

PROJECT SUMMARY ECUADOR

ALIADOS: An innovation-investment hub for regenerative bioeconomy in Ecuador's Amazon (EC-G1005 - EC-T1496)

The problem that this project will address is the income vulnerability of Indigenous family farmers in the Ecuadorian Amazon. In Ecuador, Indigenous lands cover around 65% of Amazon territory, but poverty rates in the Amazon are between 50-70%, the highest in the country.

Globally, one of the greatest challenges today is producing more food while reducing agriculture's environmental harm. In the Amazon, uncontrolled agricultural expansion is a leading cause of severe environmental decline, including biodiversity and habitat loss and carbon emissions tied to climate change. An increasing number of firms are starting to recognize that Indigenous smallholders – that practice more sustainable agriculture - represent an opportunity to meet global food demand in a resource-scarce world.

There is a need and an opportunity to link Indigenous farmers and responsible buyers into sustainable value chain partnerships, but many barriers remain; including low farm productivity and an absence of tailored business incubation support and investment to support local entrepreneurial activities to add value to and distribute smallholder products.

Fundacion Aliados is an Ecuadorian NGO pioneering an innovative four-prong approach to connect smallholder farmers to responsible markets through regenerative agriculture, unlocking new value for the Amazon. Fundacion Aliados' model is designed to not only provide smallholders and local bioeconomy ventures with the tools and finance to connect to responsible markets more effectively, but also to measure and fold in the value of a suite of environmental and social co-benefits, including, carbon sequestration from regenerative agriculture, verification of deforestation-free production, and traceability to the family level, amongst others. The premise of this project is that the protection of the Amazon depends on Indigenous communities managing farm and forest resources sustainably.

The objective of this project is to create a finance and innovation hub to effectively support Indigenous communities to improve livelihoods and conserve the Ecuadorian Amazon through regenerative agriculture and bioeconomy enterprises. The Innovation-Investment Hub will achieve this objective by providing an integrated and systemic solution of specialized technical assistance, M&E, access to finance, and access to responsible markets for food products from Kichwa farmers that demonstrate measurable positive social and environmental impacts in the Ecuadorian Amazon.

The projects' direct beneficiaries are Kichwa Indigenous communities and farmers located in the Upper-Napo watershed at the crossroads of four National Parks in the Andean-Amazon region, composed of 150,000 hectares of mega-diverse rain forest. This project will directly benefit around 2,000 Kichwa Indigenous families owning between 3,000 - 60,000 ha's of mainly intact forest, per community and that have poverty rates of around 60%, with very limited local employment opportunities. On a second level, this project will support bioeconomy venture creation and growth through existing community enterprises.

The project will have the following impact (i) At least 20% increase in average monthly income per capita of indigenous beneficiaries in the Upper Napo Watershed (estimated in US\$550,000 of additional income generated); (ii) 47,250 tons of CO2 sequestered (17.5 tons annually per hectare of restored forest); (iii) 150,000 Hectares of Forest under improved management and conservation; (iv) 50% average increase in farm productivity; (v) 2,000 farmers trained in regenerative agriculture; (vi) 50% of farmers trained are women; (vii) at least 5 viable bioeconomy businesses incubated; (viii) 2,000 hectares of farmland restored with high productivity and ecologically diverse regenerative agriculture.

The project is aligned with the IDB Group Country Strategy with Ecuador (2022-2025), by supporting the productive development of Ecuador's Amazon region, supporting the development of financing mechanisms to fund ecosystem restoration and conservation and improve natural capital assets, supporting efforts to combat climate change and natural resource degradation, supporting biodiversity and conservation and to channel climate finance to those efforts. The project is aligned with IDB Lab's business plan and its vertical priorities to develop new and innovative business lines that contribute to climate resilience, and mitigation and adaptation.