

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Empowering IDB & LAC: Mainstreaming Biodiversity & Natural Capital for Sustainable Growth
▪ TC Number:	RG-T4771
▪ Team Leader/Members:	Bucaram Villacis, Santiago Junior (CSD/BNC) Team Leader; Barbosa Rodriguez, Lina Vanessa (CSD/BNC) Alternate Team Leader; Murguía Baysse, Juan Manuel (CSD/BNC) Alternate Team Leader; Samayoa Juarez, Jorge Omar (CSD/BNC) Alternate Team Leader; Becker Seco Rosario Paz (LEG/SGO); Gutierrez Henao Andrea Carolina (CSD/CCS); Chavez, Elizabeth (CSD/CSD)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	.N/A
▪ Date of TC Abstract authorization:	April 9, 2025
▪ Beneficiary:	26 IDB borrowing member countries in LAC
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Sustainability(W2A)
▪ IDB Funding Requested:	US\$800,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	July 2025
▪ Types of consultants:	Firms
▪ Prepared by Unit:	CSD/BNC-Biodiversity and Natural Capital Cluster
▪ Unit of Disbursement Responsibility:	CSD/BNC-Biodiversity and Natural Capital Cluster
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Institutional Strategy 2024-2030:	Sustainable, resilient, and inclusive infrastructure; Productive development and innovation through the private sector; Regional integration; Supports sustainable economic growth

II. Objectives and Justification of the TC

- 2.1 The objective of this Technical Cooperation (TC) is to strengthen the systematic integration of biodiversity and natural capital into development frameworks across Latin America and the Caribbean through evidence-based knowledge generation, standardized nature finance metrics, and enhanced institutional capacity for biodiversity mainstreaming. By providing decision-makers with robust analytical tools, practical guidance, and proven methodologies, this TC expects to help to transform how the region values and manages its natural capital in alignment with the IDB Group Natural Capital and Biodiversity Mainstreaming Action Plan (2024-2025). The specific objectives are: (i) generate critical knowledge through comprehensive studies that quantify ecosystem services' economic value, identify innovative financing mechanisms, and provide sector-specific guidance for biodiversity integration; (ii) develop Nature Finance Metrics Voluntary Guidance through inclusive stakeholder consultation, curating a set of comparable indicators that facilitate investment flows

and impact assessment; and (iii) build regional capacity through strategic knowledge dissemination, creating sustainable platforms for continued innovation in biodiversity mainstreaming.

- 2.2 **Problem Description.** Latin America and the Caribbean (LAC) harbors exceptional biodiversity that underpins regional economic prosperity—ecosystem services in LAC are valued at over US\$15 trillion annually, representing approximately 3.5 times the region's combined GDP. Despite this immense natural capital, the region faces an accelerating biodiversity crisis driven by habitat loss, climate change, and unsustainable development practices. Current estimates indicate that LAC has lost 94% of its monitored wildlife populations since 1970, the highest rate globally, while deforestation continues at 4.2 million hectares annually. This biodiversity loss translates directly into economic vulnerability. The tourism sector, contributing 8.5% of regional GDP and employing 16.5 million people, depends heavily on natural attractions. Agriculture, representing 5-18% of national GDPs across LAC countries, relies on ecosystem services including pollination, soil fertility, and water regulation. Climate resilience—increasingly critical as the region faces intensifying extreme weather events—depends fundamentally on healthy ecosystems that provide natural infrastructure for disaster risk reduction.
- 2.3 However, biodiversity considerations remain largely absent from development planning and investment decisions across the region. This mainstreaming gap manifests in several critical dimensions:
- **Knowledge and Valuation Gaps:** Decision-makers lack robust methodologies to quantify ecosystem services' economic contributions, resulting in systematic undervaluation of natural capital in policy formulation and project appraisal. Without credible economic analyses demonstrating biodiversity's contribution to growth and resilience, finance ministries and development planners continue treating nature conservation as a cost rather than an investment.
 - **Fragmented Metrics and Standards:** Financial institutions attempting to integrate biodiversity into their portfolios confront a bewildering array of ad hoc indicators that impede comparison, aggregation, and impact assessment. The preliminary Multilateral Development Banks (MDBs) Nature Working Group studies revealed that current biodiversity metrics are largely case-specific, creating transaction costs that discourage nature-positive investments and preventing the emergence of scalable financial products.
 - **Institutional Capacity Constraints:** Government agencies responsible for development planning often lack the technical tools, human resources, and institutional frameworks necessary to integrate biodiversity considerations into sector strategies and investment programs. This capacity gap is particularly acute in smaller Caribbean nations and in subnational governments managing critical ecosystems.
 - **Limited Knowledge Transfer Mechanisms:** Even where innovative biodiversity mainstreaming approaches emerge, the absence of systematic knowledge-sharing platforms prevents replication and scaling across countries. Successful pilots remain isolated experiments rather than catalyzing broader transformation in development practice.

- 2.4 These interconnected challenges create a vicious cycle: biodiversity loss accelerates due to development decisions that fail to account for ecosystem values, while the absence of standardized metrics and proven methodologies perpetuates the exclusion of nature from economic planning. Breaking this cycle requires coordinated action to generate evidence, establish standards, and build capacity across the region.
- 2.5 **Justification of the TC and Its Approach.** This Technical Cooperation addresses a fundamental paradox at the heart of LAC development: while the region's US\$15 trillion in ecosystem services dwarfs its economic output, these natural assets remain invisible in development planning, threatening both prosperity and resilience. The TC represents a strategic intervention to operationalize the IDB Group's Natural Capital and Biodiversity Mainstreaming Action Plan precisely when converging pressures (e.g. biodiversity collapse, climate impacts, and evolving market demands); make nature integration an economic imperative rather than environmental luxury.
- 2.6 The initiative responds to an unprecedented window of opportunity. LAC countries have committed to ambitious targets under the Kunming-Montreal Global Biodiversity Framework, while COP30 in Brazil offers a global platform to demonstrate regional leadership. Simultaneously, international finance increasingly demands environmental credentials—from EU deforestation regulations to sustainability-linked bonds—creating trillion-dollar market incentives for countries that can credibly measure and manage natural capital. Yet without standardized metrics and proven methodologies, these opportunities remain inaccessible to most LAC nations.
- 2.7 This TC's integrated approach recognizes that biodiversity mainstreaming failures stem not from lack of political will but from technical and institutional barriers that fragment efforts and limit scale. By simultaneously generating economic evidence, establishing measurement standards, and building implementation capacity, the initiative creates the enabling conditions for systemic change. This comprehensive strategy directly addresses the US\$30-40 billion annual biodiversity financing gap—not through direct investment but by removing the technical obstacles that prevent existing capital from flowing toward nature-positive development.
- 2.8 The regional scope reflects both ecological reality and economic efficiency. Ecosystems operate across borders—the Amazon influences continental rainfall, Caribbean reefs protect multiple nations' coastlines, and migratory species connect distant economies. Addressing these transboundary systems through 26 separate national initiatives would duplicate costs while missing critical interconnections. The TC's unified approach enables knowledge sharing, reduces transaction costs, and positions LAC as a coherent block in global biodiversity finance markets.
- 2.9 Timing is critical. Without immediate action to mainstream biodiversity, the World Bank projects ecosystem collapse could reduce LAC GDP by 10% by 2030 (equivalent to US\$600 billion in lost output annually). Against these staggering potential losses, the TC's US\$800,000 investment in knowledge infrastructure represents exceptional value, potentially catalyzing billions in redirected investments while preventing trillions in future damages. This preventive approach costs a fraction of post-crisis restoration while maintaining sustainable development options that ecosystem degradation would foreclose.
- 2.10 The initiative leverages the IDB's unique position as both development financier and regional convener. Unlike purely research institutions that produce knowledge without implementation pathways, or conservation organizations operating outside development frameworks, the IDB can directly translate TC outputs into lending

operations, policy dialogue, public and private investments and institutional strengthening across its portfolio. The newly established Biodiversity and Natural Capital Unit provides specialized expertise and institutional commitment to sustain impacts beyond the TC period.

- 2.11 Furthermore, this TC transforms biodiversity from perceived development constraint into recognized growth driver. By quantifying ecosystem contributions to tourism, agriculture, and disaster resilience (sectors comprising 30-50% of many LAC economies) the initiative reframes conservation as sound economic management. Standardized metrics enable performance-based financing that rewards results rather than promises. Strategic dissemination ensures innovations spread rapidly across countries, creating competitive advantages for early adopters while raising regional standards.
- 2.12 However, realizing these opportunities requires addressing a critical market infrastructure gap: the absence of standardized biodiversity metrics for financial decision-making. The preliminary MDBs Nature Working Group studies reveal that existing biodiversity indicators are largely ad hoc and case-specific, creating transaction costs that discourage nature-positive investments and prevent the emergence of scalable financial products. Without comparable metrics, financial institutions cannot effectively aggregate impacts, assess risks, or access rapidly expanding biodiversity credit markets and sustainability-linked financing mechanisms. This metrics fragmentation represents a fundamental barrier preventing LAC countries from capturing the trillion-dollar nature finance opportunities referenced above. Component 2 addresses this infrastructure gap by developing voluntary guidance that standardizes measurement approaches, reducing transaction costs and enabling systematic private sector engagement in biodiversity conservation across the region.
- 2.13 In essence, this TC provides the missing architecture for biodiversity mainstreaming in LAC—the knowledge and methodologies to value natural capital, the metrics to measure progress, and the capacity to implement solutions. By addressing these foundational gaps simultaneously, the TC catalyzes a transformation where biodiversity considerations become integral to development decisions, ensuring that the region's exceptional natural capital drives sustainable prosperity rather than suffering continued degradation. This represents not just an environmental intervention but an economic imperative for Latin America and the Caribbean's future.
- 2.14 **Value Added of the Technical Cooperation:** This Technical Cooperation delivers unique strategic value by operationalizing the IDB Group's Natural Capital and Biodiversity Mainstreaming Action Plan (2024-2025) through concrete knowledge infrastructure that transforms policy aspirations into implementable frameworks. Unlike conventional biodiversity initiatives that focus on sector-specific interventions or individual country programs, this TC adopts a macro-strategic approach that consolidates and strengthens the newly established Biodiversity and Natural Capital Unit (BNC) while creating the analytical foundation necessary to mainstream biodiversity considerations across the Bank's entire portfolio. The operation's distinctive contribution lies in its systematic integration of evidence generation, metric standardization, and capacity building to address the fundamental knowledge and institutional gaps that have historically prevented biodiversity from being incorporated into development decision-making. By providing the missing technical architecture (i.e., robust economic valuations, standardized measurement frameworks, and proven dissemination mechanisms) this TC enables the Action Plan's strategic vision to move from concept to implementation across 26 countries simultaneously. This macro-level

intervention creates regional public goods that amplify the impact of individual operations while positioning LAC as a global leader in biodiversity finance innovation, ultimately transforming how the region values and manages its US\$15 trillion in natural capital for sustainable development.

- 2.15 **Beneficiaries:** The primary beneficiaries of this Technical Cooperation are the 26 IDB borrowing member countries across Latin America and the Caribbean, spanning the Andean Group, Southern Cone, Caribbean, and Central America-Mexico subregions. Through Component 1 (Knowledge Generation), finance ministries, planning agencies, and environmental authorities will receive economic valuation methodologies and evidence-based analyses to integrate ecosystem services into development planning and investment decisions. Component 2 (Nature Finance Metrics) will directly benefit multilateral development banks, national development banks, and financial institutions by providing standardized biodiversity indicators for nature-positive investments, facilitating access to the emerging biodiversity credit markets and green finance instruments. Component 3 (Knowledge Dissemination) will reach government technical staff, sector specialists, academia, and media professionals through targeted workshops and digital platforms, ensuring widespread adoption of biodiversity mainstreaming practices. Additionally, IDB Country Offices and the Biodiversity and Natural Capital Unit will enhance their technical capacity to support biodiversity integration throughout the project cycle.
- 2.16 **Strategic Alignment:** The Program is consistent with the IDB Group Institutional Strategy Transforming for Scale and Impact (CA-631) and is aligned with the objectives of (ii) address climate change, by equipping governments and financial institutions with robust ecosystem-service valuations, harmonized biodiversity metrics, and Nature-Finance roadmaps that steer public and private capital toward conservation, restoration, and climate resilience, thereby advancing a net-zero, nature-positive trajectory; and (iii) bolster sustainable regional growth, by transforming the region's exceptional natural capital (whose ecosystem services are estimated at about US\$15 trillion annually) from an unpriced externality into a measurable engine of prosperity through rigorous knowledge generation, innovative financing instruments, and targeted capacity building that demonstrate how conserving biodiversity catalyzes, rather than constrains, economic performance. The Program is also aligned with the operational focus areas of (i) biodiversity, natural capital and climate action; (ii) institutional capacity, rule of law, and citizen security; (iii) productive development and innovation through the private sector; and (iv) regional integration.
- 2.17 The proposed TC is also fully aligned with the IDB Group Natural Capital and Biodiversity Mainstreaming Action Plan 2024-2025 (GN-3216-1). It advances Component 1 (Country Dialogues, Strategies & Programming) by equipping ministries of finance and planning with rigorous ecosystem-service accounts and policy diagnostics that weave biodiversity goals into NDCs, NBSAPs and fiscal frameworks; supports Component 2 (Operations & Accountability) by piloting replicable biodiversity-positive indicators and screening tools that strengthen traceability of nature-positive finance across the Bank's portfolio; delivers on Component 3 (Knowledge Products & Capacity Building) through region-specific valuation studies, practitioner toolkits and training workshops that enhance institutional capacity to mainstream natural capital; and catalyzes Component 4 (Resource Mobilization & Nature Financing) by structuring blue-green blended-finance prototypes (such as nature-based solutions, biodiversity credits and debt-for-nature swaps) that crowd-in private and concessional capital for conservation and restoration. Collectively, these

actions operationalize the Plan's overarching objective of embedding biodiversity within development decision-making and demonstrate, through concrete pilots and scalable instruments, how safeguarding natural capital underpins climate resilience, social inclusion and sustainable growth across Latin America and the Caribbean.

- 2.18 The TC proposal demonstrates also robust alignment with LAC countries' Country Strategies through a comprehensive approach to mainstreaming biodiversity, as outlined in the IDB Group Natural Capital and Biodiversity Mainstreaming Action Plan (NCBMAP). While a detailed country-by-country alignment analysis for all 26 member countries would be extensive given the common threads across the region's biodiversity challenges, the TC addresses shared strategic priorities reflected in Country Strategies while respecting each nation's distinct characteristics. Through its integrated components, the initiative strengthens institutional capacities to incorporate biodiversity into development planning, provides evidence-based tools adapted to varying national contexts, and establishes metrics that enable countries to track progress against their specific development objectives. This flexible framework ensures that knowledge products, financial instruments, and capacity-building activities respond to the diverse ecosystems, institutional capabilities, and economic priorities articulated in individual Country Strategies, from Caribbean small island states to Amazonian nations, while fostering regional cooperation and knowledge exchange that amplifies national efforts toward sustainable development.
- 2.19 In addition, the TC also aligns with the OC Strategic Development Program OC SDP Window 2 – Sustainability (W2A) (GN-2819-14) Fund by: Core Commitment 1: Regional Public Goods, commissioning region-wide natural-capital valuation studies and harmonized biodiversity metrics that benefit all borrowing members collectively; Core Commitment 2: Country Systems Strengthening, producing diagnostics and practical guidelines to weave ecosystem-service accounting and digital biodiversity modules into national fiduciary and safeguards systems, reinforced through focused training sessions; and Priority Area 1 – Climate Change and Environmental Sustainability, preparing feasibility studies for biodiversity-credit markets and debt-for-nature swaps that translate these knowledge products into investable, climate-resilient solutions
- 2.20 This TC supports countries in the Latin America and Caribbean (LAC) region in adopting the Kunming-Montreal Global Biodiversity Framework (GBF) by leveraging blended finance for nature-positive initiatives, facilitating access to climate and biodiversity funding—particularly for implementing Target 19 on resource mobilization—strengthening institutional capacity for monitoring and reporting, and providing training and tools to mainstream biodiversity into public policy and finance. And finally, this TC advances SDG 14 (Life Below Water) and SDG 15 (Life on Land) through region-wide ecosystem-service and biodiversity diagnostics that guide evidence-based conservation; SDG 13 (Climate Action) by producing studies that quantify nature-based resilience and structure climate-aligned finance instruments; and SDG 17 (Partnerships for the Goals) by delivering open-access knowledge products that foster cross-country collaboration and blended-investment partnerships.

III. Description of activities/components and budget

- 3.1 This Technical Cooperation (TC) represents a strategic initiative to operationalize the IDB Group Natural Capital and Biodiversity Mainstreaming Action Plan (2024-2025) across Latin America and the Caribbean. Through an integrated three-component approach, the TC addresses the critical need for evidence-based knowledge,

standardized metrics, and effective dissemination mechanisms to embed biodiversity considerations into development and policy frameworks. Recognizing that the region's exceptional biodiversity underpins economic prosperity and climate resilience, this TC provides the analytical tools, practical guidance, and institutional capacity necessary to transform how countries value and manage their natural capital.

- 3.2 **Component 1: Knowledge Generation and Studies on Biodiversity and Natural Capital Mainstreaming (US\$500,000).** This component establishes the evidence base for systematic biodiversity integration across LAC development strategies. Through rigorous research and analysis, it will generate critical insights into the economic value of ecosystem services, innovative financing mechanisms, and sector-specific mainstreaming opportunities. The component responds to the urgent need for data-driven approaches that demonstrate how biodiversity conservation enhances economic outcomes while building climate resilience.
- 3.3 The specific studies will be determined through a demand-driven process where countries express interest on a first-come, first-served basis following consultations with Bank country teams and regional stakeholders, ensuring direct alignment with national priorities and development trajectories. Potential research areas encompass economic valuation methodologies for natural capital across different sectors; innovative financial instruments including biodiversity credits, green bonds, and blended finance mechanisms; nature-based solutions for infrastructure resilience and disaster risk reduction; institutional capacity assessments for biodiversity governance; and sector-specific integration strategies for agriculture, tourism, water management, and urban development. This demand-driven approach ensures that research investments address the most pressing challenges while building on existing regional expertise.
- 3.4 The component will produce at least five comprehensive studies that combine academic rigor with practical applicability. Study selection will follow a demand-driven approach where Biodiversity and Natural Capital (BNC) specialists will engage with Bank country teams to identify priority research needs. Government consultations will advance based on expressed demand and interest on a first-come, first-served basis. These knowledge products will provide decision-makers with robust methodologies for natural capital accounting, evidence-based policy recommendations, and concrete investment opportunities. Each study will undergo peer review and stakeholder validation to ensure technical quality and operational relevance.
- 3.5 Through this strategic knowledge generation, countries will gain access to cutting-edge research that quantifies biodiversity's economic contributions, identifies bankable nature-positive investments, and provides clear pathways for policy reform. The evidence base created will serve as a regional public good, informing biodiversity mainstreaming efforts across multiple countries and sectors.
- 3.6 **Component 2: Development of the Nature Finance Metrics Voluntary Guidance (US\$150,000).** This component builds upon previous studies conducted by the MDBs Nature Working Group that assessed how financial institutions currently use biodiversity indicators in nature-financing products. These preliminary studies revealed that existing biodiversity metrics are largely ad hoc and case-specific, creating a critical gap in market standardization. Moreover, users are facing challenges in understanding the purpose and relevance of each metric, which has emerged as a significant barrier to their effective implementation. The component will now develop a Nature Finance Metrics Voluntary Guidance to promote comparability,

a common understanding, a robust approach, and practical application in the implementation of specific projects, both among MDBs and across financial institutions.

- 3.7 The component employs an inclusive collaboration-building methodology, beginning with prototype development and iterative refinement through multi-stakeholder consultations. Key activities include creating use cases that demonstrate metric application across diverse financial instruments; (with particular focus on debt-for-nature swaps, forest investments, blue bonds, ecological restoration concessions, results-based payments, and Political Risk Guarantees, prioritizing experiences from current and potential IDB projects); facilitating high-level workshops in Washington DC (June) and Brazil (September) to gather input from MDB Nature Heads, government representatives, financial institutions and conservation organizations and standards setters; developing the voluntary guidance through successive drafts incorporating stakeholder feedback; and preparing comprehensive implementation support materials.
- 3.8 The process seeks to include representation from Brazil, Colombia, and Armenia, establishing strategic linkages between CDB COP16, UNFCCC COP30, and CBD COP17 while broadening geographic and income-level diversity. Collaboration with institutions such as ICMA, UNEPFI, and NPI ensures alignment with existing standards while advancing innovation in biodiversity measurement.
- 3.9 Expected deliverables include a collaboratively developed Nature Finance Metrics Voluntary Guidance document, use cases for different financial instruments, workshop synthesis reports, and technical materials for the UNFCCC COP30 launch. The guidance will provide financial institutions with helpful decision trees for metric selection based on instrument type, data availability, and ecological context.
- 3.10 This component positions LAC as a global leader in nature finance innovation, enable the technical infrastructure necessary for scaling biodiversity investments. By establishing common metrics, it reduces transaction costs, enhances transparency, and accelerates the development of nature-positive financial products across the region.
- 3.11 **Component 3: Knowledge Dissemination (US\$150,000).** This component ensures that research findings and technical guidance reach decision-makers and practitioners who can translate knowledge into transformative action. Recognizing that even the most rigorous research has limited impact without effective communication, the component employs targeted strategies to maximize uptake and application of TC outputs.
- 3.12 The dissemination approach centers on organizing strategic workshops that convene government authorities, sector specialists, academia, and technical officials to examine research findings and their practical implications. The specific content and locations of these workshops will be determined during project execution through a demand-driven process based on country needs and requests, with venues selected on a first-come, first-served basis according to demonstrated interest and capacity to host events. These events will facilitate not merely information transfer but active dialogue on implementation challenges and opportunities. Complementing these technical exchanges, the component includes dedicated sessions for journalists and media professionals, recognizing their essential role in shaping public understanding of biodiversity's economic importance. A comprehensive digital strategy will leverage social networks and online platforms to ensure sustained access to knowledge

products beyond the TC execution period. Prior to organizing any workshop or dissemination event, formal no-objection letters will be obtained from host countries as required by Bank procedures.

- 3.13 Through these strategic dissemination efforts, the component will catalyze widespread adoption of evidence-based approaches to biodiversity mainstreaming, create communities of practice for continued knowledge exchange, and elevate public awareness of natural capital's role in sustainable development. This ensures that TC investments generate lasting impact through changed practices and strengthened institutions.
- 3.14 **Implementation Arrangements.** The TC will engage all 26 IDB member countries across the Andean Group, Southern Cone, Caribbean, and Central America-Mexico subregions. Resource allocation for Component 1 studies and Component 3 dissemination events will be implemented through a demand-driven approach on a first-come, first-served basis following extensive consultations with teams from the Bank's country representations from all member countries. This process will utilize the regional focal points of the Biodiversity and Natural Capital Unit (BNC) to ensure comprehensive regional engagement and equitable participation opportunities. Prior to activity implementation, participating countries will provide formal expressions of interest, ensuring national ownership and strategic alignment.
- 3.15 Study selection and implementation will leverage partnerships with leading academic institutions and research centers across LAC. These collaborations ensure technical excellence while building regional capacity for continued innovation. By engaging universities, think tanks, and specialized agencies from project inception, the TC creates knowledge networks that sustain impact beyond the execution period.
- 3.16 This integrated approach—combining rigorous research, practical guidance, and strategic dissemination—provides countries with comprehensive support for biodiversity mainstreaming. The TC not only addresses immediate technical needs but establishes foundations for long-term transformation in how the region values and manages its natural capital, ultimately contributing to sustainable development pathways that benefit both people and nature.
- 3.17 The total budget for this Technical Cooperation is US\$800,000, financed exclusively through the OC SDP Window 2 – Sustainability (W2A) fund, with no counterpart funding required.

Indicative Budget (US\$)

Activity/Component	Description	IDB/W2A Funding	Total Funding
Component 1: Knowledge Generation and Studies on Biodiversity and Natural Capital Mainstreaming	Comprehensive research generating evidence-based analyses for biodiversity integration in development frameworks	500,000	500,000
Component 2: Development of the Nature Finance Metrics Voluntary Guidance	Consensus-based guidance development for standardizing nature metrics in financial instruments	150,000	150,000
Component 3: Knowledge Dissemination	Strategic dissemination ensuring research uptake through workshops, media engagement, and digital platforms	150,000	150,000
Total		800,000	800,000

IV. Executing agency and execution structure

- 4.1 The IDB through the Biodiversity and Natural Capital Unit (CSD/BNC) will serve as the executing agency for this Technical Cooperation. As a specialized unit within the Bank's Climate Change and Sustainable Development Sector, CSD/BNC possesses the requisite technical expertise, operational capacity, and regional networks necessary to effectively implement this multi-country initiative. Thus, this Bank-executed modality is justified under the criteria established in Annex II of the Operational Guidelines for Processing Technical Cooperation Operations (OP-619-4), based on the following exceptional circumstances: (i) Regional scope and coordination requirements, (ii) Technical expertise and impartiality, (iii) Institutional capacity and efficiency; and (iv) Knowledge management and dissemination.
- 4.2 Supervision and monitoring will be conducted directly by CSD/BNC following established Bank procedures, with no additional supervision costs being anticipated. The unit will implement a robust monitoring framework that tracks progress against the Results Matrix indicators, ensuring adaptive management throughout the 24-month execution period. Quarterly internal reviews will assess implementation progress, identify emerging challenges, and facilitate timely adjustments to maximize impact.
- 4.3 The Bank will prepare and submit annual progress reports and a comprehensive final evaluation report through the Technical Cooperation Monitoring and Reporting System (TCM), as stipulated in document OP-1385-4. These reports will document progress against planned milestones, analyze results achieved, detail the status of activities, identify lessons learned, and provide recommendations for sustainability and replication. The final evaluation will include an assessment of outcomes achieved, factors contributing to success or challenges encountered, and guidance for future biodiversity nature mainstreaming initiatives.
- 4.4 The execution and disbursement period are established at 24 months from the date of approval, reflecting the time required for meaningful stakeholder engagement, iterative development of technical products, and effective knowledge dissemination across the region. All procurement activities included in the Procurement Plan (Annex IV) will be executed in strict compliance with applicable Bank policies: (i) Individual consultants will be hired according to the Complementary Workforce regulations (AM-650); and (ii) Consulting firms will be contracted in accordance with the Corporate Procurement Policy (GN-2303-33) and its operational guidelines. Given the multi-country aim of activities, budget execution will be monitored by component and subregion to ensure equitable distribution of benefits while maintaining flexibility to respond to emerging opportunities.
- 4.5 The specific research themes, methodological approaches, and geographic focus of the studies to be conducted under this TC will be determined through a demand-driven process during project execution, ensuring alignment with evolving regional priorities and country-specific needs. Given this adaptive implementation approach, we will secure formal no-objection letters from beneficiary countries as activities are defined and programmed. Such letters will be required from: (i) countries where field research activities will be undertaken, prior to the commencement of any in-country data collection or stakeholder engagement; and (ii) host countries for knowledge dissemination events, workshops, and technical exchanges, as these are scheduled throughout the TC execution period.

- 4.6 As research topics and dissemination strategies are defined, specific terms of reference will be developed for each Component 1 study and Component 3 event; the attached generic terms of reference serve as template frameworks that provide illustrative structure and guidance for these future activities. These template ToRs are intentionally designed with sufficient breadth and flexibility to accommodate the diverse institutional contexts, varying technical capacities, and distinct ecosystem characteristics across the 26 LAC member countries. The generic nature of these reference documents allows for appropriate customization during implementation without compromising the core technical standards, quality requirements, or strategic objectives established for each component. Specifically, for Component 1, the template ToR establishes overarching methodological parameters while permitting adaptation of research scope, analytical approaches, and sectoral focus based on country dialogues and emerging regional priorities. Similarly, for Component 3, the reference framework provides structural guidance for event design and stakeholder engagement while enabling customization of formats, audiences, and communication strategies to maximize knowledge uptake across diverse institutional and cultural contexts. This adaptive framework architecture ensures both national ownership of research activities and compliance with institutional requirements while maintaining the responsiveness necessary to address emerging biodiversity mainstreaming opportunities across the region and preserving the technical rigor essential for achieving the TC's transformative impact objectives
- 4.7 All knowledge products generated through this TC will remain Bank property and will be made publicly available under Creative Commons licensing to maximize access and utilization. This approach aligns with the Bank's commitment to knowledge as a regional public good. Should specific beneficiary countries request alternative arrangements, intellectual property licensing will be developed in consultation with the Legal Department following regulation AM-331.

V. Major issues

- 5.1 The primary risks identified for this Technical Cooperation relate to the inherent complexity of implementing a multi-country initiative across diverse institutional contexts while achieving technical consensus on biodiversity mainstreaming approaches. Each risk is presented below with its corresponding mitigation measure.
- 5.2 **Diverse Country Contexts and Institutional Capacities:** The TC covers 26 LAC countries with vastly different institutional capacities, from high-biodiversity nations with established frameworks to small island states with minimal technical resources, potentially compromising the relevance of standardized approaches. *Mitigation:* The TC will employ demand-driven study selection based on country dialogues, develop modular knowledge products adaptable to different contexts, and facilitate regional peer-learning workshops for countries with similar challenges.
- 5.3 **Stakeholder Coordination and Consensus Building:** Achieving consensus on Nature Finance Metrics among diverse stakeholders (MDBs, governments, financial institutions) may prove difficult due to technical complexity and conflicting institutional interests. *Mitigation:* The TC will implement structured consultations with iterative feedback, conduct early bilateral engagements to identify disagreements, leverage IDB's neutral convener role, and maintain flexibility through the voluntary nature of the guidance.

- 5.4 **Political and Economic Volatility:** Political transitions and economic uncertainties could shift government priorities away from biodiversity mainstreaming, reducing engagement and uptake of TC recommendations. *Mitigation:* The TC will engage technical staff who maintain continuity across administrations, emphasize economic benefits aligned with development objectives, and ensure regional knowledge products remain accessible despite individual country disruptions.
- 5.5 **Technical Complexity and Data Limitations:** Insufficient or unreliable data availability could compromise the credibility of natural capital valuations and limit the applicability of standardized biodiversity metrics. *Mitigation:* The TC will develop tiered methodologies accommodating different data scenarios, establish academic partnerships to leverage existing capabilities, and facilitate South-South cooperation for sharing approaches among countries with similar ecosystems.
- 5.6 **Sustainability Beyond TC Execution:** Without sustained support after the 24-month period, built capacity and developed tools may not achieve lasting impact given limited fiscal space in LAC countries. *Mitigation:* The TC will embed activities within existing institutional frameworks, implement training-of-trainers approaches, develop business cases demonstrating return on investment, create open-access resources, and integrate with ongoing IDB operations for continued support.

VI. Exceptions to Bank policy

- 6.1 None.

VII. Environmental and Social Aspects

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Results Matrix_19503.pdf](#)

[Terms of Reference_11829.pdf](#)

[Procurement Plan_12846.pdf](#)