

**Proposal Submission in response to Call for Proposals (CFP) issued by
LEAF Coalition on April 22, 2021**

Dated: August 2, 2021

Your use and review of this proposal submission (Submission) is subject to the following conditions.

1. **Authorized party.** You represent and warrant that you are an authorized representative of the company that employs you and which is a participant in the LEAF Coalition (Company) and, in that capacity, can bind Company to the terms herein.
2. **Confidentiality.** Except as otherwise agreed by you and Emergent, you understand that the information contained herein is confidential (hereinafter "Information"). You will:
 - a. Use your best efforts to keep the Information confidential;
 - b. Not reveal such Information to parties other than those: (i) which are Emergent-named individuals that represent companies that are members of the LEAF Coalition; and (ii) employees, agents, partners, shareholders, officers, directors or other representatives of Company (collectively, "Representatives") who have an actual need for such Information to further Company discussions that may result in purchase of emission reduction credits ("Activities");
 - c. Advise in writing Representatives receiving the Information of its confidential nature;
 - d. Direct such Representatives to treat the Information confidentially, not to use it except in connection with the Activities, and not disclose it to any third person that is not authorized to receive such Confidential Information.
3. **Disclaimer.** This Submission is the 'raw' submission of a jurisdiction in repose to the CFP. Neither Emergent nor any party of the LEAF Coalition have conducted any verification of claims made in this Submission or made any edits. This disclaimer applies to all sections of the Submission, including claims made around projected emission reductions (ERs).

By accessing this Submission, to protect and further the interests of the LEAF Coalition, if you intend to negotiate an ER transaction contemplated by this Submission within the next twelve months, you agree to work in good faith to reach mutually agreeable terms to transact under the LEAF Coalition, and agree to be transparent about and seek to resolve any complicating issues with the LEAF Coalition. If complications cannot be resolved after good faith efforts, you agree for the next six months to provide prior written notice to Emergent and members of the LEAF Core Advisory Group before you initiate discussions directly or indirectly with the Host Jurisdiction responsible for this Submission with respect to a potential emission reduction transaction contemplated by this Submission outside of the LEAF Coalition.

If you are unwilling or unable to comply with this obligation, please destroy this document immediately and notify Emergent accordingly.

Jurisdictions are invited to provide a cover letter template in their proposal submission.

Please note that in signing this form, you recognize that at a future stage, we will negotiate in good faith with a view to mutually fair and acceptable terms of a transaction through an Emissions Reduction Purchase Agreement (ERPA) with the LEAF Coalition participants via Emergent, acting as coordinator of Coalition.

Please note that the terms of the LEAF Call for Proposals (CFP) does not include removals due to the fact that ART/TREES 2.0 has not been finalized yet. Once the final version is published, all provisions therein will apply, and thus removals are expected to be eligible, and corresponding information will be requested of interested jurisdictions.

At this stage, jurisdictions are encouraged to provide succinct and clear responses with relevant links to this template. The LEAF Coalition participants recognize that the timeline for submission is short and as such does not expect complete and thorough explanations. Rather, we seek indication of willingness and ability to provide emission reductions to LEAF Coalition contributors according to the terms specified in the CFP. Please note that these answers are considered preliminary. If selected, Emergent will follow-up with further questions on a case-by- case basis.

Proposal submitted by the Republic of Ecuador (referred to as “Supplier” in this document)

Institution name: Ministry of Environment, Water and Ecological Transition of Ecuador

Country: Ecuador

Focal point’s name, title: [REDACTED]

Email address: [REDACTED]

Telephone: [REDACTED]

Brief description of legal authority to represent country or jurisdiction:

The Climate Change Secretariat (SCC) of the Ministry of Environment, Water and Ecological Transition of Ecuador (MAATE) is in charge of international cooperation for the development of climate change programs and projects, working together with other relevant Undersecretaries, in this case with the Secretariat of Natural Heritage, as the coordinating body of the forest policy of Ecuador as well as with the International Cooperation Directorate of the Ministry. Ministerial Agreement No. 2020-24¹, Article. 6, b, delegates to the Undersecretary of Climate Change, the power of signing agreements or legal instruments with public and private entities at national and international level on behalf of the minister of the environment in matters of climate change, desertification of the land or production and sustainable development. This legal instrument also mandates

¹ <https://drive.google.com/file/d/1L-egl3dUbOrN4CTpHiRJCZrf8bEufSn9/view?usp=sharing>

the SCC with the Highest Authority to fulfill functions of focal point before the mechanisms and instruments of the Framework Convention of the United Nations on Climate Change (UNFCCC) and the United Nations Convention to Combat Desertification. In addition, the SCC is the National Environmental Authority for international technical negotiations regarding climate change, and its financing. Finally, the SCC exercises the functions of Designated National Authority before all international climate funds. Given the above, the focal point for LEAF will be the Undersecretary of Climate Change. She will represent Ecuador in negotiations with LEAF in close coordination with and under the guidance of the Minister of Environment, Water and Ecological Transition of Ecuador.

Please check applicable category that best defines your institution:

- National government**
- Sub-national government(s)** (please specify applicable administrative level of government. If more than one subnational jurisdiction, please specify)

Please confirm that:

- The boundaries of a subnational accounting area correspond with the entire area of one or several administrative jurisdictions no more than one level down
- from national level and one or several recognized indigenous territories; Total forest area of at least 2.5 million hectares;
- The national government will provide the participant with a letter from the relevant national entity authorizing the Participant's application to and participation in ART.

- Recognized indigenous communities (TBC – depending on inclusion under the finalized ART TREES 2.0)²**

Please confirm that:

- The boundaries of a subnational accounting area correspond with the entire area of the territory/ territories;

Participating territories must be comprised of a total area (forest and non-forest) of at least 2.5 million hectares;
- The national government will provide the participant with a letter from the relevant national entity authorizing the Participant's application to and participation in ART.

² Under the proposed draft of TREES 2.0," Participants shall be national governments (i.e., the highest level of government that exists in the country), subnational governments no more than one level down from national level, or recognized indigenous communities provided the requirements in section 3.1.1 are met." The ultimate eligibility of Indigenous communities' jurisdictions will depend on the definition of jurisdiction under the finalized ART TREES 2.0.

Expression of Consent

The Supplier, by checking the box, agrees to negotiate in good faith towards entering into an Emission Reductions Purchasing Agreement (ERPA) with interested LEAF Coalition participants if the proposal is assessed as eligible.

Please note: if a proposal overlaps geographically with another proposal, the LEAF Coalition will require a plan for how the two potential Suppliers will distribute benefits amongst themselves as well as the Supplier Country's authorization in the form of a letter, in accordance with ART/TREES.

Date of submission

July 30, 2021

Name of authorized representative: Karina Maribel Barrera Moncayo – Undersecretary of Climate Change, Ministry of Environment, Water and Ecological Transition of Ecuador

Signature:

1. Forest Emission Reduction Targets (500 words excluding links and appendices)

Please provide a narrative and applicable links, outlining Supplier's forest goals related to emission reductions from REDD+³, for example, 2030 zero deforestation goals.

Ecuador has a comprehensive vision to implement its environmental policy that not only seeks to mitigate and adapt to the effects of climate change, but also seeks to support the livelihoods of forest dependent people and respect for the rights of nature.

Ecuador's First Nationally Determined Contribution (NDC) to the Paris Agreement (2020-2025) outlines the policies, actions and efforts that the government will undertake to reduce GHG emissions and increase resilience to the adverse effects of climate change. Priority actions will be implemented through strategic initiatives for reducing greenhouse gas (GHG) emissions in the priority sectors for mitigation of climate change: i) land use, land use change and forestry (LULUCF) and, ii) Agriculture. The REDD+ Action Plan constitutes a strategic initiative for the reduction of GHG emissions in the LULUCF sector. Ecuador's unconditional NDC target⁴ for the LULUCF sector is a reduction of 4% of GHG emissions compared to Ecuador's UNFCCC forest reference level by 2025. The conditional NDC target for the LULUCF sector foresees an additional 16% reduction of GHG emissions, conditional on the provision of international financial support. In total, Ecuador expects to reduce its LULUCF GHG emissions by 20% to 2025 compared to its UNFCCC Forest Reference Emission Level from Deforestation 2000-2008, if scaled-up additional international financial support is provided.

The Government of Ecuador has set a national target to achieve net zero carbon emissions by 2050 (Executive Decree 059 – 2021). Creating a development model that enables the achievement of this target is a priority enshrined in the country's regulatory framework. The State will adopt adequate and cross-cutting measures to mitigate climate change, by limiting greenhouse gas emissions, deforestation and air pollution. It will also take measures to conserve forests and vegetation, and protect the population at risk.

Ecuador's National Climate Change Strategy aims to create enabling conditions for the adoption of policy measures and actions that reduce GHG emissions and increase carbon sinks in strategic sectors. For the LULUCF sector, the focus is on consolidating the sustainable management of natural forests and remnants of native vegetation, as well as the recovery of degraded areas, relevant to the achievement of Ecuador's climate change mitigation goals by 2025.

Ministerial Agreement 116 - 2016 issued the REDD+ Action Plan "Forests for Good Living" (2016-2025), as the instrument for the implementation of REDD+ in Ecuador and

³ Reducing emissions from deforestation and forest degradation in developing countries, and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks in developing countries

⁴ In the LULUCF sector, the initiative included in the unconditional NDC implementation scenario is the Comprehensive Amazon Program for Forest Conservation and Sustainable Production (PROAmazonía). The conditional scenario foresees the full implementation of the REDD+ Action Plan of Ecuador "Forests for Good Living" 2016-2025.

established the Ministry of Environment, Water and Ecological Transition as Ecuador’s National REDD+ Authority.

2. Progress towards, or readiness to meet (non-safeguards elements of) ART/TREES requirements (500 words excluding links and appendices)

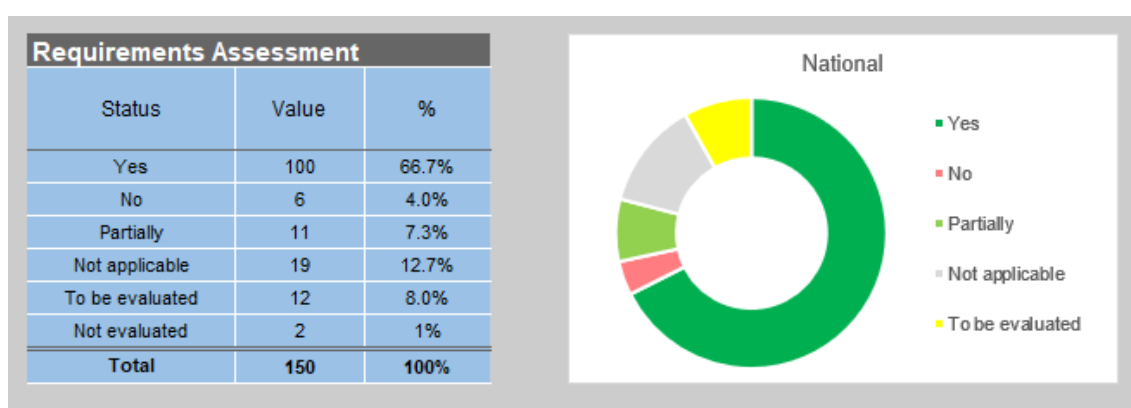
Please provide a summary of the Supplier’s progress towards preparing/submitting a concept note, and/or registration document for ART, including expected timelines for submission (e.g. estimated date by which a registration document might be submitted). Please include links to any relevant documentation that has already been submitted to the ART secretariat, if applicable.

Please provide an overview of the steps taken to align with non-safeguards requirements of ART/TREES, and Supplier’s ability to meet such requirements. If this proposal is selected by the Coalition participants, this information will be accepted as indication of commitment towards meeting ART/TREES requirements.

The Ministry of the Environment, Water and Ecological Transition has formed a technical team to work on a readiness plan to meet ART/TREES requirements with advice from its main partners of the UN-REDD program.

This work will be done ensuring consistency with related UNFCCC decisions, including the Paris Agreement and the Enhanced Transparency Framework (The Katowice Package), the Warsaw Framework for REDD+ and Cancun Safeguards, National Communications and Biennial Update Reports.

Ecuador’s assessment, applying the Paris Agreement LULUCF and NDC Assessment Tool (PLANT), undertaken with the support from UNDP and using TREES v1, indicates that Ecuador complies with almost 70% of TREES technical requirements (safeguards not included; see table and figure below).



Ecuador has included forests in its NDCs and has also already presented its SOI to the UNFCCC and established an SIS. There is regulatory compliance, with REDD+ results already achieved by Ecuador, mainly through the implementation of the PES program Socio Bosques. The National Forest Monitoring System (NFMS) proposed by Ecuador is robust and transparent. It provides information on the state of forests by tracking

indicators of change in use and cover, in addition to monitoring and reporting of REDD+ activities. This system incorporates Monitoring and Measurement, Reporting and Verification (M-MRV) processes according to Ecuador's national circumstances and capacities, in line with the UNFCCC guidelines related to REDD+. The NFMS monitors this activity every two years, according to standardized methodological procedures.

In order to ensure the consistency of the data presented to the UNFCCC, and other multilateral cooperation organizations, the elements that will serve as the basis for Ecuador's LEAF submission using TREES will be the same as those subjected to the evaluation processes.

The following are the main areas that the Government of Ecuador is working on to ensure compliance with TREES and allow for participation in the LEAF initiative:

- Inclusion of GHG estimates for forest degradation. This was an area for technical improvement already identified in the assessment of Ecuador's first technically assessed UNFCCC FREL and which the country is working on, with the support from UN-REDD. The country has established pilot areas for development of these estimates. Ecuador has adopted a roadmap to monitor degradation (referred to as "Proposal for technical assistance for monitoring forest degradation"), which is described in section 3 of this document.
- Inclusion of other pools and gases. Inclusion of soil organic matter and down dead wood.
- Uncertainty. Based on the Monte Carlo simulations, current assessment done using Olofsson.

It is also important to highlight that as per the National Constitution, Ecuador cannot participate in international carbon markets. The Constitution of the Republic of Ecuador, in its Article 74, establishes that environmental services (including capture and storage of carbon is part of climate regulation) are not objects of appropriation, in that sense it is not possible to establish an ownership relationship between an entity or person and an environmental service. However, the Ecuadorian legal framework allows retribution for conservation, maintenance and regeneration of environmental services.

3. Capacity building/technical assistance needs (500 words excluding links and appendices)

If applicable, please summarize the capacity gaps and needs for support identified as necessary to meet ART/TREES requirements, and plans to address these gaps before submitting validation/ verification documents to ART. This information will be critical for planning purposes.

In order to fulfill ART/TREES requirements the country will have to improve its technical capacity, presented below, in order of priority:

Capacity needs	Plan
<p>1) Forest degradation estimates, including identification of areas where exclusion can be demonstrated to be conservative.</p>	<p>MAATE has developed initial tools for the detection of disturbances that lead to forest degradation. With technical assistance from FAO and ProAmazonía, a work plan has been developed to estimate forest degradation, by strengthening the NFMS. The workplan takes into account information from the second National Forest Assessment (NFE), previous studies, workshops and seminars on forest degradation. Due to the conditions in Ecuador, the plan includes the combined “stratified areas estimate approach” and "Systematic sample approach". To implement this workplan, resources from REDD+ results-based payments and the Euroclima project may be used, however, additional financing is needed to build country capacities to systematically monitor and measure forest degradation.</p>
<p>2) Remote sensing approaches, in particular in regard to “pixel counts from wall-to-wall maps”, by developing:</p> <ul style="list-style-type: none"> a) Accuracy assessment tool that will be able to demonstrate that the pixel count area estimate are within the confidence interval of the stratified area estimate; b) Map classes with stratified area estimates (bias-corrected area estimates), that includes: <ul style="list-style-type: none"> i) At minimum stratification between commercial forest and natural forest; ii) Error matrix including all classes used in the analysis; 	<p>Ecuador will continue to work on improvements to its “pixel counts from wall-to-wall maps” approach for estimating emissions from deforestation. In addition, since forest degradation monitoring requires a stratified areas estimate and systematic sampling approach, it is necessary to improve the capacities of the NFMS to integrate the monitoring approaches considered in the workplan.</p> <p>Additional support is needed to improve current deforestation detection methods that allow for linking their procedures with degradation detection methods, incorporating RADAR image data (one of the main limitations is the constant cloud cover in forest areas which affect the optical sensors used to monitor deforestation).</p> <p>Also, support is required to consistently estimate the uncertainties for emission factors and activity data with the Monte Carlo approach.</p>

<p>iii) Map areas for all classes; and iv) User and producer accuracy (consistent with Monte Carlo requirements).</p>	
<p>3) Soil organic matter (organic soils and andosols)</p>	<p>Data from National Forest Evaluation (NFE) and data collected by the Ministry of Agriculture will be used as a basis to estimate emissions from soil organic matter. Further analysis is needed on whether there are gaps between the two data sources. MAATE is implementing the second NFE since 2018, and this work incorporates improvements and methodological changes.</p> <p>On the other hand, the workplan to improve the monitoring of forest degradation considers collecting additional data in post-degraded forests.</p> <p>Currently NFE II is focused on collecting data only in areas with standing forest, so it will be necessary to improve capacities for collecting EF data from post-deforestation and regeneration or restoration areas of native forests. Therefore, it is an area with information gaps that will be corrected in the work plan proposed to improve the capacities of the NFMS.</p>
<p>4) Emission factors that represent “net carbon stocks in the post deforestation or post degradation land use”. Nowadays, Ecuador assumes 100% oxidation in post deforestation land use. Ecuador wish to estimate “long-term average post-emission carbon stock”, taking into consideration post-emission (deforestation and degradation) land use that includes periodic harvest cycles (e.g., timber rotation harvests, crop harvests, or shifting agriculture/fallow systems); while ensuring consistency with the national GHG inventory.</p>	
<p>5) Removal factors based on “on-the-ground plot measurements ”with associated confidence intervals from sampling errors.</p>	

<p>6) Non-CO₂ emissions estimates from forest fires</p>	<p>Ecuador’s forest reference levels submissions to the UNFCCC have only included carbon dioxide (CO₂), due to availability of information. In order to include precise non-CO₂ emissions, more detailed information on non-CO₂ gases is required.</p>
<p>7) Safeguards and stakeholder engagement</p>	<p>Resources and technical assistance are required to continue the development and strengthening of capacities related to the implementation of REDD+, allowing the engagement of stakeholders in the activities associated with the TREES registration phase, and in the discussions that may inform an agreement with LEAF.</p> <p>Technical assistance could be required for the additional collection of inputs needed for showing conformance with TREES safeguards indicators (e.g. additional information to show compliance with the safeguards outcome indicators), especially feedback from local actors such as representatives of communities, peoples and nationalities.</p>

4. High Forest Low/Deforestation (HFLD) (if applicable, 500 words excluding links and appendices)

Please indicate whether the Supplier expects to qualify as HFLD according to the criteria in the draft TREES 2.0 and whether the Supplier proposes to make available emission reductions under LEAF according to a future, approved HFLD -methodology in TREES. Please note that expressing expectation to do so is not binding.

Not applicable as the country does not reach the 0.5 score threshold required to qualify as HFLD (using the methodological approach currently proposed by ART/TREES).

5. Estimate of ART/TREES crediting level (non-binding)

Please provide an estimate of the ART/TREES crediting level, including annual estimates used to develop the crediting level, and links to further methodological descriptions of these estimates. We understand that these estimates are based on assumptions and will not be final.

Please indicate a tentative selection of baseline years, consistent with the ART-TREES standard.

Please indicate the assumptions made in the emission reduction volume calculations.

Please provide a link to relevant public documentation or reporting (e.g. National Communications

Ecuador will report its emission reductions on a national scale and will include deforestation and degradation. The proposed TREES crediting period will encompass the years 2022 - 2026, with a reference period for the crediting level between 2017-2021. Ecuador is still evaluating the expected emission reductions under ART/TREES requirements; and therefore the estimates presented here are preliminary and not yet complete, due to reasons presented below. These only include emissions from deforestation as the work to develop forest degradation estimates is ongoing.

At the end of year 2019, Ecuador started a process to update its historical deforestation activity data and emissions from deforestation for the 2001 - 2018 period, using a new methodology of direct detection of deforestation change, with the objective to present to the UNFCCC a new forest reference emission level submission (FREL-D). The Government of Ecuador is working diligently to adjust the data and expects to re-submit its UNFCCC FREL in August this year.

The preliminary data presented by the Government of Ecuador in this LEAF proposal is not yet available to the public. Over the course of the coming weeks, MAATE will publish this information through this link <http://reddecuador.ambiente.gob.ec/redd/segundo-nivel-de-referencia-de-emisiones-forestales-por-deforestacion/> together with supporting documents.

As part of the ongoing efforts to review and update the FREL for deforestation, the most recent activity data developed by Ecuador are the change maps for the 2017- 2018 period. At the time of the development of this LEAF proposal, Ecuador does not yet have the data to estimate emissions from forest degradation, but have the data over the next year, as part of the work plan mentioned above.

Considering that the TREES crediting level goes from 2017 to 2021 and that the most updated data that Ecuador currently has is for the 2017-2018, the country has decided to use this estimate for the whole period for the effects of this LEAF proposal. The average emissions from deforestation for this period, 28,481,530.39 tCO₂e, is used as a preliminary TREES crediting level. This information will be updated and reviewed once new and improved data becomes available.

Table a. Preliminary TREES crediting level

Year	Nro.	Preliminary Assumed Emissions (tCO ₂ e/ year)	TREES preliminary crediting level (tCO ₂ e/ year)
2017	1	28,481,530.89	28,481,530.89
2018	2	28,481,530.89	

2019*	3	28,481,530.89	
2020*	4	28,481,530.89	
2021*	5	28,481,530.89	

* For the effects of this proposal, the deforestation emission estimates for years 2017 and 2018, were replicated for the years in which Ecuador does not yet have the activity data to generate actual annual GHG emission estimates.

6. Annual target ERs ⁵(non-binding)

Please provide an estimate of the ART/TREES expected volumes of ERs that may be delivered annually in the 2022-2026 period. We understand that these estimates are based on assumptions, and will not be final.

For the purpose of this LEAF submission, the Government of Ecuador has used the assumption that through the policy measures and action in place, emissions from deforestation will likely reduce by 4% per year, between 2022 and 2026. This scenario is consistent with Ecuador's NDC ambition, while acknowledging the different methodological approaches applied.

Table b. Estimated volume of emission reductions from deforestation for the 2022 - 2026 period.

<i>Years</i>	<i>TREES preliminary crediting level (tCO2e/ year)</i>	<i>Actual emissions from gross deforestation per year (tCO2e/yr)</i>	<i>Emission reductions of =Reducción de Emisiones del 4% per year (t CO2e/yr)</i>
2022	28,481,530.89	27,342,269.65	1,139,261.24
2023	28,481,530.89	27,342,269.65	1,139,261.24
2024	28,481,530.89	27,342,269.65	1,139,261.24
2025	28,481,530.89	27,342,269.65	1,139,261.24

⁵ Please note that this is an initial estimate. LEAF Coalition participants do not expect this to be accurate at this stage

2026	28,481,530.89	27,342,269.65	1,139,261.24
TOTAL	142,407,654.45	136,711,348.27	5,696,306.18

At the time of these submissions, Ecuador does not yet have sufficient information to allow for the estimation of emissions from forest degradation. This is a data gap that will be filled with information to be developed as part of the work plan mentioned in previous sections, as part of the continuous data improvements, carried out in a stepwise manner.

7. Policies and Measures (500 words excluding links and appendices)

Please provide a summary of existing policy measures, regulations, enforcement and public finance instruments (taxes, transfers, subsidies) the Supplier determines are adequate to achieve the ERs, and a reference to where this information is publicly provided. If applicable, please describe other interventions (beyond policies and measures) Supplier has taken, or will take, to reduce deforestation and forest degradation, and enhance sequestration in order to provide ERs under LEAF (e.g. forest fire prevention). If the interventions are not yet operational, please provide a timeline with milestones.

Ecuador has already demonstrated its ability to generate REDD+ emission reductions on a national scale. It was the second country in the world to complete all the requirements to receive results-based payments for REDD+ set out in the UNFCCC Warsaw Framework (second only to Brazil). In 2016, following years of analyses and consultation with support from the UN-REDD program, Ecuador launched the implementation of the REDD+ Action Plan, which has resulted in significant reduction of the annual deforestation. REDD+ results achieved in 2014 received international recognition in the form of result-based payments from the Green Climate Fund (GCF) and from the REDD+ Early Movers Programme (REM) for the results from 2015-2018. Numerous measures and actions have been implemented or strengthened in the context of the implementation of the REDD+ Action Plan. These are outlined below:

Local development policies and institutions

Significant progress has been made in integrating climate and environmental change criteria in the development and land use plans of local governments of the Amazon. Indeed, MAATE with the support of UNDP is currently including such criteria in the planning of 28 autonomous decentralized governments (provinces and municipalities). This benefits approximately 956,699 inhabitants of the Amazon region, according to the 2020 census.

Transition to sustainable agricultural production systems

MAATE and the Ministry of Agriculture (MAG) are coordinating their efforts to support [sustainable and deforestation free agricultural production](#) which has now become an official public policy of the Ecuadorian State.

Coordination mechanisms were established for the regulation and promotion of the certification of sustainable agricultural production free of deforestation in continental Ecuador (AM 001 of January 26, 2021). Training and fostering processes for sustainable agricultural production are being developed through Field Schools (ECAS) in the Amazon region.

Agreements are being created to promote deforestation-free value chains. Ecuador is the first country to launch a jurisdictional process for [RSPO certification for palm oil production](#). Furthermore, a unique partnership has been developed with Italian coffee manufacturer [Luigi Lavazza S.p.A. \(LAVAZZA\)](#), to pilot the production and commercialization of the world's first deforestation-free coffee.

Sustainable Forest Management

The MAATE is in the process of updating the secondary forestry regulations and regulations to promote sustainable forest management (SFM), as well as improving the automated control and administrative procedures through the Forest Administration System (SAF).

Forest Conservation and Restoration

Since its launch in 2008, the Socio Bosque Conservation Programme provides financial incentives to individual and community landowners who voluntarily commit to conserve native forests for a 20-year period. It has been the flagship programme of the Ministry over the years. Conservation agreements cover approximately 1,666,508 ha, most of these are supported with domestic resources with only 159,557 ha financed by PROAmazonia implemented through UNDP.

Ecuador has a national restoration plan, with a goal of restoring 30,000 ha by 2030. Much of this effort, 26,000 ha is supported by existing REDD+ results-based payments: 17,000 ha from PROAmazonia (UNDP- GEF/GCF) and 9000 ha from REM (KfW).

Operational components to meet international REDD+ requirements

The following measures are currently under implementation:

- Transparent Free, Prior and Informed Consultation processes.
- Participatory processes through the REDD+ Roundtable.
- Support for the National Forest Monitoring System, which has enabled the preparation of numerous reports to the UNFCCC, including the recently submitted FREL.
- Application of socio-environmental safeguards including the creation of a system for addressing and respecting safeguards as well as the submission of the first and second summary of information on safeguards to the UNFCCC.

8. Use of Proceeds (1000 words excluding links and appendices)

Please acknowledge the eligible uses of proceeds as established in the CFP, and provide initial thinking on the focus of a high-level investment framework describing the plans or arrangements in place for investing the proceeds of a transaction with LEAF Coalition contributors. This plan should be consistent with achieving the Supplier Country's NDC and sustainable economic development with a priority for forest protection and forest restoration, including its REDD+ strategy/action plan.

The plan must also explain how benefits from such a transaction will be distributed to stakeholders. This plan should demonstrate equity, inclusivity, and transparency, and it should reach local communities and support wider climate goals. Suppliers may indicate whether future payments will be used to leverage up-front investments, if applicable. In other words, proceeds may be used to repay bonds or loans that were used specifically to finance activities that are consistent with the guidance on use of proceeds.

The proceeds received from LEAF Coalition contributors provide an opportunity to consolidate the investments that have been made in the implementation of the national REDD+ Action Plan, which directly supports the goals of the NDC to decrease the rate of deforestation.

To support operational and financial planning for the implementation of the national REDD+ Action Plan the MAATE prepared a Strategic Plan for Territorial Intervention for the Reduction of Deforestation in Ecuador (PEIT-Ecuador)⁶, which identifies new actions to complement those currently under implementation (What to do), identification of areas with greater threat (Where to implement and with Whom), and the costing of these actions (Effective implementation). This plan is based on a detailed understanding of the changing drivers of deforestation. Homogeneous Deforestation Process Zones have been identified and are periodically updated. This allows to develop local intervention strategies that are tailored to the local realities that can be implemented effectively by different local actors (GAD, NGOs, indigenous peoples and nationalities, others).

The PEIT-Ecuador also serves as the basis for estimating the budgetary needs of the REDD+ Action Plan. The conditional NDC implementation scenario requires an investment of USD 636,610,109.50 of which there is still a financing gap of USD 333,802,892.95 for the period 2020-2025. Proceeds from LEAF will be used to fill this gap supporting measures and actions in line with the strategic and operational components of the REDD+ Action Plan. More specifically, proceeds will be used as follows:

Strategic component 1: Institutional Policies and management.

⁶ Document link: https://proamazonia-my.sharepoint.com/:b:/g/personal/pserrano_proamazonia_org/ERNnWkGXu9dMj_dX6ZG_J5IBGzUj54iQkG0whjBcgThnpw?e=HH7hSc

The investments identified will complement the efforts made by the country in the implementation of the REDD+ Action Plan, which will make it possible to promote territorial planning in 3 Decentralized Autonomous Governments, legalize land tenure in areas with higher rates of deforestation and promote national mechanisms for deforestation-free agricultural production. Prioritized actions will:

1. Strengthen national or local planning instruments and land use planning in provinces with high rates of deforestation.
2. Promote the adoption of Social and Environmental Risk Management Systems in the credit operations of the national financial system.
3. Support the GADs in the implementation of local information systems for an adequate management of land use planning, limiting the advance of the agricultural frontier and controlling leakage/displacement of deforestation.
4. Support MAATE and MAG in land tenure legalization processes in areas with high deforestation rates.
5. Complement efforts to strengthen forest law enforcement including the forest traceability system.

Strategic component 2: Transition to sustainable production systems.

Proceeds can complement the existing domestic investments to consolidate the transition to sustainable and deforestation-free production to:

1. Initiate the implementation of a plan for the transition to a sustainable and deforestation-free livestock sector.
2. Eco-intensification of the production of crops already established in areas at high risk of deforestation.
3. Strengthen national efforts for the certification and traceability of agricultural products incorporating criteria for deforestation-free production.
4. Improved access to markets for producers who adopt sustainable deforestation-free practices.

Strategic component 3: Sustainable forest management.

The investments prioritized for this strategic component to consolidate seven value chains which make a sustainable use of biodiversity as a means to conserve native forests.

Strategic component 4: Conservation and Restoration.

The forest conservation and restoration investments of Ecuador have made it possible to reduce deforestation; however, additional investments will allow consolidating the results of conservation and promoting restoration. The main activities will be:

1. Encourage the creation of conservation areas by Decentralized Autonomous Governments, and other actors, to protect ecosystem services (water protection, biodiversity conservation, connectivity, among others) with emphasis on areas with a high risk of deforestation.
2. Strengthen the operability and effectiveness of the Socio Bosque Conservation Incentive Programme, promoting its articulation with other initiatives in areas at high risk of deforestation.
3. Recover ecosystem services through the restoration of ecosystems in accordance with the guidelines of the National Forest Restoration Plan 2019-2030.

Operational components of REDD+

For the implementation of the REDD+ Action Plan it is critical to keep investing in improvements in forest monitoring, reference levels, social and environmental safeguards, as well as stakeholder engagement and communications. Prioritized actions will focus on:

1. Strengthening of monitoring and reporting of land cover and use change, with emphasis on native forest cover in near real time (national, provincial and cantonal level). It includes community monitoring as well.
2. Maintain the National Forest Monitoring System for REDD+ activities.
3. Financial support for the execution of "Implementation Plans" which are subnational government initiatives to reduce deforestation.
4. Implementing the stakeholder consultation plan and the environmental and social management plan for the use of proceeds.
5. Strengthening of local participation in forest law enforcement and stopping illegal land uses.
6. Strengthening access to information on deforestation for local and national actors (government, GAD, civil society).
7. Promotion and strengthening of measures and actions implemented with indigenous peoples and nationalities to fulfill the REDD Action Plan + goals, in order to improve the quality of life of people in REDD+ intervention zones.⁷

9. NDC Alignment (500 words excluding links and appendices)

Please explain how payments received under LEAF would contribute to achieving the targets established in the Supplier Country's NDC.

Please also indicate how it is envisioned that the payments will contribute to raising the level of NDC ambition over time. Please note that it is not expected that potential Supplier Countries will be able to commit to increasing ambitions by the July 30th deadline. Rather, a simple narrative about how this is envisioned is welcomed.

As explained in section 1, Ecuador's First NDC (2020-2025) priority actions are outlined and will be implemented through strategic initiatives for the reduction of GHG emissions in priority sectors for mitigation of climate change. These sectors are: i) land use, land use change and forestry (LULUCF) and, ii) Agriculture. It is expected that LEAF resources will be invested in priority actions outlined for these key sectors in Ecuador's NDC.

The priority actions for the LULUCF sector are: i) Conserve natural heritage; ii) Strengthen sustainable forest management; iii) Strengthen the restoration of natural heritage; iv) Strengthen and increase the establishment and management of sustainable commercial forest plantations; v) Strengthen forest law enforcement and; vi) Strengthen the National

⁷ A working group of indigenous peoples and nationalities (IPN) from the REDD+ Work Table was consolidated. A first mapping exercise of the needs of the IPN and initiatives that can be implemented and linked to the LEAF Ecuador proposal was carried out. [Meeting minutes IPN-MAATE](#)

System of Protected Areas. In addition to the above, the conditional NDC implementation scenario establishes additional actions: i) Strengthen the prevention of forest fires and, ii) Conserve areas of importance for water. The strategic initiative supporting the implementation of these actions is the REDD+ Action Plan. The PEIT provides an estimate of the investments required to fully implement its priority actions. For the conditional NDC implementation scenario the required investments are estimated at USD 636,610,109. Taking into account funds already mobilized from various international sources, the current financing gap stands at USD 333,802,892 for the period 2020-2025. Proceeds from LEAF Coalition contributors will bring Ecuador closer to meeting these conditional NDC targets.

In the case of Agriculture, the NDC priority actions are: i) Develop research and generation of information systems to strengthen climate change management in the agricultural sector; ii) Promote sustainable livestock development at the national level and; iii) Develop and implement sustainable agricultural production systems at the national level. The strategic initiative to implement priority actions under the conditional NDC implementation scenario is the Plan to reduce Deforestation and Forest Degradation through Sustainable Livestock Production (PdI REDD+ GS). This initiative is directly linked and fully embedded in the REDD+ Action Plan.

Implementing the conditional component of the agriculture sector NDC is estimated to cost \$ 66,290,536 in the period between 2017-2025. International financial cooperation will increase the ambition regarding the goals set for this period and reduce deforestation through the establishment of sustainable silvopastoral systems, improving livestock production, establishing deforestation-free livestock systems, strengthening productive infrastructure and finally strengthening marketing channels and value chains.

10. Nesting (500 words excluding links and appendices)

If applicable, please describe Supplier's initial approach for how double counting from relevant activities with overlapping geographical scope will be avoided. This should include Supplier's approach to accounting for incorporation of activities either crediting, or seeking results-based payments for emission reductions from forests in the same geographical area (e.g. emission reduction or sequestration projects).

Ecuador's REDD+ Action Plan is a multifaceted initiative to achieve results at the national scale. There are no sub-national activities nested into the national REDD+ framework in Ecuador. Ecuador has a national FREL and a national forest monitoring system that allows for REDD+ results to be measured, reported and verified at the national scale, in line with UNFCCC requirements outlined in the Warsaw Framework and related COP decisions.

A National Registry of Emission Reduction Accounting for REDD+ has been created to ensure transparency of emissions reductions (ER) achieved and results-based payment received, in order to avoid double payments. The registry is the central tool for accounting of REDD+ ERs in Ecuador. It was established in May 2018 and has served to register and deactivate/retire ERs paid for by the REM Programme as well as by the Green

Climate Fund. A didactic summary of carbon accounting is included on Ecuador's REDD+ website: <http://reddecuador.com/contabilidad-de-reduccion-de-emisiones/>

In addition, Ecuador will include all information on REDD+ result-based payments received in the UNFCCC REDD+ Info Hub, including date, source, and details on emission reductions or removals for which payments were received.

The Ministry has also established national accounting rules for emission reductions from REDD+ activities, together with a national emissions reduction registry. In this way, the country has accessed⁸ in the past and plans to continue and is in a position to access payments for results through a system that guarantees transparency and environmental integrity, and at the same time as it reflects the circumstances and interests of Ecuador. This is, in line coherence with the logic of recognition. of emission reduction results and payments for REDD+ results of the countries, under the UNFCCC REDD+ info Hub and web platform. In this way, the national registry will allow the country to manage the information that will be included in the Convention website, in particular with regard to the results for which payments were received and the entity that made them. Estimation methods and national accounting rules will serve, at the same time, as the basis for bilateral and multilateral agreements on payments for results.

11. Transfer of Title (500 words excluding links and appendices)

Some buyers will seek transfer of title of ERs on the ART registry, while others will allow the Supplier to retire ERs on the ART registry. Please indicate the Supplier's preference and expectations regarding transfer of title. Please refer to CFP document term "nature of transactions" for a detailed explanation of options under CFP related to transfer of title. Note that jurisdictions may choose to pursue multiple options.

Ecuador will not transfer any titles to ERs. All ERs generated by Ecuador will be retired on the ART registry.

Article 74 of the Constitution of the Republic of Ecuador establishes that environmental services are not subject to appropriation, that is, no one has property over them. However, the Ecuadorian legal framework also enables the use of compensation mechanisms and economic retribution for conservation, maintenance and regeneration of environmental ecosystems.

Given the national regulatory framework, Ecuador cannot engage in climate financing mechanisms that imply transfer of ownership of environmental services, such as the service of climate regulation that forests provide.

LEAF pathways 1 and 2 are therefore the pathways applicable for Ecuador, considering that it is not required to transfer the ER titles. Both pathways are legally viable and support the generation or maintenance of ecosystem services.

⁸ More information on payments for results is provided in the following link: <http://reddecuador.ambiente.gob.ec/redd/contabilidad-de-reduccion-de-emisiones/>

12. Corresponding Adjustments (500 words excluding links and appendices)

Please indicate Supplier's willingness to consider ERs with corresponding adjustments, per pathway #4 outlined in the terms of the CFP.

If applicable, please indicate the portion of total ERs (if any) for which the Supplier proposes to make a corresponding adjustment to the national account.

Please refer to CFP document term "nature of transactions" for detailed explanation of options under CFP related to corresponding adjustments.

For the reasons outlined in the section above, Ecuador will not consider corresponding adjustments to its NDC. Ecuador will follow pathways 1 and 2 of the LEAF call for proposal where sovereign contributors and private sector buyers provide results-based payments and neither take title to the ERs nor use them towards their NDC targets. Ecuador will include the underlying mitigation from LEAF in the accounting for its NDC.

13. Environmental, Social and Governance Safeguards (1000 words excluding links and appendices)

Please provide a brief description of the steps taken to assess safeguards requirements of ART/ TREES and Supplier's ability to meet such requirements. The Supplier should outline how all the TREES safeguards (Section 12 of the standard) will be addressed and respected, and how a national system for providing information on safeguards, or subnational equivalent, will inform TREES safeguards conformity.

Your response should include an outline of key current gaps in TREES safeguards conformance and plans for gap-filling actions. Subnational Suppliers should outline how safeguards tracking and/or monitoring tools are consistent with national tracking or tools, in particular with the national system for providing information on safeguards.

Please provide links to relevant publicly available information (e.g. summaries of information on safeguards as submitted to the UNFCCC and/or provide a link to, or describe, the either digital or analog system for providing information on safeguards).

Ecuador's approach to safeguards integrates multiple requirements, including the UNFCCC Cancun Safeguards some of the elements included are closely related to themes defined in ART/TREES. A safeguards assessment, using PLANT, shows that Ecuador meets all ART/TREES safeguards eligibility requirements and has evidence of conformance with the large majority of safeguards indicators.

The national approach to safeguards, together with the complementary processes and tools defined for addressing, respecting, reporting and monitoring these will serve as the basis for addressing and respecting the TREES safeguards in Ecuador. In this sense, the

TREES safeguards indicators will be reported through the evidence available in the country's Safeguards Information System (SIS), the Summaries of Information (SoI) presented to date and others that may be developed in the future, and additional existing systems and tools⁹. If more information is needed to demonstrate compliance with some of the TREES safeguards indicators, additional details could be included in the TREES Monitoring Report.

Ecuador has already made significant progress in addressing and respecting safeguards, which have been reported to the UNFCCC. In 2017, it presented its first SoI¹⁰, which covers the reporting period from 2013 to 2015. This report includes information on the country's political, regulatory and institutional framework relevant to REDD+ safeguards; on existing initiatives, resources and capacities that support the implementation of REDD+, and the processes carried out to promote safeguards. The country also submitted its second SoI in 2019¹¹, covering the 2016 to 2018 period. This second report provides information on how the country respects environmental and social safeguards of REDD+ during the implementation phase of actions and measures, executed by various Implementing Partners. An analysis of the national context was also included in matters of public policy related to climate change and forest conservation, and laws and regulations related to the implementation of the REDD+ Action Plan. It is expected to continue with the presentation of subsequent summaries of information, according to the capacities and progress of the country in REDD+ implementation.

Ecuador has a SIS¹² that allows the country to report on how REDD+ safeguards are addressed and respected at the national level, as well as follow-up on the respect of social and environmental safeguards associated with the implementation of the REDD+ Action Plan. The SIS performs the functions of gathering and aggregating information, analyzing information, reviewing and incorporating contributions from relevant stakeholders, and reporting on safeguards (more information in the SIS design document). The SIS of Ecuador has an architecture, with defined processes and conceptual orientations and initial functional requirements. It considers interconnections with other REDD+ systems, with systems of the MAATE and with other national systems. Work is being done on the gradual automation of the system, in order to include other functionalities and share more information on safeguards.

Regarding the safeguards requirements of TREES, Ecuador has reviewed these requirements in detail (those of TREES 1.0 and the clarifications included in TREES 2.0). Inputs and means of verification of compliance with each of the TREES safeguard indicators were collected. An assessment of Ecuador's ability to achieve conformity with

⁹ These tools include the Environmental and Social Management Frameworks and Associated Plans developed in the context of the Green Climate Fund REDD+ Projects under implementation with support from UNDP (see <https://www.greenclimate.fund/project/fp019> and <https://www.greenclimate.fund/project/fp110>)

¹⁰ For the first SOI see https://redd.unfccc.int/files/ecuador_first_sis_summary.pdf

¹¹ For the Second SOI see <http://reddecuador.ambiente.gob.ec/redd/wp-content/uploads/2017/08/Segundo-Resumen-de-Informaci%C3%B3n-del-Abordaje-y-Respeto-de-Salvaguadas-para-REDD-en-Ecuador.pdf>

¹²To access the SIS see <http://reddecuador.ambiente.gob.ec/redd/sistema-de-informacion-de-salvaguadas/>

ART/TREES environmental social and governance safeguard requirements was done in 2020. This exercise included the contributions of various country collaborators working on the implementation of REDD+ and the application of safeguards; however, inputs from other actors (e.g. local actors) could be added to complement the safeguards analysis developed. In general terms, it is considered that Ecuador has representative progress and sufficient information to demonstrate compliance with the safeguards requirements of TREES, and would be well placed to meet TREES structural and process indicators and a majority of outcome indicators as well. Some elements to strengthen were identified.

In the context of this assessment, some needs to strengthen the approach and respect for safeguards were identified, these are: strengthen the ongoing actions to respect the different types of land tenure; disaggregate information on complaints and controversies associated with REDD+; gather recommendations to strengthen further the participation of indigenous peoples and vulnerable groups in the implementation of REDD+; gather more information on ancestral knowledge associated with forest management and conservation; and strengthen the monitoring of social indicators and the identification and promotion of social and environmental benefits.

Considering these needs, the country has defined actions to address them. The Ministry is working on the inclusion of the topic “REDD+” in the existing mechanism for receiving information on complaints in order to facilitate the identification of complaints that are related to the implementation of REDD+, likewise, actions will continue to be strengthened to have the full and effective participation of key actors (especially local actors such as communities, peoples and nationalities of the country). In addition, efforts will be assigned to develop and strengthen capacities in safeguards through meetings and training aimed at Implementing Partners and key actors, which seeks to promote the proper approach and respect of safeguards.

The involvement of key stakeholders and the promotion of national discussions that inform the upcoming activities related to the registration as a participant in ART/TREES and to reach an agreement with Emergent in the framework of the LEAF Coalition are considered essential. At the end of June 2021, the MAATE informed the members of the REDD+ Roundtable - a platform for participation and discussion of various actors in the country that includes local actors, civil society, academia and the private sector, among others - on the intent and initial progress in developing a proposal for LEAF. Initial information on the country’s efforts to present a LEAF EoI was also shared in a local workshop with indigenous communities that took place in mid-July in Macas city located in the Amazon region; there, it was agreed that in a later meeting further information will be gathered on needs, interests and potential support to indigenous peoples and nationalities. The Ministry will continue to promote and develop spaces for engaging stakeholders in the design, implementation and monitoring of REDD+ and in efforts seeking to access REDD+ results-based payments.

14. Financial Intermediary (FI)

Before an ERPA can be finalized, an accredited FI must be identified as a channel for disbursement of funds. FIs will ensure that robust monitoring and reporting procedures

on the use of proceeds are in place¹³. If available, please provide the name of the proposed institution(s). Please note there may be multiple candidate institutions.

Ecuador will carry out a selection process for a Financial Intermediary in the context of the LEAF Coalition. All interested GEF and GCF Accredited Entities operating in Ecuador will be considered.

15. Contacts and Implementation Arrangements

Please describe the key jurisdictional contacts and government entities managing the jurisdictional program and indicate preferences for how subsequent correspondence with your jurisdictions should be handled.

All correspondence should directed to:

Institution name: Ministry of Environment, Water and Ecological Transition of Ecuador

Country: Ecuador

Focal point's name, title:

[Redacted]

Email address: [Redacted]

Telephone: [Redacted]

¹³ FI's may be selected from the list of institutions accredited by the Green Climate Fund (GCF) or the Global Environment Facility (GEF). Additional FIs may be assessed for eligibility following a process published on the Emergent website.