

	Agence Française de Développement (AFD) (amounts to be defined during implementation)
<b>MANAGEMENT AND IMPLEMENTATION</b>	
<b>13. Type of financing<sup>1</sup></b>	<b>Direct management</b> through: - Grants  <b>Indirect management</b> with the entities to be selected in accordance with the criteria set out in section 4.3.2

## 1.2 Summary of the Action

Ecuador enjoys a privileged position as one of the most biodiverse countries in the world, with a unique set of ecosystems in a rather limited space. It is a small contributor to climate change, but due to its privileged position, is naturally inclined to the Green Agenda. For this reason, Ecuador should be a natural world flagbearer of green-led development and conservation, following the likes of Costa Rica, as well as in the protection of human rights and rights of nature, having also ratified the Escazú agreement on 21 May 2020, and as the first country in the world having enshrined nature's rights in its Constitution (2008).

It is in this context, and in view of the EU's Green Deal agenda, and our unique environmental expertise and financing mechanisms, that this Action is inscribed. It seeks to upend Ecuador's climate credentials by spearheading a comprehensive, integral, and multi-actor Ecological Transition building on the strengths of the EIB as well as the Member States development agencies available; notably, GIZ, AFD and Kreditanstalt Für Wiederaufbau (KfW), following a TEI approach; in addition to a multi-UN agency, UNDP-led, nation-wide, climate action. It is also flexible enough to naturally embed the EFSD+ guarantees as they will start to be mobilised, thus leveraging all instruments at our disposal for maximum impact. We expect climate-mitigation investments nearing EUR 600 million with this financing, in addition to the structural, nation-wide, changes that the programme will spearhead. The action will ensure complementarity with AECID being a key partner in the WASH sector.

The overall objective of the Action is to develop a "Green Deal for Ecuador", by stimulating "An inclusive, sustainable and resilient economy, stimulated by innovations and investments at decentralised level". It will (a) develop a Green Deal institutional and financial framework for the ecological transition/Climate governance, using the EU Green Deal as a reference; (b) overhaul the urban mobility sector nation-wide in a sustainable way; (c) develop a number of low-carbon urban infrastructure projects, mainly in water and sanitation sector; and (d) improve the living conditions of the vulnerable groups with the highest prevalence of chronic child malnutrition (children, women, indigenous groups) with a focus on water resources safeguarding and management.

The proposed action will contribute to the second pillar of the MIP; Enhance climate and environment action on green productivity and innovation; objectives 2.2. Implementation of Green innovation practices, 2.3. Improvement of long-Term Strategies and Climate Adaptation Plans through local authorities, and 2.4. Increase women in all their diversity influence decision-making processes on environmental conservation and climate change policies and actions.

It will be implemented through a mixture of competitively awarded contracts with (a) an engineering firm private-firm, covering the support to water and sanitation appraising and energy efficiency construction projects appraisal as well as institutional support in public finance management to local authorities; a (b) a civil society consortium which will provide capacity building to decentralised government entities and the central government entity "Secretaría Técnica Ecuador crece sin Desnutrición Infantil" (Technical Secretariat Ecuador Grows Without Child Malnutrition) with the purpose of improving the living conditions of the population with the highest prevalence of chronic child malnutrition; as well as through indirect management with the (c) GIZ so as to overhaul the urban mobility sector in a more sustainable way and the (d) UNDP to accompany a truly nation-wide Green Deal for Ecuador. This action is also in line with the recommendation of the Commissioner for International Partnerships, Jutta Urpilainen, during her visit to Ecuador in June 2022, to launch the present Sustainable Growth and Jobs and Green Deal Team Europe Initiative, as well as to help address the social demands that generated the national strike in the same month.

<sup>1</sup> Art. 27 NDICI