

REGIONAL

SCALING BIODIVERSITY AND NATURAL CAPITAL MAINSTREAMING: EVIDENCE, DISSEMINATION, AND IMPACT (P II)

(RG-T4972)

PROJECT DOCUMENT

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REGIONAL SCALING BIODIVERSITY AND NATURAL CAPITAL MAINSTREAMING: EVIDENCE, DISSEMINATION, AND IMPACT (P II) RG-T4972		
PROJECT SUMMARY		
Operation Type:	Technical Cooperation	
Sector:	ENVIRONMENT AND NATURAL DISASTERS	
Subsector:	BIODIVERSITY AND PROTECTED AREAS CONSERVATION	
TC Taxonomy:	Research and Dissemination	
Project Number under the Operational Support Taxonomy:	N/A	
Technical Responsible Unit:	CSD/BNC-Biodiversity and Natural Capital Unit	
Unit with Disbursement Responsibility (UDR):	CSD/BNC-Biodiversity and Natural Capital Unit	
Executing Agency:	Inter-American Development Bank	
PROJECT OBJECTIVE		
Accelerate the evidence-based mainstreaming of biodiversity and natural capital into IDB operations and Latin American and Caribbean (LAC) countries' development planning by producing sub-regionally targeted research and ensuring its effective uptake among decision-makers, practitioners, and financial institutions; thereby advancing compliance with the national commitments under National Biodiversity Strategies and Action Plans (NBSAPs) and Nationally Determined Contributions (NDCs).		
FINANCIAL INFORMATION		
Financing Type	Fund	Amount in US\$
TCN - Nonreimbursable	P3F - OC SDP Pillar 3 - Biodiversity, Natural Capital, and Climate Action	500,000
Total IDB Financing		500,000
Counterpart Financing		0
Total Project Budget		500,000
Donors:	N/A	
Disbursement Period:	24 months	
Execution Period:	24 months	
ADDITIONAL FINANCIAL INFORMATION		
N/A		

I. JUSTIFICATION AND OBJECTIVE

- 1.1 **Diagnostic.** Latin America and the Caribbean (LAC) harbor 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 gross domestic product (GDP). Despite this natural capital, the region faces an accelerating biodiversity crisis driven by habitat loss and unsustainable development practices. Current estimates indicate that LAC has lost 94% of its monitored wildlife population 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, while agriculture, representing between 5% and 18% of national GDPs across LAC countries, relies on ecosystem services including pollination, soil fertility, and water regulation. Without immediate action to mainstream biodiversity, the World Bank projects that ecosystem collapse could reduce LAC GDP by 10% by 2030, equivalent to US\$600 billion in lost output annually.
- 1.2 Notwithstanding this economic significance, biodiversity considerations remain largely absent from development planning and investment decisions across the region. Decision-makers lack robust methodologies to quantify ecosystem services' economic contributions, resulting in the systematic undervaluation of natural capital in policy formulation and project appraisal; financial institutions confront fragmented, ad hoc metrics that impede comparison and discourage nature-positive investment; and government agencies frequently lack the technical tools and institutional frameworks necessary to integrate biodiversity into sector strategies. These barriers perpetuate an estimated US\$30 to 40 billion annual biodiversity financing gap in the region, a gap that stems not from a lack of political will, but from the technical and institutional obstacles that prevent existing capital from flowing toward nature-positive development. The absence of systematic knowledge-transfer mechanisms further ensures that successful mainstreaming approaches remain isolated experiments rather than catalysts for regional transformation.
- 1.3 **A sub-regionally differentiated challenge.** While these macro-level pressures are shared across LAC, the ecological, institutional, and economic contexts in which biodiversity must be mainstreamed differ markedly across the Bank's four sub-regions, and evidence generated at the aggregate regional level rarely translates directly into sub-region-specific policy and investment decisions. In the Andean Group (CAN), comprising Bolivia, Colombia, Ecuador, and Peru, priorities center on the valuation and governance of páramo ecosystems, Amazonian biodiversity, and mountain watershed services that underpin water security and agricultural productivity. In the Caribbean (CCB), the small island and low-lying coastal developing states depend on the economic valuation of coral reef ecosystems, blue economy opportunities, and climate-resilient coastal infrastructure. In Central America and Mexico (CID), comprising Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, and Panama, the binding constraints relate to biological corridor conservation, agroforestry integration, and disaster risk reduction through nature-based solutions. In the

Southern Cone (CSC), comprising Argentina, Brazil, Chile, Paraguay, and Uruguay, the agenda is defined by grassland and wetland ecosystem services, sustainable agriculture intensification, and natural capital accounting. Addressing these distinct priorities requires evidence, dissemination, and operational guidance tailored to each sub-region's priority ecosystems and development trajectories.

- 1.4 **Building on Phase I.** This Technical Cooperation (TC) constitutes Phase II of the regional program initiated under RG-T4771, "Empowering IDB & LAC: Mainstreaming Biodiversity & Natural Capital for Sustainable Growth" (US\$800,000). Phase I established the analytical and institutional foundations for biodiversity mainstreaming through a thematic architecture (knowledge generation and studies, the development of Nature Finance Metrics Voluntary Guidance, and knowledge dissemination) that delivered regional public goods that demonstrated the economic case for nature-positive development at the aggregate LAC level. Phase II scales those results by shifting from a thematic to a sub-regionally targeted approach; it channels the same underlying logic of rigorous studies, strategic dissemination, and demand-driven knowledge products through the Bank's four sub-regional structures, so that the evidence generated is calibrated to the specific ecosystems, institutions, and economies of each sub-region and is taken up directly by the IDB Country Offices and country teams responsible for translating it into operations. In doing so, Phase II converts the proof-of-concept achieved under Phase I into differentiated, operationally actionable evidence across all 26 borrowing member countries.
- 1.5 **Request and origin.** This operation originates from the IDB's 2026 Regional Technical Cooperation Call for Proposals administered by the Office of Outreach and Partnerships (RPPD), under which it was submitted and classified within the Research and Dissemination (RD) category. As a Research and Dissemination TC, the operation responds to the Bank's own strategic interest in generating and disseminating the sub-regionally differentiated evidence required to mainstream biodiversity and natural capital across its portfolio and to support borrowing member countries in meeting their international and national biodiversity commitments. The demand for the specific studies, events, and knowledge products to be financed will be confirmed during execution through consultations between the Biodiversity and Natural Capital Unit's (BNC) sub-regional focal points and the Bank's country teams, with governments expressing interest on a first-come, first-served basis, and with formal expressions of interest and no-objection letters obtained from participating and host countries before the implementation of activities.
- 1.6 **General Objective.** The general objective of this TC is to accelerate the evidence-based mainstreaming of biodiversity and natural capital into IDB operations and Latin American and Caribbean (LAC) countries' development planning by producing sub-regionally targeted research and ensuring its effective uptake among decision-makers, practitioners, and financial institutions; thereby advancing compliance with the IDB Group Natural Capital and Biodiversity Mainstreaming Action Plan, and national commitments under National Biodiversity Strategies and Action Plans (NBSAPs) and Nationally Determined Contributions (NDCs).
- 1.7 **Specific Objectives.** This TC pursues four specific objectives:

- (i) to **generate sub-regionally differentiated knowledge** through rigorous studies that quantify ecosystem services' economic value, identify innovative financing mechanisms, and provide sector-specific guidance for biodiversity integration tailored to each sub-region's priority ecosystems and development trajectories;
 - (ii) to **build regional capacity** through strategic, multi-format knowledge dissemination, including technical workshops, seminars, digital outreach, and media engagement, that ensure research findings reach and influence the government officials, sector specialists, financial institutions, and civil society actors who can translate evidence into policy and investment decisions;
 - (iii) **strengthen sub-regional institutional coordination** by equipping IDB Country Offices and the Biodiversity and Natural Capital Unit (BNC) with context-specific analytical tools and operational guidance that embeds biodiversity considerations throughout the project cycle; and
 - (iv) to **foster cross-regional learning** by creating structured platforms for peer exchange and South-South cooperation that enable successful biodiversity mainstreaming approaches developed in one sub-region to be adapted and replicated across others.
- 1.8 The achievement of these objectives will be measured through five expected outcomes (enhanced evidence-based decision-making across sub-regions; strengthened sub-regional mainstreaming of biodiversity in IDB operations; expanded professional awareness and behavioral change; accelerated cross-regional knowledge transfer; and a strengthened institutional foundation for sustained mainstreaming), which are set out in full in Chapter II and in the Results Matrix (Annex II).
- 1.9 **Complementarity.** This TC is designed as the second phase of, and is directly complementary to, **RG-T4771** ("Empowering IDB & LAC: Mainstreaming Biodiversity & Natural Capital for Sustainable Growth"), whose thematic components established the regional evidence base, the Nature Finance Metrics Voluntary Guidance, and the dissemination platforms on which Phase II builds. Whereas Phase I consolidated the newly established Biodiversity and Natural Capital Unit (BNC) and produced regional public goods at the aggregate LAC level, Phase II deepens and operationalizes those results by tailoring evidence and dissemination to each of the four sub-regions and by embedding them directly in the programming of the Bank's Country Offices. The operation is further complementary to the IDB Group Natural Capital and Biodiversity Mainstreaming Action Plan (NCBMAP), deepening its Component 1 (Country Dialogues, Strategies, and Programming) and scaling its Component 3 (Knowledge Products and Capacity Building), and to the Country Strategies of the 26 borrowing member countries, whose biodiversity and natural-capital priorities the sub-regional studies are explicitly structured to serve. By channeling knowledge generation and dissemination through the sub-regional structures, the TC avoids duplication with country-level operations while amplifying their impact through regional public goods, peer learning, and South-South cooperation.
- 1.10 **Strategic Alignment.** This TC is consistent with the **IDB Group Institutional Strategy 2024-2030, "Transforming for Scale and Impact" (CA-631)**, and is aligned with its objectives of (ii) **addressing climate change**, by equipping

governments and financial institutions with robust ecosystem-service valuations, harmonized biodiversity evidence, and nature-finance roadmaps that steer public and private capital toward conservation, restoration, and climate resilience; and (iii) **bolstering sustainable regional growth**, by transforming the region’s natural capital, whose ecosystem services are estimated at US\$15 trillion annually, from an unpriced externality into a measurable engine of prosperity. The TC is further aligned with the operational focus areas of “**Biodiversity, Natural Capital, and Climate Action**” and “**Institutional Capacity, Rule of Law, and Citizen Security**,” through which it strengthens the analytical and institutional foundations for embedding biodiversity in development decision-making.

- 1.11 The operation is aligned with the draft **Thematic Framework Document (TFD) on Biodiversity**, which advances through concrete sub-regional evidence and knowledge products, and with the forthcoming **IDB Group Natural Capital and Biodiversity Mainstreaming Action Plan (NCBMAP) 2026-2030, building on the foundation established by the 2024-2025 NCBMAP (GN-3216-1)**. Specifically, the TC deepens NCBMAP Component 1 (Country Dialogues, Strategies, and Programming) by equipping ministries and IDB Country Offices with sub-regionally calibrated ecosystem-service evidence and policy diagnostics, and scales NCBMAP Component 3 (Knowledge Products and Capacity Building) through sub-regional studies, policy briefs, a consolidated regional compendium, and multi-format dissemination that enhance institutional capacity to mainstream natural capital.
- 1.12 At the international level, the TC supports LAC countries in adopting the Kunming-Montreal Global Biodiversity Framework (GBF), particularly the implementation of Target 19 on resource mobilization, by strengthening the evidence and institutional capacity required to access and deploy biodiversity finance; and it supports the integration of biodiversity commitments into countries’ National Biodiversity Strategies and Action Plans (NBSAPs) and Nationally Determined Contributions (NDCs).
- 1.13 The TC is also aligned with its financing source, the **Ordinary Capital Special Development Program (OC SDP), Pillar 3: Biodiversity, Natural Capital and Climate Action (Fund P3F)**. Consistent with the purpose of the Program, the operation commissions sub-region-wide natural-capital valuation studies and knowledge products that constitute regional public goods benefiting borrowing members collectively; produces diagnostics and operational guidance that strengthen national and Bank systems for integrating biodiversity considerations; and prepares the analytical foundations that translate these knowledge products into climate-resilient, nature-positive investment and policy decisions across the four sub-regions.

II. COMPONENTS

- 2.1 **Components.** The TC is organized into four regional components, one for each of the Bank's sub-regional structures, reflecting the operation shift from the thematic architecture of Phase I to a sub-regionally targeted design. Each component is allocated **US\$125,000**, of which 85% (US\$106,250) finances research (the sub-regional studies and action plans) and 15% (US\$18,750) finances dissemination (the multi-format events, the sub-regional policy brief, and the component's contribution to a single consolidated regional compendium shared across all four components). Across the four components, the TC will deliver eight sub-regional studies (two per sub-region), eight multi-format dissemination events (two per sub-region), four sub-regional policy briefs (one per sub-region), and one consolidated regional compendium. The specific studies, events, and knowledge products will be defined during execution through a demand-driven process led by the BNC sub-regional focal points in consultation with the Bank's country teams, with governments expressing interest on a first-come, first-served basis and formal no-objection letters obtained from host countries before any activity. The activities and their timing are consistent with the Results Matrix (Annex II), and the procurement arrangements are consistent with the Procurement Plan (Annex IV).

Component 1: Andean Group (CAN) (US\$125,000)

- (a) **Objective.** To generate and disseminate sub-regionally targeted evidence on the **valuation and governance of páramo ecosystems, Amazonian biodiversity, and mountain watershed services** that underpin water security and agricultural productivity across Bolivia, Colombia, Ecuador, and Peru, and to embed that evidence in IDB operations and in the countries' development planning. These priorities are consistently reflected in the Country Strategies of the Andean Group.
- (b) **Major activities, responsible parties, and timing.** Led by the BNC sub-regional focal point in coordination with the corresponding IDB Country Offices and country teams, the component unfolds over the 24-month execution period. During 2026, study design, data collection, and stakeholder consultations are undertaken (for example, hydrological valuation of páramo water regulation and governance arrangements for Andean-Amazonian ecosystems); during **2027**, the first sub-regional study (e.g., economic valuation of páramo and mountain watershed services) is completed and the first multi-format dissemination event is held; and during **2028**, the second sub-regional study (e.g., financing and governance mechanisms for Amazonian biodiversity) is completed, the second dissemination event is held, the sub-regional policy brief is published, and the component's inputs to the consolidated regional compendium are finalized.
- (c) **Procurement.** The research consultancies will be carried out by **consulting firms** contracted under the Corporate Procurement Policy (GN-2303-33); facilitation of the dissemination events and the drafting, design, and digital publication of the sub-regional policy brief and the component's contribution to the consolidated regional compendium will be undertaken by **individual consultants** engaged under the Complementary

Workforce regulations (AM-650). Before the commencement of in-country data collection or any dissemination event, formal no-objection letters will be obtained from the countries concerned.

- (d) **Expected outputs.** Two (2) sub-regional studies/action plans; two multi-format dissemination events (technical workshops, knowledge-sharing seminars, media briefings, or capacity-building sessions); one sub-regional policy brief synthesizing the study findings; and the component's contribution to the single consolidated regional compendium of best practices and lessons learned shared across the four components.

Component 2: Caribbean (CCB) (US\$125,000)

- (a) **Objective.** To generate and disseminate sub-regionally targeted evidence on the **economic valuation of coral reef ecosystems, blue economy opportunities, and climate-resilient coastal infrastructure** that are central to the development strategies of the small island and low-lying coastal developing states of the Caribbean, and to embed that evidence in IDB operations and national planning.
- (b) **Major activities, responsible parties, and timing.** Led by the BNC sub-regional focal point in coordination with the corresponding IDB Country Offices and country teams, the component unfolds over the 24-month execution period. During 2026, study design, data collection, and stakeholder consultations are undertaken (for example, reef ecosystem-service valuation and blue economy opportunity mapping); during **2027**, the first sub-regional study (e.g., economic valuation of coral reef ecosystem services and blue economy assessment) is completed and the first multi-format dissemination event is held; and during **2028**, the second sub-regional study (e.g., nature-based, climate-resilient coastal infrastructure and financing options) is completed, the second dissemination event is held, the sub-regional policy brief is published, and the component's inputs to the consolidated regional compendium are finalized.
- (c) **Procurement.** The two sub-regional studies and action plans will be carried out by **consulting firms** contracted under the Corporate Procurement Policy (GN-2303-33); facilitation of the dissemination events and the drafting, design, and digital publication of the sub-regional policy brief and the component's contribution to the consolidated regional compendium will be undertaken by **individual consultants** engaged under the Complementary Workforce regulations (AM-650). Before the commencement of in-country data collection or any dissemination event, formal no-objection letters will be obtained from the countries concerned.
- (d) **Expected outputs.** Two (2) sub-regional studies/action plans; two multi-format dissemination events (technical workshops, knowledge-sharing seminars, media briefings, or capacity-building sessions); one sub-regional policy brief synthesizing the study findings; and the component's contribution to the single consolidated regional compendium of best practices and lessons learned shared across the four components.

Component 3: Central America and Mexico (CID) (US\$125,000)

- (a) **Objective.** To generate and disseminate sub-regionally targeted evidence on **biological corridor conservation, agroforestry integration, and disaster risk reduction through nature-based solutions**, aligned with the development priorities of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, and Panama, and to embed that evidence in IDB operations and national planning.
- (b) **Major activities, responsible parties, and timing.** Led by the BNC sub-regional focal point in coordination with the corresponding IDB Country Offices and country teams, the component unfolds over the 24-month execution period. During 2026, study design, data collection, and stakeholder consultations are undertaken (for example, cost-benefit analysis of Mesoamerican biological corridors and agroforestry systems); during **2027**, the first sub-regional study (e.g., cost-benefit analysis of biological corridor conservation and agroforestry integration) is completed and the first multi-format dissemination event is held; and during **2028**, the second sub-regional study (e.g., disaster risk reduction and resilience through nature-based solutions) is completed, the second dissemination event is held, the sub-regional policy brief is published, and the component's inputs to the consolidated regional compendium are finalized.
- (c) **Procurement.** The two sub-regional studies and action plans will be carried out by **consulting firms** contracted under the Corporate Procurement Policy (GN-2303-33); facilitation of the dissemination events and the drafting, design, and digital publication of the sub-regional policy brief and the component's contribution to the consolidated regional compendium will be undertaken by **individual consultants** engaged under the Complementary Workforce regulations (AM-650). Before the commencement of in-country data collection or any dissemination event, formal no-objection letters will be obtained from the countries concerned.
- (d) **Expected outputs.** Two (2) sub-regional studies/action plans; two multi-format dissemination events (technical workshops, knowledge-sharing seminars, media briefings, or capacity-building sessions); one sub-regional policy brief synthesizing the study findings; and the component's contribution to the single consolidated regional compendium of best practices and lessons learned shared across the four components.

Component 4: Southern Cone (CSC) (US\$125,000)

- (a) **Objective.** To generate and disseminate sub-regionally targeted evidence on **grassland and wetland ecosystem services, sustainable agriculture intensification, and natural capital accounting**, relevant to Argentina, Brazil, Chile, Paraguay, and Uruguay, and to embed that evidence in IDB operations and national planning.
- (b) **Major activities, responsible parties, and timing.** Led by the BNC sub-regional focal point in coordination with the corresponding IDB Country Offices and country teams, the component unfolds over the 24-month execution period. During 2026, study design, data collection, and stakeholder consultations are undertaken (for example, ecosystem accounting for grasslands and wetlands and analysis of sustainable

intensification pathways); during **2027**, the first sub-regional study (e.g., grassland and wetland ecosystem-service accounting) is completed and the first multi-format dissemination event is held; and during **2028**, the second sub-regional study (e.g., biodiversity mainstreaming in sustainable agriculture intensification) is completed, the second dissemination event is held, the sub-regional policy brief is published, and the component's inputs to the consolidated regional compendium are finalized.

- (c) **Procurement.** The two sub-regional studies and action plans will be carried out by **consulting firms** contracted under the Corporate Procurement Policy (GN-2303-33); facilitation of the dissemination events and the drafting, design, and digital publication of the sub-regional policy brief and the component's contribution to the consolidated regional compendium will be undertaken by **individual consultants** engaged under the Complementary Workforce regulations (AM-650). Before the commencement of in-country data collection or any dissemination event, formal no-objection letters will be obtained from the countries concerned.
- (d) **Expected outputs.** Two (2) sub-regional studies/action plans; two multi-format dissemination events (technical workshops, knowledge-sharing seminars, media briefings, or capacity-building sessions); one sub-regional policy brief synthesizing the study findings; and the component's contribution to the single consolidated regional compendium of best practices and lessons learned shared across the four components.

2.2 **Expected Results.** The TC is expected to deliver five measurable outcomes, which are reflected in the Results Matrix (Annex II):

- (i) **Enhanced evidence-based decision-making across sub-regions.** At least 80% of the government officials and IDB staff who engage with the TC's studies report an improved understanding of biodiversity and natural-capital evidence, and each sub-region produces at least two studies whose findings are formally referenced in IDB project design documents or national policy deliberations within the 24-month execution period.
- (ii) **Strengthened sub-regional mainstreaming of biodiversity in IDB operations.** Each of the four IDB sub-regional departments (CAN, CCB, CID, and CSC) incorporates biodiversity metrics, valuation evidence, or explicit biodiversity considerations into at least one new lending or TC operation designed during the execution period, as verified by approved project design documents.
- (iii) **Expanded professional awareness and behavioral change.** At least 200 professionals across LAC, comprising government technical staff, financial-sector practitioners, academics, and media professionals, participate in the TC's dissemination events and self-report greater awareness of biodiversity evidence and tools and an increased intent to apply these approaches in their work.
- (iv) **Accelerated cross-regional knowledge transfer.** The consolidated regional compendium is accessed by practitioners in at least 15 of the 26 beneficiary countries within six months of its publication, and at least three instances of cross-sub-regional replication of biodiversity mainstreaming approaches are documented during the TC period.

- (v) **Strengthened institutional foundation for sustained mainstreaming.** IDB Country Offices in all four sub-regions report enhanced technical capacity, evidenced by the incorporation of TC knowledge products into at least four Country Strategy dialogues or sector assessments, and the BNC's sub-regional focal points are equipped with demand-responsive research and dissemination frameworks that outlast the operation.

2.3 **Beneficiaries.** The direct beneficiaries of this TC are the **26 IDB borrowing member countries** of Latin America and the Caribbean, grouped for the purposes of this operation into the Bank's four sub-regional departments. The Andean Group (CAN) comprises Bolivia, Colombia, Ecuador, Peru, and Venezuela; the Caribbean (CCB) comprises The Bahamas, Barbados, Dominican Republic, Guyana, Haiti, Jamaica, Suriname, and Trinidad and Tobago; Central America and Mexico (CID) comprises Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, and Panama; and the Southern Cone (CSC) comprises Argentina, Brazil, Chile, Paraguay, and Uruguay. Within these countries, finance ministries, planning agencies, and environmental authorities will benefit from sub-regionally calibrated valuation methodologies and evidence; financial institutions will benefit from guidance that facilitates nature-positive investment; and government technical staff, academia, and media professionals will benefit from the multi-format dissemination activities. In addition, the **IDB Country Offices** in each sub-region and the **Biodiversity and Natural Capital Unit (BNC)** will enhance their technical capacity to support the integration of biodiversity considerations throughout the project cycle. The sub-regional component descriptions above highlight representative priority countries and ecosystems, while all 26 borrowing member countries are eligible to benefit from their respective sub-regional components on a demand-driven basis.

III. BUDGET

3.1 **Budget.** The total cost of this TC is **US\$500,000**, financed on a non-reimbursable basis (TCN/GRT) entirely through the **OC SDP Pillar 3: Biodiversity, Natural Capital and Climate Action (Fund P3F)**, with no counterpart financing required (US\$0). The budget is distributed equally across the four regional components at US\$125,000 each; within every component, 85% (US\$106,250) is allocated to research and 15% (US\$18,750) to dissemination. The following table presents the indicative budget in US dollars.

Budget in US\$

Component / Line	Research (85%)	Dissemination (15%)	Total
Component 1: Andean Group (CAN)	106,250	18,750	125,000
Component 2: Caribbean (CCB)	106,250	18,750	125,000
Component 3: Central America and Mexico (CID)	106,250	18,750	125,000
Component 4: Southern Cone (CSC)	106,250	18,750	125,000
TOTAL	425,000	75,000	500,000

Note: The lines for Direct operating expenses and Final evaluation and audit are budgeted at US\$0 because the TC is executed by the Bank (Bank-executed); supervision, monitoring, and reporting are carried out by CSD/BNC using the Bank's own resources and systems at no additional cost to the operation, and no separate final audit is required for this Bank-executed Research and Dissemination TC. Within each component, the Research allocation (US\$106,250) funds the two sub-regional studies and action plans, and the Dissemination allocation (US\$18,750) funds the two multi-format events, the sub-regional policy brief, and the component's contribution to the single consolidated regional compendium shared across the four components. Research totals US\$425,000 (85%), and dissemination totals US\$75,000 (15%), reconciling to the total budget of US\$500,000.

IV. EXECUTION STRUCTURE

- 4.1 **Executing agency.** The TC will be executed by the Inter-American Development Bank (IDB), based on a request by the beneficiaries, in accordance with the Bank's Technical Cooperation Policy (GN-2470-2) and the Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4), through the Biodiversity and Natural Capital Unit of the Climate Change and Sustainable Development Sector (CSD/BNC). As a specialized unit within the Bank, CSD/BNC possesses technical expertise, operational capacity, and regional networks, including sub-regional focal points aligned with the four beneficiary sub-regions, necessary to implement this multi-country initiative effectively.
- 4.2 **Bank-executed modality.** This is a Research and Dissemination (RD) TC to be executed by the Bank; in accordance with the applicable procedures, Bank execution of a Research and Dissemination TC does not require special justification. Notwithstanding, the Bank-executed modality is fully supported by the criteria established in Annex II of the Operational Guidelines for Processing Technical Cooperation Operations (OP-619-4), based on the following considerations: (i) the regional scope of the operation and its coordination requirements across four sub-regions and 26 countries; (ii) the technical expertise and impartiality required to produce comparable, credible sub-regional evidence; (iii) the institutional capacity and efficiency afforded by executing through CSD/BNC and its sub-regional focal points; and (iv) the knowledge-management and dissemination mandate of the operation, whose outputs constitute regional public goods.
- 4.3 **Supervision and monitoring.** Supervision and monitoring will be conducted directly by CSD/BNC following established Bank procedures, with no additional supervision costs anticipated. The Unit will implement a monitoring framework that tracks progress against the Results Matrix indicators, ensuring adaptive management throughout the 24-month execution period. Given the multi-country design, budget execution will be monitored by component and by sub-region to ensure the equitable distribution of benefits across the Andean Group, Caribbean, Central America and Mexico, and Southern Cone, while retaining the flexibility to respond to emerging, demand-driven opportunities.
- 4.4 **Reporting.** The Bank will prepare and submit progress reports and a final 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,

including guidance for future biodiversity and natural-capital mainstreaming initiatives across the sub-regions.

- 4.5 **Execution and disbursement period; procurement.** The execution period and the disbursement period are each established 24 months from the date of approval, reflecting the time required for meaningful stakeholder engagement, the iterative development of sub-regional 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 in accordance with 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.
- 4.6 **Demand-driven selection and no-objection letters.** The specific research themes, methodological approaches, and geographic focus of the studies, events, and knowledge products to be undertaken under each component will be determined through a demand-driven process during execution, ensuring alignment with evolving sub-regional priorities and country-specific needs. Given this adaptive approach, the Bank will secure formal no-objection letters from beneficiary countries as activities are defined and programmed, namely from: (i) countries where field research activities will be undertaken, before the commencement of any in-country data collection or stakeholder engagement; and (ii) host countries for dissemination events, workshops, and technical exchanges, as these are scheduled throughout the execution period.
- 4.7 **Terms of reference.** As research topics and dissemination strategies are defined, specific terms of reference will be developed for each study and event. The generic terms of reference attached as Annex III serve as template frameworks that provide illustrative structure and guidance for these future activities. They are intentionally designed with sufficient breadth and flexibility to accommodate the diverse institutional contexts, varying technical capacities, and distinct ecosystem characteristics across the four sub-regions, allowing appropriate customization during implementation without compromising the core technical standards, quality requirements, or strategic objectives of each component.

V. POTENTIAL RISKS

- 5.1 **Main risks and mitigation measures.** The primary risks identified for this TC relate to the inherent complexity of implementing a sub-regionally differentiated, multi-country initiative across diverse institutional contexts while ensuring the uptake of biodiversity mainstreaming evidence. Each risk is presented below with its corresponding mitigation measure.
- (i) **Diverse country contexts and institutional capacities.** This TC covers 26 LAC countries across four sub-regions 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 employs a sub-regionally targeted design and demand-driven study

selection based on country dialogues, develops modular knowledge products adaptable to different contexts, and facilitates peer-learning events among countries within and across sub-regions that face similar challenges.

- (ii) **Stakeholder coordination and uptake across sub-regions.** Coordinating four sub-regional agendas among diverse stakeholders (IDB Country Offices, governments, financial institutions, academia, and civil society) and ensuring that evidence is actually taken up in operations may prove difficult due to competing priorities and institutional interests. **Mitigation:** the TC channels coordination through the BNC sub-regional focal points and Country Offices, implements structured consultations with iterative feedback, conducts early engagement to align expectations, and leverages the IDB's neutral convener role to build consensus around sub-regional priorities.
- (iii) **Political and economic volatility.** Political transitions and economic uncertainties could shift government priorities away from biodiversity mainstreaming, reducing engagement and the uptake of TC recommendations. **Mitigation:** this TC will engage technical staff who maintain continuity across administrations, emphasize the economic benefits aligned with each sub-region's development objectives, and ensure that sub-regional and regional knowledge products remain openly accessible despite individual country disruptions.
- (iv) **Technical complexity and data limitations.** Insufficient or unreliable data could compromise the credibility of natural-capital valuations and limit the applicability of the sub-regional analyses. **Mitigation:** the TC will develop tiered methodologies that accommodate different data scenarios, establish academic and research partnerships to leverage existing capabilities, and facilitate South-South cooperation for sharing approaches among countries with similar ecosystems.
- (v) **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, apply training-of-trainers approaches, develop business cases demonstrating return on investment, create open-access resources, and integrate its products with ongoing IDB operations for continued support.

- 5.2 **Intellectual Property.** All knowledge products financed by this TC, including the sub-regional studies and action plans, policy briefs, and the consolidated regional compendium, will remain the property of the Bank and will be disseminated as regional public goods under Creative Commons licensing to maximize their access and use, in accordance with regulation AM-331. Where a beneficiary country requests alternative licensing arrangements, these will be defined in consultation with the Bank's Legal Department under the same regulation.

VI. EXCEPTIONS TO BANK POLICIES

- 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).
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REQUIRED ANNEXES:

- Annex I: Request from Client
 - Annex II: Results Matrix
 - Annex III: Terms of Reference
 - Annex IV: Procurement Plan
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