

TC ABSTRACT

I. Basic project data

▪ Country/Region:	Regional
▪ TC Name:	Assessing the impact of biodiversity policies in LAC
▪ TC Number:	RG-T2478
▪ Team Leader/Members:	Team leader: Michele Lemay (INE/RND); Team members: Ricardo Quiroga (RND/CAR); Maria Claudia Perazza (INE/RND); Onil Banerjee (INE/RND); Ashley Camhi (INE/RND); Eirivelthon Lima (RND/CPE); Sergio Ardila (INE/RND); Tomas Serebrisky (INE/INE); David Corderi (INE/RND); Annette Killmer (RND/CBR); Leonardo Corral (SPD/SPV); Ernani Pilla (VPS/ESG); Cassandra Rogers (RND/CBA); Yolanda Valle (INE/RND).
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination.	Research & Dissemination
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	N/A
▪ Reference to Request: (IDB docs #)	N/A
▪ Date of TC Abstract:	April 2014
▪ Beneficiary:	REGIONAL
▪ Executing Agency and contact name	IDB
▪ IDB Funding Requested:	US\$350,000
▪ Local counterpart funding, if any:	N/A
▪ Disbursement period (which includes execution period):	18 months
▪ Required start date:	May 2014
▪ Types of consultants (firm or individual consultants):	Firm and consultants
▪ Prepared by Unit:	INE/RND
▪ Unit of Disbursement Responsibility:	INE/RND
▪ Included in Country Strategy (y/n); ▪ TC included in CPD (y/n):	N/A
▪ GCI-9 Sector Priority:	Poverty reduction and equity enhancement; climate change, sustainable (including renewable) energy, and environmental sustainability

II. Objective and Justification

Latin America and the Caribbean (LAC) is exceptionally biodiverse. It contains about half of the world's remaining tropical forests, nearly one-fifth of global coastal habitats, five of the world's 20 longest

rivers, and some of the most productive agricultural and marine areas in the world.¹ With only 16% of the planet's land, the Region holds 40% of the world's biological diversity, including seven of the world's 25 biodiversity hotspots and six of the 17 "megadiverse" countries.²

LAC biodiversity directly underpins a broad range of human activities such as agriculture, fisheries, forestry, and nature tourism that generate goods and services sold on markets. These activities provide food, income, and employment to the people in the Region. LAC biodiversity also generates a wide array of ecosystem services that are not normally bought and sold on markets including water purification, maintenance of soil productivity, waste decomposition, nutrient cycling, pest control, flood control, climatic control (e.g., climate moderation, carbon sequestration), pollination of crops and native vegetation, and provision of recreational opportunities.

Threats such as habitat loss and degradation, invasive species, overexploitation, and climate change are contributing to biodiversity loss and inhibiting the provisioning of valuable ecosystem services in the Region. Such threats are being observed at the regional scale and are affecting the status of LAC's key ecosystems such as the Amazon, the Atlantic Forest, the Tropical Andes, the Mesoamerican Corridor and Reef and the Caribbean Islands with potentially significant economic implications.³

LAC countries have used a wide variety of policies to stem these threats, including for example biodiversity offsets, payments for ecosystem services (PES), and co-management of protected areas. Despite considerable improvements in piloting and implementing some of these policies over the last decade, the lack of information on species, biodiversity, and ecosystem services, poorly understood economic incentives for compliance, and weak institutions represent significant constraints to conservation planning for LAC countries as well as raises questions in establishing lines of action for the Bank's work in sustainable development. Considerable gains could be made if the impact of biodiversity conservation policies under specific circumstances was better understood and if the factors contributing to effectiveness were established.

This TC has been designed to support research on the impact of biodiversity conservation policies with a dual purpose: (i) providing the necessary elements for the Environment and Biodiversity Sector Framework Document (SFD) recommended by Management to the Board as part of the Bank's new regulatory sector framework (GN-2670-1); and (ii) contributing to a multi-year effort of a biodiversity and ecosystem services flagship study. Pursuant to the guidance provided in GN-2670-1, the SFD must define the development challenges of the sector and the problems the Bank is best positioned/seeks to address; explain the types of interventions that have proven to be effective and synthesize the empirical evidence that supports this assertion; define specific areas of uncertainty regarding their development

¹ Blackman, A., Epachin-Niell, R., Siikamaki, J., Velez-Lopez, D. 2012. Prioritizing Policies for Biodiversity Conservation in Latin America and the Caribbean: A Rapid Assessment. Report to the IDB.

² Bovarnick, A., F. Alpizar, C. Schnell (eds.). 2010. Latin America and the Caribbean: A biodiversity superpower. United Nations Development Program (UNDP) and United Nations Environment Program (UNEP). 2010. Atlas of Our Changing Environment: Latin America and the Caribbean, UNEP.

³ Blackman, et al. 2012. Ibid.

effectiveness; identify the key knowledge and capacity building work underway and identify gaps pointing to potential future knowledge products, and; synthesize and articulate lessons learned in the sector through DEM analysis, OVE's evaluations, and other empirical evidence. The scope of the SFD for Environment and Biodiversity is expected to complement rather than duplicate Bank policies (OP-703) and other sector frameworks (for example GN-2709-2).

A flagship study is an opportunity to do new research that is demanded by policymakers and, in this particular context, will address the knowledge gaps or areas of uncertainty pertaining to the development effectiveness of policy instruments and types of interventions identified in the SFD. Both the elements for the SFD and the flagship study will build on the rapid assessment that was done by Resources for the Future (RFF), "Prioritizing Policies for Biodiversity Conservation in Latin American and the Caribbean", which fed into the design of the Biodiversity and Ecosystem Services Program. The analyses to be undertaken in support of the Environment and Biodiversity SFD and the work for the flagship study will be undertaken as a partnership between IDB staff across Bank Departments and country offices and a small group of external experts in environmental policy and environmental and resource economics. To ensure relevance, a process will be established whereby the country offices will engage with policy makers in the region to capture their perspectives on the relevance and effectiveness of various types of environmental interventions and policies, areas of uncertainty with respect to development effectiveness and opportunities for future research and investment. This TC will provide a timely contribution to the Bank's work in environment and biodiversity: (i) it will provide an improved empirical base for the design of Bank-financed interventions in environment and biodiversity in LAC; and (ii) identify opportunities for future loans and knowledge products in the sector.

The proposed TC will contribute to the following GCI-9 lending program priority targets:

- (i) poverty reduction and equity enhancement- improved environmental quality and governance can lead to greater opportunities for poorer segments of the population, particularly those directly dependent on the natural resource base.
- (ii) climate change, sustainable (including renewable) energy, and environmental sustainability- strengthening of the evidence-base for informing environmental policy and implementation will help improve decision making with regards to climate change mitigation/adaptation and overall sustainability.

In addition, the proposed TC will contribute to the Environment and Biodiversity sector priority, "Protect the environment, respond to climate change, promote renewable energy, and ensure food security." Lastly, the proposed TC supports the Biodiversity and Ecosystem Services Program, as the TC will support the integration of biodiversity and ecosystem services into key economic sectors and strengthen environmental policy and governance in the Region.

III. Description of activities

The proposed activities are described in the following table. Expected outputs and results are fully consistent with the IDB's Biodiversity and Ecosystem Services Program⁴.

⁴ <http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37444118>

ACTIVITY	DESCRIPTION	EXPECTED OUTPUTS	EXPECTED RESULTS
1.1 Support to the Environment and Biodiversity Sector Framework	Analytical studies for the preparation of the SFD include: 1) regional assessment of policy interventions in environment and biodiversity that have proven effective and supporting empirical evidence; 2) review of contribution to IDB institutional priorities; 3) definition of gaps and areas of uncertainty regarding development effectiveness; 4) inventory and review of key knowledge and capacity building underway; 5) synthesize and articulate lessons learned in the sector through DEM analysis, OVE's evaluations and other empirical evidence.	Regional assessment/supporting empirical evidence Gap analysis Inventory of related research and capacity building	Knowledge product and Sector Framework reflecting improved understanding of the impact of biodiversity policies
1.2 BES Flagship Proposal Preparation	Preparation of the BES flagship proposal would consist of 3 activities: 1) Day long workshop with IDB staff and experts from the Region. 2) Creation of a presentation to be presented to INE/INE, RES, and the INE/RND Division Chief on the proposed topics for the flagship and 3) Creation of a draft outline of the chapters or papers that would make up the flagship study.	Detailed list of topics as well as identification of outside experts that will contribute to the BES flagship. Presentation on the proposal for the flagship study Proposed outline for the flagship study	

IV. Budget

The total budget for this technical cooperation has been estimated at US\$350,000 as shown in the following table:

Indicative Budget

Activity/Component	Description	IDB/Fund Funding US\$	Counterpart Funding	Total Funding US\$
Activities				
1.1 Support to the Environment and Biodiversity Sector Framework	Analytical studies: <ul style="list-style-type: none"> 1. Regional assessment 2. Gap analysis 3. Inventory of work underway 	250,000		250,000
1.2 BES Flagship Proposal Preparation	<ul style="list-style-type: none"> 1. Kick-off workshop 2. Proposal development 	100,000		100,000
TOTAL		350,000		350,000

V. Executing agency and execution structure

This TC is the Bank's initiative. Given the strategic objectives of the TC and its regional nature, the TC will be executed by the Bank. Additionally, the Bank is able to create capacity, serve as a fomenter of knowledge and innovation, and impact policy on multiple scales within the Region, thus making the regional coordination of the IDB a necessary aspect of this TC.

VI. Project Risks and issues

The risk exists of a lack of the information generated from the flagship study not being utilized by policymakers. This risk will be mitigated by directly involving key policymakers in determining the scope and substance of the flagship and by widely promoting the flagship throughout the Region upon its completion.

VII. Environmental and Social Classification

It is not anticipated that the activities to be financed in this TC will have negative direct or indirect social or environmental effects. Therefore the team considers that, according to the Bank's Safeguards Screening Toolkit, this operation should be given a classification of "C": (i) no environmental or social risks; (ii) direct contribution to solve an environmental issue.