SUMMARY OF THE PROJECT IN DESIGN * (*)

LAC Nature Tech Center

PITCH ELIGIBILITY DATE	COUNTRY(IES)
05/26/2023	Dominican Republic; Guatemala; Honduras; Panama

ALIGNED WITH COUNTRY STRATEGY?
Yes

PARTNER(S)
C MINDS

PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT
C (**)

TOTAL BUDGET	IDB Lab	LOCAL COUNTERPART AND COFINANCING
US 2,000,000	US 2,000,000	US 0

DESCRIPTION

The problem There is no doubt that the value of nature is intrinsic. It is also valued for its beauty, for cultural and recreational reasons, and for its ecosystem services which add up to $125 trillion to $140 trillion a year. Nevertheless, the world is at perils regarding climate change and biodiversity loss and degradation. From 1992 to 2014, produced human capital doubled, and human capital per person increased by 13%; however, the stock of natural capital declined by 40%, and the number of species, up to 2014, reduced by 60%. Moreover, even though LAC is the global biodiversity powerhouse, hosting 40% of the world's biodiversity; 30% of the world's freshwater; and almost 50% of the world's tropical forests; and that nature-based solutions account for more than 30% of climate mitigation worldwide, the level and scale of solutions in LAC to protect and regenerate its natural capital are by no means close to what they should. This has a direct impact not only on the wellness of species, the quality and availability of all natural services, and the resilience of systems but also in directly impacts the lives of people, especially populations living in poverty that depend on nature for their livelihood. Moreover, it directly impacts LAC's economies as they are all embedded within nature and not external to it. As one of the most prestigious biodiversity economic reports, 2021 Dasgupta Review, puts it: there is an impact imbalance meaning that the needs of humans are not balanced with nature's capacity to supply them. In this sense, three challenges in this field are key to address:

1) The lack of tech adoption for better understanding and addressing biodiversity conservation and regeneration challenges for increased transparency and scale.

2) The lack of real and perceived trustworthiness in this field and lack of decentralized funding mechanisms, coupled with other challenges, inhibit needed financial flows and the consolidation of a novel nature market that allows for the investment and protection of natural capital.

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**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.

3) There is almost no coordinated multi-sector community at the intersection between emerging technologies, biodiversity practitioners, and decision-makers.

The solution NaturaTech LAC aims to enable and scale high-integrity innovative nature-based solutions (NbS) that directly impact biodiversity conservation, climate change mitigation and adaptation, and people's well-being. This is achieved through four complementary components: component 1) promotion of the adoption of emerging technologies and trusted digital infrastructures to this aim through supporting the development of proof of concepts and prototypes; component 2) knowledge enhancement, including the strengthening of tech literacy of first-line adopters and other stakeholders; component 3) connecting stakeholders from diverse sectors for more agile transboundary collaborations and systemic approaches; and component 4) knowledge management. As established by the Food and Land Use Coalition, investment in the field could generate a societal return of around $5.7 trillion annually, more than 15 times the investment of $300 billion to $350 billion per year (less than 0.5 percent of global GDP) and would create new business opportunities worth up to $4.5 trillion a year by 2030.

In this sense, this IDB Lab project aims to become the leading regional initiative that bridges emerging technologies and biodiversity conservation and restoration in LAC, promoting the adoption of digital technologies for more effective, transparent, and scalable solutions with the potential to use technology to support emerging markets and innovative financial instruments for biodiversity conservation such as biodiversity credits and digital environmental assets. This while also highlighting the role of the Indigenous People's traditional knowledge for a sustainable future and transforming field experience into policy recommendations.

The beneficiaries The countries where this project will be executed are Panama, Honduras, Dominican Republic, and Guatemala. Other countries can be considered during the analysis and design phase such as Colombia, Costa Rica and Mexico. The main beneficiaries for component 1 (deployment of proof of concepts and prototypes) are SMEs, innovation agencies, and community-based organizations focused on biodiversity. The primary beneficiaries for component 2 (capacity building and training) are conservation practitioners, tech startups (focused on providing nature-based technology), and nature-based-solutions-focused SMEs, innovation agencies, community-based organizations, regulators, and investment institutions, among other parties that would benefit from the knowledge of new opportunities brought by emerging technologies for biodiversity conservation and regeneration. The communities that will benefit directly from positive climate action and biodiversity conservation are poor and vulnerable, indigenous populations and women.

The partner The project will be executed by the Latin American non for profit organization C Minds, registered in Mexico, which will sign an agreement with IDB Lab. C Minds has more than 13 years of experience in tech ethics and the tech for good field. Its environmental division, the Future of Earth Lab at C Minds, works at the intersection of new digital technologies, climate change, and biodiversity conservation.

The IDB Lab's contribution US$1,000,000 in Non-Reimbursable Technical Cooperation. In addition, US$ 500,000 will be mobilized from Climate Collective, US$ 500,000 from the French Fund (through the Natural Capital Lab).

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