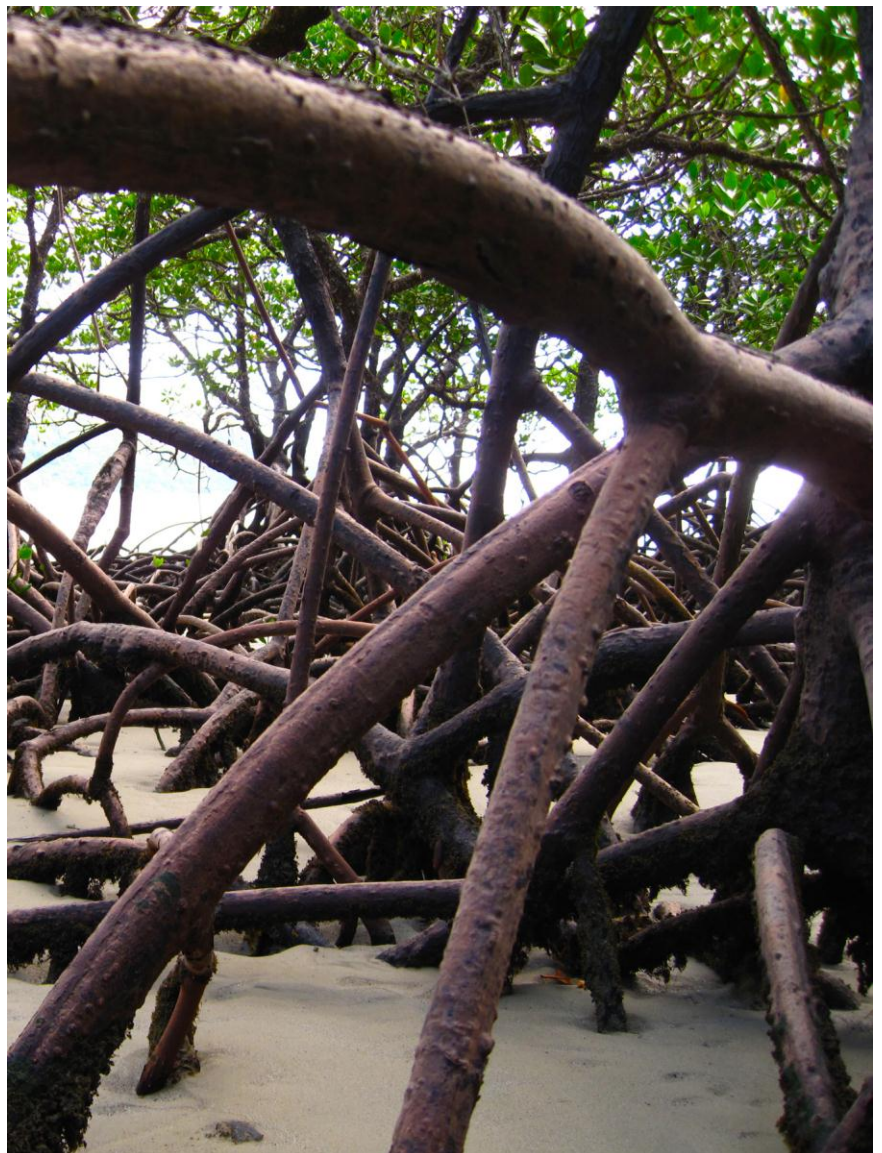




BIODIVERSITY AND ECOSYSTEM SERVICES PROGRAM

An Overview





LAC holds **40%** of
the world's biological
diversity

AN UNPRECEDENTED OPPORTUNITY

The Latin America and Caribbean (LAC) Region is among the richest in the world in biological diversity—a web of life that provides countless benefits vital to human life and LAC's economies. As the Region's populations and economies expand, so do opportunities for investing in this valuable asset. Wisely managed, biodiversity and ecosystem services hold significant promise for long-term growth and prosperity. To help fulfill this promise, the Inter-American Development Bank (IDB) has developed the *Biodiversity and Ecosystems Services program* to help maintain LAC's remarkable biodiversity and ecosystems while driving economic growth and contributing to well-being for all.

A BIODIVERSITY SUPERPOWER

With only 16% of the planet's land, LAC holds 40% of the world's biological diversity, comprising seven of the world's 25 biodiversity hotspots, six of the 17 “megadiverse” countries, 11 of the 14 terrestrial biomes, and the second largest reef system worldwide. More than 30% of the earth's available freshwater and almost 50% of the world's tropical forests are found in the Region. LAC possesses a vast array of terrestrial, freshwater, coastal, and marine ecosystems containing some of the richest collections of birds, mammals, plants, amphibians, and landscapes on the planet. This unique source of capital—natural capital—generates important life-supporting benefits for people called ecosystem services.

LAC'S NATURAL CAPITAL

This wealth of biodiversity and ecosystems provide a myriad of beneficial provisioning, regulating, cultural, and supporting services driving key productive sectors of LAC's economies. From food and shelter to clean water and air, from flood mitigation to disease and pest control, from breathtaking landscapes to sacred places, LAC's ecosystem services are vital to human life. These services directly support sectors such as agriculture, fisheries, forestry and tourism which together account regionally for 15% of GDP for the Region while employing 17% of its labor force and contributing an average of 50% of total exports. LAC's biodiversity and ecosystem services provide critical benefits to economies and, as the Region's populations and economies expand, so do opportunities for investing in this asset to generate sustained regional growth.

LAC IS CHANGING

The LAC Region is changing at a rapid rate. Between 1950 and 2010, LAC's population grew by more than 250% and its GDP increased 87% between 1990 and 2010. By 2030, LAC's population is expected to reach 700 million, including 500 million middle-class people, and its GDP is expected to double with poverty levels declining. LAC countries are growing increasingly wealthy, with a more urban and more middle class. As a result, demand for energy and water could increase by 50% and 25% respectively while also driving demand for food, fibers, forest products, land, and minerals. The next decades offer LAC significant opportunities to ensure ecosystems provide the services required to meet the demand associated with continued growth in a sustainable manner.



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THE IDB

The IDB is well positioned to leverage these opportunities and build upon LAC's strengths for bringing about development in a sustainable way. The Bank has a competitive advantage as result of its exclusive focus on the LAC Region, vast experience in biodiversity and ecosystem services investments, a direct relationship with ministries of finance, wide recognition by the private sector, and extensive network of strategic partners. The IDB has become an effective agent of policy change, economic market reform, and inclusive and sustainable development.

IDB'S BIODIVERSITY AND ECOSYSTEM SERVICES PROGRAM

Within this context, the IDB has developed the Biodiversity and Ecosystems Services (BES) program as a vehicle to create opportunities and utilize the comparative advantage of the Region in biodiversity and ecosystems services for sustainable and inclusive development in LAC by:

- Integrating the value of biodiversity and ecosystem services into key economic sectors
- Protecting priority regional ecosystems
- Supporting effective environmental governance and policy
- Creating new sustainable development business opportunities

THE PROGRAM IN ACTION

To accomplish these goals, the Biodiversity and Ecosystem Services program focuses on four lines of action:

INTEGRATE BES VALUE INTO KEY ECONOMIC SECTORS

Aims to provide practical applications of integration of the economic value of biodiversity and ecosystem services into strategic productive sectors, such as agriculture, tourism, fisheries, forestry, and infrastructure. As a first step towards achieving this, the BES program will pilot demonstrations through the Bank's own project cycle, including country strategy exercises, project preparation and supervision, and impact evaluation. These activities will serve as role models for member countries.



Planned activities include:

- Expand the Bank's usual economic analysis to include economic valuations of ecosystem services at the "project preparation" stage
- Incorporate biodiversity inclusive environmental impact assessments at the "project preparation" stage
- Develop standardized impact indicators and methodologies to measure benefits at the "impact evaluation" stage

INVEST IN PRIORITY REGIONAL ECOSYSTEM CONSERVATION

Intends to increase regional cooperation for expanding conservation efforts of large-scale trans-boundary ecosystems and biological corridors of regional and international significance for example, the Amazon, the Pantanal, the Chaco, the Tropical Andes, the Guiana Shield, and the Caribbean Large Marine Ecosystem.

Planned activities include:

- Promote regional centers of excellence in priority ecosystems to conduct applied research and policy analysis combining ecology and environmental economics
- Fill in the gaps in information on status, threats, risks, climate change impacts, and benefits of these ecosystems
- Promote south-south cooperation

STRENGTHEN AND FOSTER ENVIRONMENTAL GOVERNANCE AND POLICY

The objective is two-fold: (a) mainstream biodiversity and ecosystem services into the development agenda amongst member countries; and (b) improve the performance of public institutions in executing effective policies that protect and enhance biodiversity and ecosystem services within the Region.

Planned activities include:

- Reviews of public expenditures and revenues to identify common gaps in mainstreaming biodiversity and ecosystem services into economic sectors
- Economic analysis of public policies such as the economic impact of perverse subsidies in productive sectors
- Build ecosystem valuation capacity within national government entities and enhance regional networks of environmental economic professionals





PROMOTE PRIVATE SECTOR INNOVATION IN ENVIRONMENTAL PROTECTION

The objectives are to: (a) support private sector projects that possess innovative techniques for the protection of biodiversity and ecosystem services and (b) to incorporate ecosystem service analyses into the private sector portfolio of the Region.

Planned activities include:

- Increase lending to biodiversity positive enterprises and scale it up to larger businesses
- Conduct market research in new products that have a positive effect on biodiversity and ecosystem services
- Promote corporate analyses of ecosystem services or dependency analysis

OUR IMPACT

The Bank is committed to measuring its impact and results and to being accountable to its Board and the Region. The BES program is no exception. The program's main expected impact is to increase the contribution of biodiversity and ecosystem services to the sustainable and inclusive development of LAC. To measure its progress, a results matrix with quantitative indicators and targets has been developed. Examples of these indicators are:

- Extension of natural habitat protected, managed, and restored through IDB financed projects
- IDB loans mainstreaming biodiversity and ecosystem services in public and private sectors
- Performance of public institutions in executing policies managing biodiversity and ecosystem services

Many of the program's targets coincide with the Aichi targets under the Convention on Biological Diversity.

CALL FOR ENGAGEMENT

IDB's commitment to biodiversity and ecosystem services is unparalleled and reflects a top priority of the Bank leadership. However, the IDB recognizes that this effort cannot be done alone. To be successful, the Biodiversity and Ecosystem Services program requires collaboration and active participation from member countries, the private sector, the NGO community, and local communities. Your comments and suggestions are welcome. To stay informed and share your ideas please visit our website at www.iadb.org/biodiversityLAC or send us your feedback by emailing your comments to biodiversity@iadb.org.

We look forward to you becoming an ongoing part of this effort.

