

# Addressing biodiversity loss in Latin America as CAF seeks to improve quality of life

## Client profile

The Development Bank of Latin America and the Caribbean, CAF, is committed to improving the quality of life for Latin Americans and Caribbean people. The organization works to promote sustainable development and aid regional integration. Serving both the public and private sectors, CAF provides products and services to clients across 22 countries.

## Why NTT DATA?

- NTT DATA was known to the client and a trusted advisor to the business
- We have deep expertise in biodiversity and experience in delivering similar projects for other clients in the region
- A local presence with global reach allows us to use the right sustainability experts, including Spanish speakers for this project



As a result of our work with NTT DATA we can now offer the market a tool for identifying quality projects to channel donation and financing resources. With information on both actions and financing, we now have the knowledge needed to overcome some of the greatest challenges presented by biodiversity loss and climate change across Latin America and the Caribbean.”

**Mauricio Velásquez** Senior Executive - Biodiversity and Climate Technical Advisory Directorate and Corporate Vice President, Strategic Programming, CAF

## Business need

- Improve the lives of Latin American and Caribbean people
- Invest in sustainability-led projects for inclusive growth
- Identify solutions and costed actions for areas at risk of biodiversity loss
- Protect vulnerable communities and ecosystems in protected areas

## Solution

- Held interviews and focus groups with 70+ participants
- Produced 14 ecosystem reports with costed solutions
- Created a model for protecting strategic ecosystem areas
- Designed a tool showing the impact of biodiversity loss and quality of life

## Outcomes

- CAF committed to 40% in green financing by 2026 with 10% for biodiversity conservation
- Identified a \$400 billion financing gap boosting investment
- CAF announced a \$300 million investment for strategic ecosystems
- Presented at COP16 in Columbia, October 2024
- Continuing to develop the tool for public policy-making

## Business need

### Address issues of climate change and improve people's lives

CAF is a development bank committed to improving the lives of Latin Americans and Caribbeans and its headquarters are based in Caracas. The bank focuses its investments on sustainability-led initiatives that help to achieve this goal. CAF has created a Strategic Plan with three agendas that set out the path to becoming a green bank that promotes sustainable and inclusive growth.

The bank wanted to raise awareness of a critical issue that requires urgent attention, namely how the climate crisis and subsequent loss of biodiversity are affecting key regions in Latin America, a region considered to be the most biodiverse in the world. Fourteen strategic ecosystems were chosen for their global importance and interconnectedness with each other. These areas form an important network of hemispheric ecosystems and provide key resources relied upon by local inhabitants.

CAF wanted to identify the underlying causes threatening these strategic ecosystems and address the problems created by biodiversity loss. They set out to compile a positive action plan detailing clear and decisive actions for protecting and restoring each of the fourteen ecosystems. Each action had to be costed and justified.

## Solution

### Creating an action plan for 14 strategic ecosystems

We were commissioned to collaborate in a two-phase project, starting with a small consulting contract. Our task was to analyze a portfolio of projects across 14 strategic ecosystems throughout Latin America. The ecosystems included the Caribbean Sea, the Amazon Rainforest, the Río de la Plata Basin and the Mesoamerican Biological Corridor, among others. Our task was to identify nature-related problems in each of the areas, analyze the challenges against theory of change principles and generate ideas for how each challenge could be overcome.

To conduct a full analysis of each portfolio, our team of five consultants and sustainability experts studied 220 public data sources at both national and regional levels. The team read academic literature, studied scientific journals and consulted open-source references that would shed light on the various issues presented.

We then conducted 60 interviews and focus groups as part of a broad consultation involving more than 70 participants across 14 countries. In these sessions, we asked attendees to validate the problems we had identified through our research and align on the recommended approach, making adaptations where required for improved accuracy and results.

Having completed this task successfully, we were engaged to complete the second phase of the project. For each region, we created a platform tool alongside the report that could be used as an interactive guide to inform decision-making by setting out the consequences of certain actions. This included mapping the financial needs of each ecosystem with the recommended solutions to provide an estimated cost of implementation.

We provided three levels of ambition for the portfolio — minimal, efficient and ambitious — with a cost to remedy ranging from \$1.2 billion to upwards of \$12 billion.

## Outcomes

### Delivering a unique and costed action plan verified by experts

In our final analysis, we defined nine specific problems related to each individual ecosystem and 20 named indicators of biodiversity health. We were able to assess more than 180 solutions for improving ecosystem biodiversity and short-listed 80, of which 24 were nature-based.

To aid with the funding discussions, our model estimated the required investment for each ecosystem, problem and country according to one of three scenarios: conservative, focused and ambitious. We identified 232 potential funding sources, of which 83 were public, 129 private and 20 mixed. The 10 most relevant funds were selected according to their approach, quantity and benefactors.

The project concluded with NTT DATA delivering 14 ecosystem-level reports detailing a description of the problems in the area as well as a solution plan and costing. We also delivered two general papers, one on the results and one on the method, enabling a broader application of the model.

The reports were migrated to a platform that can be used to prioritize investments when speaking with governments. The platform provides a more dynamic and innovative approach than had been used previously and is helping to promote the importance of biodiversity to a wider audience. It has also improved transparency and clarity, enabling local people to see where the money is being invested while strengthening risk management.