

## **Ecuador signs deal for \$30m in climate finance from LEAF Coalition**

- *Funds will support Ecuador's efforts to tackle deforestation and forest degradation.*
- *Ecuador becomes first national government in the Amazon region to access climate finance via LEAF Coalition and 4<sup>th</sup> government in total.*

**Puyo, Ecuador 29<sup>th</sup> January:** Ecuador has become the first country in the Amazon region to sign an agreement with the LEAF Coalition to access climate finance. This agreement, worth \$30 million, recognizes and rewards the country's efforts to reduce greenhouse gas (GHG) emissions in the forestry sector.

The agreement was confirmed today at a ceremony in the Amazon city of Puyo, attended by Ecuador's President Daniel Noboa, Inés María Manzano Minister of Environment, Water and Ecological Transition, representatives of Indigenous, Afro-Ecuadorian and Montubio peoples, Emergent and Norway's Ambassador to Ecuador.

Ecuador follows Costa Rica, Ghana and the Brazilian State of Pará in signing an agreement to receive LEAF funding, meaning that high-integrity GHG emissions reductions from four jurisdictions are now available to the private sector via the Coalition.

The LEAF Coalition is an international public-private initiative including the governments of Norway, the United Kingdom and United States, along with over 30 major corporations. It aims to provide funding to support large-scale, forest government-led programs to tackle deforestation and the fight against climate change.

In 2008, Ecuador became the first country to recognize and protect the rights of nature in its constitution, a milestone in the field of environmental law. This approach seeks to promote a more harmonious and sustainable relationship between people and the environment. Ecuador has made a commitment to achieve zero net deforestation by 2030, a goal that reflects its commitment to sustainability and the protection of its vast natural resources. This commitment is aligned with global goals such as those established in the Paris Agreement and the Sustainable Development Goals (SDGs), specifically those related to climate action, life on land, and sustainable forest management.



To help achieve its goals, Ecuador has implemented a national policy to reduce emissions from deforestation and forest degradation and mitigate climate change, known as the REDD+ Action Plan “Forests for Good Living” 2016-2025. This includes a range of measures which funding from the LEAF Coalition agreement will help support:

- Strengthening conservation policies: promoting programs such as Socio Bosque, which encourages local communities and landowners to protect forest areas in exchange for economic compensation.
- Reforestation and ecological restoration: implementing massive reforestation projects and restoration of degraded ecosystems.
- Control of illegal activities: strengthening measures against illegal logging and unsustainable agricultural practices.
- Promotion of sustainable agroforestry practices: integration of agricultural systems that contribute to maintaining forest cover.
- Community participation and sustainable development: involving indigenous and rural communities in forest management and protection, promoting sustainable economic alternatives.
- International cooperation: working in collaboration with international organizations and governments to mobilize technical and financial resources.

This program will see proceeds shared with Indigenous Peoples, Afro-Ecuadorian, Montubio and local communities, as well as other territorial actors such as Decentralized Autonomous Governments, Academia, among others, under its Plan for REDD+ Benefit Distribution, currently being developed by a participatory process with a wide range of stakeholders. This commenced in 2022 with Indigenous Peoples of the Amazon, Afro-Ecuadorian- people and Montubio people. The second phase, which involves civil society, plus private and autonomous government actors in the country, is currently underway. Once this process is completed, the Benefit Sharing Plan will be finalized.

The agreement, between the government of Ecuador, through its Environment Ministry, and Emergent, the non-profit coordinator of the LEAF Coalition, is backed by guarantees from the governments of Norway and the UK, to provide results-based payments for 3 million tonnes of emissions reductions at \$10. These emission reductions will be made available to the private sector via Emergent at \$10 or above, with any additional proceeds passed back to



the government of Ecuador.<sup>1</sup> This approach has simplified the process of signing the agreement, while providing corporates with a longer window to make commitments.

These results-based payments will only be made to Ecuador following independent verification and validation to demonstrate that the robust criteria of ART's standard TREES have been met<sup>2</sup>, ensuring the highest levels of environmental integrity and social and environmental safeguards.

Inés María Manzano, Minister of Environment, Water, and Ecological Transition of Ecuador said, 'Ecuador's forests cover around half our country, and protecting them is a vital part of our efforts to build a sustainable and just economy. We have an ambitious plan to achieve net-zero deforestation by 2030, but to reach that we need funding and support from the international community. This agreement with the LEAF Coalition represents an important step on that journey. Now we need to go further, bringing in more funding from LEAF and other sources to support sustainable livelihoods and reward Indigenous Peoples, local communities and smallholders for their work in protecting one of Ecuador's most precious natural assets, our forests.'

Eron Bloomgarden, CEO of Emergent said. 'This latest deal with Ecuador provides further proof that the LEAF public-private model is delivering. Little more than a year ago we did not have any LEAF agreements in place. Today we have high integrity emissions reductions available to the private sector from four jurisdictions. With increasing volumes of supply coming online, we can offer ambitious corporates a strong and growing pipeline of high integrity emissions reductions from large-scale, government-backed forest protection programs.

'Congratulations to Ecuador for its achievements in signing this agreement and progressing towards a benefits sharing plan through a collaborative process. We look forward to working with them and concluding more agreements in 2025 as we move towards the forest COP in Belém, likely to be a pivotal moment in the global fight against deforestation.'

José Esach, president of the Confederation of Indigenous Nationalities of the Ecuadorian Amazon (CONFENIAE), said 'International finance from governments and companies can help protect Ecuador's forests, and we welcome the signing of this deal with LEAF. But it must be done in the correct way, with the rights of Indigenous Peoples and local

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<sup>1</sup> For any volumes not taken up by private sector contributors (up to 3 million), the Norwegian and UK governments will make results-based payments to Ecuador at \$10 per tonne. In all cases emission reductions will remain available to be counted towards Ecuador's Nationally Determined Contribution (NDC), at its own discretion.

<sup>2</sup> <https://www.artredd.org/trees/>



communities respected, our voices heard and a fair share of the benefits for those who protect the forests. The government started the consultation on benefits sharing from the REDD+ program in 2022 with the participation of Indigenous, Afro-Ecuadorian and Montubio communities. This is a positive sign, and we are optimistic that progress is being made towards a fair benefits sharing process.'

Ines Morales, Senior Palanquera of the Comarca de Afroecuatorianos del Norte de Esmeraldas (CANE), said: "We are a community committed to forest conservation and the wellbeing of our families, so we support the signing of the payment by results agreement, trusting that the government will lead an inclusive, transparent and participatory process, respecting social and environmental safeguards. This agreement represents an opportunity to strengthen equity, improve sustainable livelihoods and recognize the ancestral knowledge that protects our territories. With optimism, we reaffirm our willingness to be active allies, ensuring that the benefits arrive fairly and contribute to a model of sustainability that balances conservation and development".

Kerry McCarthy, UK Minister of Climate at the Department for Energy Security and Net Zero, said: 'Ecuador have demonstrated that they have ambitious plans to tackle deforestation. These plans are now starting to bear fruit, with economic benefits for people on the ground, while helping forests continue to play their vital role in absorbing carbon. The UK government is proud to support countries, such as Ecuador, through LEAF and we look forward to participating in many more deals as the programme expands.'

Nils Martin Gunneng, ambassador for Norway to Ecuador, said: 'We congratulate Ecuador on the LEAF agreement. Norway is proud to be a supporter to Ecuador, in scaling up Ecuador's impressive efforts to reduce deforestation. For years, Ecuador has been an international leader in REDD+: reducing deforestation, building sustainable livelihoods and securing Indigenous Peoples' rights. The agreement signed between Ecuador and the LEAF coalition shows how long-term commitment and international cooperation can drive action for forests, people and climate'

Daniel Schneiders, Director Climate Program Bayer AG, said: 'LEAF provides a vital forum for collective corporate action on climate, nature and people by mobilizing funds to tackle deforestation. As a longstanding participant we have already signed up to provide funding to forest governments and their peoples. With four agreements now in place and more to come, we're keen to see other companies with ambitious climate and nature strategies join us in LEAF to help deliver the finance that can really make a difference in tackling deforestation.'



Fred Krupp, President of Environmental Defense Fund, said: ‘Unlocking the finance needed to support forest nations to halt and reverse tropical deforestation is both urgent and vital. This latest agreement with Ecuador is a milestone in the battle against devastating forest loss. Beyond providing income to communities on the front lines of climate change, these agreements represent an opportunity to do what is right. EDF has been a proud partner to CANE and CONFENIAE, supporting their efforts not merely to be validators of the deal; but engage as true partners, advancing equitable benefit distribution and respect for their unique cultural perspectives.’

Jack Hurd, Executive Director, Tropical Forest Alliance and Member of the Executive Committee, World Economic Forum said, ‘Scale is what we need, and scale is what jurisdictional level agreements such as these LEAF deals can deliver. When finance can be unlocked at the levels needed, facilitating the necessary changes in land use management, nature and particularly forests have the potential to be a major near-term win in the fight against climate change.’

Lucy Almond, Chair, Nature for Climate, said: ‘LEAF has shown real leadership in sending a vitally important demand signal for jurisdictional REDD+ credits. This approach has the potential to change the incentives that drive tropical deforestation, providing an alternative that is sustainable and livelihoods based on preserving forests.’

Latham & Watkins LLP acted as US counsel for Emergent and PBP Pérez Bustamante & Ponce acted as local counsel for Emergent in Ecuador.

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#### **Notes to Editors**

##### **The LEAF Coalition**

The LEAF Coalition aims to build a market for high-integrity REDD+ emissions reductions and removals from large-scale schemes operated by national or subnational governments (known as the Jurisdictional REDD+). LEAF ensures the highest environmental and social integrity of REDD+ results by only purchasing credits issued by ART as verified to meet requirements of its TREES standard. This builds buyer confidence and trust by ensuring the highest levels of environmental integrity and social safeguards, particularly for Indigenous peoples and local communities.

##### **Emergent**

Emergent is a US non-profit that serves as a transactions platform engaging between tropical forest countries and the private sector to mobilize finance to support emissions reductions from deforestation. It does this by developing and bringing practical, credible and large-scale forest protection solutions to market. Emergent serves as the coordinator of the LEAF Coalition.

##### **ART TREES**



ART is a standalone, independent program that develops and administers standardized procedures for crediting emissions reductions and removals from national and large subnational REDD+ programs. ART's standard for the measurement, monitoring, reporting and verification of emissions reductions and removals from the forest sector — The REDD+ Environmental Excellence Standard, known as TREES — represents the next step in the evolution of global efforts to protect and restore tropical forests. TREES supports transformational climate action at scale, while upholding rigorous social and environmental integrity.

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