

Technical Cooperation Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Promoting Improved Climate Change Governance through the Implementation of Nature-based Solutions in Latin America and the Caribbean
▪ TC Number:	RG-T4297
▪ Team Leader/Members:	Watson, Gregory (CSD/CCS) Team Leader; Grunwaldt, Alfred Hans (CSD/CCS) Alternate Team Leader; Braly-Cartillier, Isabelle Frederique (ORP/REM); Gomez, Juan Carlos (CSD/CCS); Irene Gauto (CSD/CCS); Juan Francisco Martinez (CSD/CCS); Medeiros, Eduardo (CSD/CSD); Mendoza Benavente, Horacio (LEG/SGO); Nicolas Moreno (ORP/GCM); Patricia Gutierrez Mesones (CSD/CCS); Pedroza Pinzon, Paola Andrea (ORP/REM); Sara Carias (CSD/CCS); Sebastian De Los Rios (CSD/CCS)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	N/A
▪ Beneficiary ¹ :	Four (4) borrowing member countries to be selected
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding ² :	Canada Cooperation Framework(CCF)
▪ IDB Funding Requested:	US\$3,750,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	48 months
▪ Required start date:	April 2023
▪ Types of consultants:	Firms and Individual Consultants
▪ Prepared by Unit:	CSD/CCS-Climate Change
▪ Unit of Disbursement Responsibility:	CSD/CCS-Climate Change
▪ TC included in Country Strategy:	N/A
▪ TC included in CPD:	N/A
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Institutional capacity and rule of law; Environmental sustainability; Gender equality

II. Objectives and Justification of the TC

- 2.1 The objective of this TC is to support countries in building capacity for the upstream component in adopting policy instruments that determine the governance framework and evidence-based inputs under which private sector investments for Nature-Based

¹ Beneficiary countries will be selected according to the criteria and process established in paragraphs 4.4 and 4.5 of this document.

² The total non-reimbursable Project Specific Grant (PSG) contribution from the Government of Canada will be CAD\$5,000,000.

Solutions (NBS)³ implementation can be developed. The direct beneficiaries of the project will be policymakers from the national ministries of environment and finances and/or planning involved with working sectors relevant to NBS implementation in a minimum of four eligible countries.

- 2.2 A number of recent IDB [studies](#) have identified [financing models](#), [opportunities](#), and barriers to NBS implementation based on the recommendations of action from these studies, the specific objectives of this TC are to: (i) incorporate NBS into planning and policies to make the identification of high-value, feasible NBS a routine part of project preparation, as well as the creation of a pipeline of investment-ready NBS projects; (ii) integrate NBS into familiar financing models, like biodiversity bonds, biodiversity offsets, or land-based financing mechanisms, to meet the minimum investment thresholds, lower transaction costs through project aggregation, and increase investor acceptance of and familiarity with NBS; (iii) increase efficiency to identify eligible NBS projects in government budgets to integrate innovative financial mechanisms (e.g., green bonds, blended finance); and (iv) demonstrate performance metrics and proof of concept through business cases for NBS implementation.
- 2.3 This initiative will focus on harnessing the opportunities to integrate NBS that target specific Agriculture, Forestry, and Other Land Use (AFOLU) and infrastructure needs and outcomes (such as sustainable value chains, restoring forests to improve water supply or protecting coral reefs to reduce flood risk) with a gender-responsive approach.⁴
- 2.4 The Biodiversity Cluster, embedded in the Climate Change Division of the IDB (CSD/CCS) will provide technical advice to policymakers and the private sector from participating governments in ODA-eligible countries⁵ to build capacity for NBS implementation at the national level. This initiative will be a demand-driven program. In coordination with IDB's Country Offices' (COF) Representatives, CCS country staff, and in alignment with relevant Bank divisions as with the priorities defined within the climate finance project pipeline scanning exercise, the team leader will reach out to national governments to determine interest. This will aim at working with a minimum of four countries that represent the different readiness levels regarding NBS implementation.
- 2.5 The climate and biodiversity crises are inextricably linked. Climate change represents a major driver of biodiversity loss, while ecosystems' degradation undermines people's and nature's resilience to climate-related shocks and stresses. Underpinning both

³ Nature-based Solutions (NBS) are not necessarily climate-related. Broadly, they are defined as "*actions to protect, sustainably manage, and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits.*" The project will focus on those NBS designed specifically to address climate change, also called "Nature-based climate solutions" (NbCS), which provide essential services such as carbon storage, ensuring food and water supplies, and buffering against the impacts of global warming.

⁴ Gender-responsive approaches promote gender equality by examining and actively addressing gender norms, roles, and inequalities. This goes beyond sensitivity, about awareness of gender differences, to a more action-oriented approach to address inequalities.

⁵ The Organization for Economic Cooperation and Development's (OECD) list of ODA recipients shows all countries and territories eligible to receive official development assistance (ODA). These consist of all low and middle-income countries based on gross national income (GNI) per capita as [published by the World Bank](#). For the IDB, eligible countries are Argentina, Belize, Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, and Venezuela.

crises are persistent social and gender inequalities, which increase vulnerability to risks, and reduce the options available to people to sustain their livelihoods and well-being in the face of these global challenges.

- 2.6 A fundamental assumption for the project is that NBS implementation can contribute to climate change mitigation and adaptation simultaneously while generating essential biodiversity co-benefits. NBS is an 'umbrella concept' for other established nature-based approaches such as ecosystem-based adaptation and ecosystem-based mitigation, eco-disaster risk reduction, and green-grey infrastructure. NBS involves working with and enhancing nature to help address societal challenges.
- 2.7 NBS encompasses a wide range of actions, such as protecting and managing natural and semi-natural ecosystems, incorporating green and blue infrastructure in urban areas, and applying ecosystem-based principles to agricultural systems. The concept is grounded in the knowledge that healthy natural and managed ecosystems produce a diverse range of services on which human wellbeing depends, from storing carbon, controlling floods, and stabilizing shorelines and slopes, to providing clean air and water, food, fuel, medicines and genetic resources.
- 2.8 As governments have limited resources to invest in NBS and increasing challenges result from climate change and ecosystem degradation, NBS offer cost-effective and resilient strategies to achieve their development priorities. By forging creative partnerships and building confidence in NBS through flagship projects and initiatives, the IDB can play a key role in developing and scaling NBS throughout the region.
- 2.9 Despite their proven potential and cost-effectiveness in isolated cases, NBS are still underutilized in development and infrastructure planning and investment. Most policy and regulatory frameworks are developed without considering NBS. Planners often lack the data they need to make a business case for NBS.
- 2.10 A suitable enabling environment to foster NBS-related investments must have a clear policy framework that can provide the conditions, incentives, and regulations for the private sector to allocate its resources.
- 2.11 Many NBS projects are grant-based and may lack financial security, whereas others draw on ample up-front investment and stable cash flows for long-term operation and scale. Usually, NBS projects rely on grants as a core part of their funding model, while others are solely grant-based. To fully realize the potential of NBS, the private sector will need to contribute financially.
- 2.12 NBS benefits take time to materialize, and the economic value often hinges on an appreciation of future savings from mitigating risk and avoiding costly damage. Integrating the monetary valuation of benefits during the early stages is key to translating the complex biophysical reality into economic terms that inspire greater confidence in investors. This, in turn, can unlock additional resources to implement and scale projects.
- 2.13 The impacts of climate change affect people differently, depending on their gender as well as a range of other factors, including age, ethnicity, indigeneity, socio-economic status, and disability. For climate change adaptation to be effective, it must take these differences into account while also addressing the systemic barriers and discrimination that make some people more vulnerable than others. Women, especially, are disproportionately affected by the loss of biodiversity and ecosystem services.

- 2.14 Biodiversity policy and programming in many contexts still offer fewer opportunities to build on women's specific roles and capacities compared to those of men. Gender-based differences in priorities are not always addressed, perhaps because of assumptions that men's and women's priorities are the same. Though gender considerations are recognized as important to the success of NBS, there is limited evidence to date that these initiatives have systematically taken a gender-responsive approach, going beyond sensitivity to address gender inequalities actively.
- 2.15 The IDB Group's vision in this regard has recently been reinforced through several institutional stances, including the Bank's Update to the Institutional Strategy which reiterates the Bank's commitment to supporting countries on environmental sustainability issues. In line with these statements, at the United Nations Framework Convention on Climate Change's Conference of the Parties (COP-26) in November 2021, the Inter-American Development Bank Group (IDBG) signed, together with other Multilateral Development Banks (MDB), an IDBG-led Joint Statement on Nature, People and Planet to mainstream nature into policies, analyses, and investments, and to significantly boost nature finance for their member countries.
- 2.16 Section 3 of this Joint Statement sees MDB committing to "Where possible(...) support countries and ministries of finance and economic development and relevant departments/agencies to develop appropriate policies, investment frameworks and agreements that better value and enhance natural assets for the benefit of all people, including women, vulnerable and marginalized populations while supporting climate and nature goals. We will support government clients to revise their National Biodiversity Strategies and Action Plans (NBSAP) according to the Convention on Biological Diversity post-2020 Global Biodiversity Framework, including adjusting policies and relevant investment plans, as needed. (...) We commit to support countries to secure high ambition for implementing NBS across their relevant plans and strategies, including Long-term Strategies (LTS); Nationally Determined Contributions (NDC); National Adaptation Plans (NAP); NBSAP; and Land Degradation Neutrality (LDN) targets."
- 2.17 Section 4 of the Joint Statement goes on to state "We commit to use existing and new tools(...) to help public and private sector clients better value, sustainably manage, protect, and restore nature and its natural assets to deliver development benefits, which include the contribution natural assets make to jobs, livelihoods, gross national income, inclusion, productivity, health, nutrition, well-being and raising incomes. We will look for opportunities to incorporate the use of these tools into our project and/or country-level decision-making, as relevant. We will support countries and private sector clients with technical assistance, where possible and appropriate, to use these tools to better inform economic planning and decision-making. We will share knowledge to help enhance the evidence base and evaluate success and efficacy of various solutions."
- 2.18 **Strategic Alignment.** The TC is consistent with the Bank's Update to the Institutional Strategy (AB-3190-2) and it is aligned with the development challenge of *productivity and innovation*, since the expected contributions to the enabling conditions for NBS implementation can help address the underlying factors behind the productivity lag in LAC, such as infrastructure, climate change, and institutional and regulatory frameworks. Additionally, by fostering private sector engagement to scale up NBS implementation in the AFOLU and infrastructure sector, the project helps to promote innovation by mainstreaming natural capital approaches and NBS into public, private, and multisectoral decision-making. Additionally, project activities are aligned with the

following cross-cutting themes: (i) *climate change and environmental sustainability*, by providing support to the mainstreaming of natural capital; (ii) *institutional capacity and rule of law*, in that it will help develop standardized best practices to integrate biodiversity in governmental activities; and (iii) *gender and diversity*, since the project will develop a specific component to foster the further mainstreaming of gender equality and diversity considerations as a cross-cutting theme for NBS implementation. This will be carried out through the promotion of gender-equitable participation in the planning and implementing of NBS and gender balance in broader governance mechanisms for natural resources. The project also supports indicators 2.26, 3.6a, and 3.9 of the IDB Group Corporate Results Framework 2020-2023.

- 2.19 **Complementary projects and lessons learned.** The project draws lessons learned by CSD/CCS in mainstreaming natural capital approaches in the following projects: (i) ATN/OC-18247-RG “*Natural Capital Lab: Mainstreaming Biodiversity and Financial Innovation*”, which funded the application of Natural Capital Accounting Assessments (NCAA)⁶ in Colombia; (ii) ATN/OC-18932-PE and ATN/NL-19195-CO which seek to develop and expand Habitat Banking models in Peru and Colombia, respectively; (iii) ATN/OC-18331-RG “*Strengthening Governance Towards an Increased Mainstreaming of Environmental and Social Sustainability*”, which provides science-based inputs using NCAA for country strategy processes and country development challenge documents; (iv) ATN/BB-18013-PN “*Valuing, Protecting and Enhancing Coastal Natural Capital*”, which implements NCAA in Panama; and (v) ATN/OC-17333-RG “*Development of the Natural Capital Lab*”, which funded the study “*Mainstreaming of Natural Capital and Biodiversity into Planning and Decision-making: Cases from Latin America and the Caribbean*”. These projects have tested different natural capital approaches, have shown which approaches are most relevant for specific uses and emphasized the importance of cross-sectoral cooperation within the IDB and across ministries. It also draws lessons from the Stanford implemented project ATN/OC-14719-BH “*Ecosystem-based Development for Andros Island*” in which upstream ecosystem planning resulted in the improvement of downstream decision-making processes and financing, such as linking integrated management plans to baseline metrics for loans, as in loan operation 4363/OC-BH “*Climate Resilient Coastal Management and Infrastructure Program*”. The proposed project is complementary to various IDB technical cooperation operations in execution since they all include a natural capital mainstreaming component (addressing, particularly, climate change adaptation) in national policies that help to understand the value of ecosystem services, the allocation of natural resources, and how to integrate this understanding into public, private, and multisectoral decision-making for NBS implementation: RG-T4163 *Mainstreaming Climate Change into Fiscal Policies and Management*, RG-T4170 *Strategic knowledge building for effective climate-resilient and sustainable blue economy public policy implementation*, RG-T3172 *Support to the Private Sector to Include Climate Change Considerations in the Structuring of Sustainable Infrastructure Projects and Public-Private Partnerships*, RG-T3640 *Fiscal Policy and Climate Change*, RG-T3728 *Natural Capital Lab: Mainstreaming Biodiversity and Financial Innovation*.

⁶ NCAA include: (i) assessments of natural capital stocks and ecosystem service flows; and (ii) natural capital accounts quantifying the status of stocks at any given time. Assessments involve quantifying and mapping stocks of natural capital and flows of ecosystem services to people. Accounting tracks current stocks of natural capital and their change over time.

III. Description of Activities/Components and Budget

- 3.1 **Component 1. Policy frameworks for NBS design and mainstreaming (US\$462,950):** The objective of this component is to better integrate biodiversity and ecosystem services in national policy frameworks for decision-making processes at the country level. The activities to be financed include: (i) training in biodiversity mainstreaming and natural capital accounting approaches with policymakers; (ii) conducting the policy assessment for NBS inclusion at the country level; and (iii) conducting the valuation assessment for climate and ecosystem services. The expected outcomes are: (i) improve the capacity of policymakers to integrate biodiversity and ecosystem services in national policy frameworks; and (ii) improve the capacity of policymakers to build the economic case for nature and integrate their results into policy and investment decisions.
- 3.2 For this component, the hiring of individual consultants based on deliverables in public policy analysis in the environmental and infrastructure sector is foreseen, as well as the development of workshops that allow for spaces for focus groups, training, and dissemination of results to interested parties.
- 3.3 **Component 2. Partnerships and private sector engagement to scale NBS initiatives (US\$1,912,450).** The objective of this component is to increase private sector investment and national budget allocation for the implementation of biodiversity and ecosystem services initiatives. Activities to be funded include: (i) preparation of business cases and natural resources valuation assessments for NBS implementation in alignment with national infrastructure and AFOLU priorities; (ii) preparation of a report on mapping opportunities for NBS potential in target countries; (iii) conduct the design of the multi-stakeholder governance and financial sustainability model; and (v) convene and engage potential stakeholders for the multi-stakeholder platform for NBS implementation in the national infrastructure and AFOLU sectors. The expected outcomes are: (i) improved capacity of public officials to use evidence and opportunities available to leverage public investment, private capacity, and blended forms of finance for the implementation of NBS; and (ii) improved capacity of the IDBG to build partnerships between financial institutions, governments, non-governmental organizations, and communities for NBS implementation at the national level.
- 3.4 This component will require the hiring of a specialized firm to develop a toolkit and guidelines for the implementation of NBS in the AFOLU and infrastructure sector and draft new policy frameworks according to specific country assessments. Likewise, consulting services will be required to structure at least four NBS pilots applying the generated toolkit based on the opportunities for NBS implementation identified in participating countries. Multistakeholder platforms (MSP)⁷ will be created to foster the participation of the governments, the private sector, and civil society to promote NBS adoption. The design of the MSPs will require a consulting firm to design the governance mechanisms, the financial sustainability strategy, and the knowledge dissemination component of at least four platforms. To convene with participating stakeholders, several training workshops conducive to instrumentalizing the MSPs will take place with the guidance of expert facilitators.
- 3.5 **Component 3. Gender-responsive approach for decision-making in NBS development (US\$937,000).** The objective of this component is to increase the

⁷ Good examples of MSPs are: *Acuerdos Cero Deforestación* <https://cerodeforestacioncolombia.co/> and the PPP lab <https://www.wur.nl/en/project/ppplab.htm>

development of gender-responsive NBS-related policies by governments in target countries. The expected outcomes are: (i) increased capacity of public officials to promote the role of women as land and resource managers in biodiversity policy design and land use decision-making; and (ii) improved policy programming in target countries to address gender differences in access to and control over natural resources. Activities to be funded include: (i) conducting the gender-specific analysis in formal and customary practices for the management and conservation of ecosystem services in target countries; and (ii) conducting the gender-specific assessment on decision-making for access to and control over natural resources.

- 3.6 In each country, a specialized firm will carry out assessments of relevant policy frameworks for NBS implementation to identify opportunities for mainstreaming gender considerations and draft new policy designs based on policy assessments. Training workshops will be conducted in order to link national and subnational processes in a strategic, intentional gender-responsive approach. Experts will develop guidelines and tools for the application of a gender lens in all stages of NBS implementation and foster collaboration between gender experts and actors at all levels involved in the planning, execution, monitoring, and evaluation of NBS.
- 3.7 **Budget.** The Government of Canada through the Department of Foreign Affairs, Trade and Development (DFATD) expects to commit CAD\$5,000,000 to this project, which is equivalent to US\$3,750,000.⁸ Final resources in US dollars will be dependent on the exchange rate of the date when the resources are received by the Bank and converted into US Dollars. If a significant adverse fluctuation in the exchange rate reduces the amount of US dollars in this budget and such amount cannot be covered by the contingency line, the project activities will be decreased appropriately, and the budget will be adjusted accordingly by the project team.

Indicative Budget (US\$)

Component Description	IDB/Fund Funding	Total
Component 1. Policy frameworks for NBS design and mainstreaming	462,950	462,950
Component 2. Partnerships and private sector engagement to scale NBS initiatives	1,912,450	1,912,450
Component 3. Gender-responsive approach for decision-making in NBS development	937,000	937,000
Other Costs		
Administrative Costs (5%)	187,300	187,300
Monitoring and Reporting	100,369	100,169
Final Evaluation	149,931	149,931
Total	3,750,000	3,750,000

- 3.8 The resources of this project will be received from DFATD through a Project Specific Grant (PSG). A PSG is administered by the Bank according to the “Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants (PSGs)” (Document SC-114). As contemplated in these procedures, the commitment by DFATD will be established through a separate Administration Agreement. Under such agreement, the resources for this project will be administered by the Bank, who will charge a non-refundable administration fee of five percent of the contribution, which is reflected in the project’s budget. The five percent administration fee will be charged upon the Bank’s receipt of the contribution.

⁸ Based on the exchange rate 1 CAD = 0.75 USD as of February 14th, 2023.

IV. Executing Agency and Execution Structure

- 4.1 The sole Executing Agency for this project will be the IDB through CSD/CCS. The execution by the Bank will be expressly requested by each beneficiary country. Since 2020, the Bank has implemented concrete actions to deepen the integration of climate change in countries' social and institutional capacity agendas, emphasize sustainable land use and synergies between climate action and biodiversity, and reinforce interconnected actions on the climate and biodiversity agendas. IDB is a leader in technical advisory provision in relevant areas for NBS implementation. Key products have focused on deep decarbonization, Integrated Economic-Environmental Modeling (IEEM), decision-making under deep uncertainty, climate risk and adaptation, sustainable infrastructure, and how to apply these concepts in operations. Notable contributions in these areas are the IEEM Platform, a compendium of lessons on getting to net-zero, actor-based insights on drafting Long Term Strategies (LTS), Finance Ministries' experience with addressing climate change through fiscal policy, a primer on gender and inclusion in the green agenda, collaborations with Stanford University on valuing ecosystems in decision-making, including for infrastructure investments, and IDB' contributions to The Dasgupta Review (Economics of Biodiversity).
- 4.2 A program management team that includes the Biodiversity Cluster technical lead, CCS' COF experts and the gender and climate change expert, and sector specialists from the Infrastructure and Energy Sector (INE) and the Environment, Rural Development and Disaster Risk Management Division (RND), will participate in the execution of the project as needed, based on the focus of the NBS activity. A consultant will be hired to support project delivery, and coordination of the multiple pilots in coordination with the Donor. Members from the program management team will coordinate implementation with national experts from relevant ministries and/or research institutions, and private sector in selected countries. The team will help ensure that key technical guidance is provided at decision-relevant scales and timelines, mutual learning of needs, and opportunities to inform decisions emerge. As metrics and technical capacity improve and are enhanced, nature-positive outcomes for people and ecosystems are demonstrable. The team will coordinate with relevant IDB Invest initiatives.
- 4.3 The Bank will be responsible for: (i) the program's technical, administrative, and operational management; (ii) the procurement of services; (iii) the submission of program management reports and final evaluation report; and (iv) the monitoring, supervision, and inspection of service contracts.
- 4.4 The outcomes derived from the upstream technical assistance delivered by the IDB will inform downstream technical advisory activities carried out by IDB Invest with the private sector as part of the Canada bioeconomy, zero carbon, and climate resilience accelerator. In close coordination with IDB Invest, IDB will prioritize those countries where private sector operations for NBS implementation are part of the proposed Canada Bioeconomy, Zero-carbon and Climate Resilience Accelerator, which is under current discussions with DFATD.
- 4.5 **Country selection process.** The team leader, with the support of the project team will conduct the selection process in close collaboration with IDB Representatives, sector specialists, and COF staff. Beneficiary countries are IDB borrowing member

countries⁹ and selected based on: (i) their request/demand for support with NBS design and implementation (ii) the existence of previous analyses, institutional arrangements, or workstreams or ongoing analytical work that can facilitate the rapid deployment of NBS pilots; and (iii) geographic distribution, seeking to avoid an over-concentration in any one sub-region. Countries will be selected through dialogue with countries and IDB country offices. Countries will receive and comment on the case studies before publication. Letters of request will be requested from each government before beginning any activity, as non-objection letters will be obtained from the respective liaison entities.

- 4.6 **Procurement.** The Bank will follow its procurement policies and guidelines related to contracting processes: (i) individual consultants will be hired according to the guidelines established in policy AM-650; (ii) consulting firms of an intellectual nature will be hired according to the “Policy for the selection and contracting of consulting firms for operational work carried out by the Bank” (GN-2765-4) and its Operational Guidelines (OP-1155-4); and (iii) other non-consulting services will be hired in accordance with the “IDB Corporate Procurement Policy” (GN-2303-28).
- 4.7 The execution and disbursement periods for the operation will be 48 months. The Unit of Disbursement Responsibility will be CSD/CCS.
- 4.8 **Monitoring and Reporting.** Progress will be monitored during the length of the project, and formal reporting to DFATD will be carried out following IDB’s Technical Cooperation Monitoring Reports (TCMR) procedures. The project will prepare a monitoring and evaluation framework, which will be developed by a consultant to inform the preparation of the required project implementation report to be sent to DFATD, IDB results reporting, and the preparation of a final project evaluation.
- 4.9 **Final Evaluation.** Activities to be financed include the selection of an independent/external consultant or firm to carry out the project’s final evaluation. This evaluation report is expected to provide a comprehensive and systematic account of the performance of the project at completion by assessing its design, implementation, and achievement of objectives. It is aimed at promoting accountability and transparency, facilitate synthesis of lessons and providing feedback to DFATD and the IDB.
- 4.10 **Intellectual property.** The intellectual property of all knowledge products will belong to the Bank. Notwithstanding, the Bank may grant a non-exclusive license for use of beneficiary countries.
- 4.11 **Financial Management Policy.** Financial management will be undertaken following the rules of the IDB.

V. Important Risks

- 5.1 The most significant risk associated with this operation is a lack of countries willing to be involved in the project. This risk has been reduced by introducing a flexible country selection process where countries will be selected during execution, providing for the possibility of working with a variety of countries. A further mitigation measure is that IDB is currently engaged in natural capital mainstreaming work with several countries. The team will also work with Country Representatives and country office climate change and sustainability and natural resources specialists to leverage existing

⁹ ODA eligible countries as per donor’s request.

conversations and projects and to coordinate dialogue with national authorities during the country selection process and execution.

- 5.2 The COVID-19 pandemic may require, at times, that certain activities or workshops be made virtual. This should not create problems but could cause delays in execution. To mitigate this risk, the necessary biosafety protocols will be developed and approved by the relevant authority in selected countries. The team will seek to perform as much of the work as possible remotely to minimize the impact of these potential disruptions. There is also a sustainability risk —the project will work with a minimum of four LAC countries. However, this NBS mainstreaming effort will support future IDB natural capital supports to countries and can lay the groundwork to seek additional donor funds to support more countries after the execution of this TC.

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policies have been identified for this operation.

VII. Environmental and Social Strategy

- 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 - RG-T4297](#)

[Terms of Reference - RG-T4297](#)

[Procurement Plan - RG-T4297](#)

- [Terms of Reference](#)