

## PROJECT SUMMARY

### BLOCKCHAIN INTEGRATION FOR CUSTODY OF NATURE BY RURAL RESIDENTS OF PERU (PE-T1559, PE-G1013)

Existing biodiversity management approaches are not enough to counteract increasing pressures on nature. As a result, nature and its essential contributions to society are deteriorating worldwide.<sup>1</sup> In the specific case of Peru, goods from natural capital (agriculture, fishing, and forestry) account for US\$15.1 billion or 7% of GDP.<sup>2</sup> However, the regulating ecosystem services (RES) this natural capital provides, regulating essential processes such as air and water purification, flood and drought control, crop pollination, etc., are not valued by the market.<sup>3</sup>

The climate and biodiversity crises have become key issues on the global stage. Growing pressure on RES is driving the emergence of a new economic sector focused on valuing natural capital and the RES it creates. Considering the interconnected and multidimensional nature of RES, a transparent accounting and registry (collective or public) system is needed to foster market solutions and to prevent fraud or double counting, which discourages the commercialization of RES. The innovative, complex nature of these solutions also requires the participation of many stakeholders and intermediaries, which means that only a small percentage of the benefits generated by RES reach rural populations.

The objective of the project is to increase the commercialization of RES through digital technology to strengthen economic incentives for biodiversity stewardship by rural residents of Peru. This initiative will promote socioeconomic incentives to recognize pro-biodiversity behaviors and actions, strengthening Regenera, a digital platform coordinated by the company Nature Services Peru,<sup>4</sup> the project's executing agency.

It is expected that: (a) 80 ecosystem managers (farmers, agroforesters, private conservation area managers, forest concessionaires, and public natural area managers) will offer RES, of which 40 are indigenous communities (native and campesino); (b) 200 organizations and/or private companies will reduce their net greenhouse gas emissions; and (c) 300,000 hectares of biodiversity will be conserved. Multiple stakeholders taking biodiversity conservation and restoration actions at the national level will thus gain cost-effective and inclusive access to environmental markets. The project is financed with nonreimbursable technical-cooperation funding of US\$420,000, a contingent recovery investment grant of US\$200,000, and US\$620,000 in counterpart financing, for a total of US\$1,240,000.

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<sup>1</sup> IPBES (2019): Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. (IPBES), ISBN No.: 978-3-947851-16-4.

<sup>2</sup> BCRP, 2022. Annual Report 2021, Central Reserve Bank of Peru, Lima, p. 302.

<sup>3</sup> According to Daily, 1997, regulating ecosystem services are defined as “the conditions and processes through which natural ecosystems, and the species that constitute them, sustain and enrich human life.” See <https://www.redalyc.org/journal/4517/451763485003/html/>. For example, forests provide regulating ecosystem services by storing carbon and reducing the amount of carbon dioxide in the atmosphere, which helps mitigate climate change. They also regulate the climate and prevent flooding and landslides. Wetlands provide regulating services by filtering and purifying water and preventing coastal erosion. In short, RES are essential to maintain natural change in the earth and to ensure the survival of species including humans.

<sup>4</sup> <https://www.natureservices.net/about-us>.