenerative regions in the world.

Across Belize, El Salvador, Guatemala, Honduras, Nicaragua, Costa Rica, and Panama, thousands of social enterprises, cooperatives, Indigenous-led initiatives, women-owned businesses, and youth-led ventures are building solutions across agriculture, climate resilience, biodiversity, textiles, tourism, renewable energy, and financial inclusion. And yet, what these enterprises consistently lack is access to patient, flexible, and values-aligned capital.

When we expand the lens to include Southern Mexico—often considered part of a broader Mesoamerican ecosystem—we see a region of approximately 181 million people, with 35–38 million Indigenous and Afro-descendant individuals—roughly one in five—stewarding critical ecosystems, cultural heritage, and community economies.

Yet less than 2% of global philanthropy reaches Latin America, and within that already limited pool, only a fraction—often estimated at under 1%—reaches Indigenous and Afro-descendant communities.

This is not just a funding gap. It is a structural misalignment.

For decades, capital flowing into the region has often been short-term, fragmented, and disconnected from local realities. And while global attention has focused on larger Latin American markets like Brazil, Chile & Colombia— Central America has remained under-resourced—despite its strategic importance. This is precisely why the [Buen Vivir](#)

[Capital Institute](#) (BVCI) is intentionally anchored in the region: it is where integrated, catalytic, and restorative capital is most urgently needed—and where it can have the greatest multiplier effect. We believe that even modest, well-aligned investments in the region can generate outsized social, ecological, and economic returns, particularly for Afro-descendant, Indigenous, and working-class leaders—those closest to the challenges—who are often the last to be resourced, and the first to be asked to do more with less.

A Moment of Transition—and Possibility

In March, Buen Vivir Capital Institute convened leaders across El Salvador for our inaugural ecosystem gathering and participated in the [Focus Central America](#) Conference in Panama. We came together with entrepreneurs, funders, NGOs, and grassroots leaders to explore a simple but important question:

What can we build next—together?

What emerged was not just concern about shrinking aid budgets. It was something deeper. A growing recognition that the way capital has traditionally moved has not fully served the realities of communities on the ground.

As international aid begins to retract, this truth is becoming harder to ignore. This is a moment of real uncertainty—but also a rare opportunity to build something more aligned, more collaborative, and more sustainable.

Below We Share Five Insights from the Region--Coming from Those Building, Funding, Innovating and Serving:

1. There is growing honesty about what hasn't been working

In conversations in El Salvador and across the region, leaders spoke openly about systems that feel fragmented, competitive, and disconnected from their realities. Leaders described a global philanthropic and impact investing system often disconnected from their day-to-day realities. Many spoke about the pressure to align with shifting donor priorities, short timelines, and rigid structures—often at the expense of long-term impact.

What feels different now is the openness. There is a growing willingness to say, clearly, that this hasn't been working the way we hoped. That honesty matters, because it creates the possibility to do things differently.

2. What organizations need isn't just funding—it's partnership

This moment is not just about replacing lost resources. It's about rethinking support. Leaders are asking for:

- space to reflect and adapt
- support to diversify revenue
- long-term relationships and accompaniment.

One reflection captured this clearly: “We’re not just trying to survive this moment—we’re trying to understand how to move forward in a different way.”

3. There is a missing layer: ecosystem infrastructure

Another theme that surfaced clearly is how isolated many organizations still feel. Even when working on similar challenges, there are limited spaces for coordination, shared learning, visibility, and connection to capital.

Without that connective layer, it becomes harder to collaborate, to access opportunities, and to build something collective. As one participant put it, “The way it works here is If I know you, I’ll give you the meeting, unfortunately we don’t know as many people as we need to.”

The question becomes: what would it look like to build systems that don’t depend on proximity or access?

4. Communities & local leaders are not just recipients—but builders of value.

At our convening in El Salvador, one of the most honest and important reflections centered on aid dependency. Leaders spoke candidly about how, over time, many organizations had adapted to fit an international development “market”—shaping programs around donor priorities rather than starting from their own communities’ needs and solutions. That recognition marked a shift. There was a clear desire to move away from reactive models and toward something more self-determined: defining priorities locally, building from lived experience, and engaging funders more proactively as partners rather than drivers. It wasn’t a rejection of funding—but a call to realign it with community vision, ownership, and long-term sustainability.

5. This moment is an opening to build something new

Perhaps the most important reflection is that this is not only a disruption—it is an opening. An opportunity to move beyond simply replacing what has been lost and instead imagine what could be built.

Across the region, leaders are asking how to collaborate differently, how to build more resilient models, and how to center dignity, sovereignty, and long-term vision. This is not about improving the old model, but about creating something more aligned with what communities have been building all along.

Central America is entering an important transition and while there is real uncertainty, there is also a quiet possibility emerging—to build ecosystems that are built with care and intention

Ultimately, this work is about ecosystem repair, democratizing access to flexible capital and long term accompaniment & financial self determination for frontline leaders. For too long, the systems that move capital globally have overlooked the leaders and communities closest to the challenges—and the solutions. Through the Buen Vivir Capital Institute, we seek to help restore balance by strengthening the leadership, relationships, and capital flows that allow communities to thrive on their own terms.