



**Board Notational Vote Notification
(Supplement)
December 17, 2024**

This notice supplements the October 28, 2024, Board Notational Vote Notification.

In addition to the projects noted in the October 28, 2024, notice, the Board of Directors (the “Board”) reviewed and approved by written consent on November 4, 2024, the below listed project. The public information summary for the below listed project is being provided in this supplemental notice to update the October 28, 2024, notice.

DFC determined that the below listed project contained highly sensitive commercial information, including potentially material non-public information, and in recognition of the need to balance DFC’s transparency commitments with the issues associated with disclosure of such highly sensitive commercial information, the Board agreed that the public information summary and Board resolution for the below listed project could be posted following financial close. Financial close occurred on December 16, 2024.

The Board resolution approving the below listed project can be found [here](#).

Notational Vote Items (Supplement)

I. PROJECT APPROVALS

- e. Amazon Biocorridor Debt Conversion

Public Information Summary

Host Country

Ecuador

Name of Counterparty / Insured Party

A stand-alone special purpose vehicle, Amazon Conservation Designated Activity Company, incorporated in Ireland (the “**Insured Lender**”).

Project Description

A debt conversion (the “**Debt Conversion**”) that is expected to generate approximately \$400 million of dedicated funding for terrestrial and aquatic biodiversity conservation, climate change mitigation, and investment in the human well-being of the indigenous communities in the Ecuadorian Amazon (the “**Project**”).

DFC Product Type

Political Risk Insurance

DFC Insured Amount

Up to \$1,000,000,000

Total Project Costs

Up to \$1,000,000,000

U.S. Involvement

Bank of America and The Nature Conservancy (“**TNC**”)

Insurance Specific

Private Insurer Participation

To be determined

Investment Type

Debt

Project Implementer

A conservation trust fund, Fondo del Biocorredor Amazónico, Inc., a Delaware non-profit, non-stock corporation (the “**CTF**” or “**Project Implementer**”)

Fund Specific

N/A

Equity Specific

N/A

Grants Assessment

N/A

Policy Review

U.S. Economic Impact

The Project is expected to have no impact on the U.S. economy.

Developmental Objectives

The Ecuadorian Amazon covers approximately 41% of Ecuador's continental and island territory and accounts for almost 70% of its surface water. The Ecuadorian Amazon is one of the most biodiverse places in the world and is home to 46 ecosystem types and more than 65% of the biodiversity found in Ecuador. The area also acts as an important carbon sink that stores approximately 1.37 gigatons of CO₂eq in above-ground biomass. Despite its importance, it is under significant threats of deforestation, river fragmentation, and water pollution. Additionally, Ecuador has been burdened with significant fiscal challenges over the past few decades, exacerbated by the COVID-19 pandemic, which have limited Ecuador's economic growth and poverty reduction efforts.

To address these challenges, the Project is expected to have a positive development impact in Ecuador by enabling a Debt Conversion that will result in approximately \$400 million in dedicated funding to achieve key conservation goals in the Ecuadorian Amazon, including 1.8 million hectares of new protected areas and other effective area-based conservation measures, improved management of 4.6 million hectares of the region's existing protected areas, and is designed to benefit 400,000 people in indigenous communities in the region with improved access to opportunities for sustainable economic development, safe water, and food sovereignty. The adopted strategy is referred to as the "Amazon Biocorridor Program" and applies to the targeted current and new conservation areas in the Ecuadorian Amazon for the Project. Given the Project's characteristics, it is categorized as Exceptionally Impactful per DFC's Impact Quotient.

Environment and Social Assessment

Screening: The Project has been reviewed against DFC's 2024 Environmental and Social Policies and Procedures and was determined to be categorically eligible. The Project is screened as Category B because its activities, which are designed to support the Amazon Biocorridor Program vision to 'achieve a healthy and resilient Amazon ecosystem' through conservation, livelihood improvement, and enhanced climate resilience, are expected to have low environmental and medium social risks. Adverse impacts are expected to be readily addressed through mitigation measures in accordance with applicable standards. Subprojects funded by the CTF are anticipated to be Category B or C, including designation of new protected areas and improved management of existing protected areas.

Applicable Standards: DFC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following 2012 International Finance Corporation ("IFC") Performance Standards ("PS"):

PS 1: Assessment and Management of Environmental and Social Risks and Impacts
PS 2: Labor and Working Conditions

TNC and the CTF will not themselves undertake any activities that trigger IFC PS 3-8. The CTF will make grants to downstream subprojects in support of conservation activities, including creation of new protected areas and improved management of existing protected areas. A desk-review due diligence assessment indicates the downstream subprojects will be located in the Ecuadorian Amazon, which contains several protected and internationally recognized areas, as well as sensitive terrestrial and aquatic ecosystems that the Project is expected to benefit. According to TNC, the Project has to-date been co-designed with indigenous peoples and local communities (“**IPLCs**”). The Project has followed a participatory co-design process with indigenous peoples for the preliminary identification of priorities in their territories. Downstream subprojects supporting protected area creation and enhancement may pose risks to IPLCs related to restrictions on land use, potential economic displacement, impacts to cultural heritage, and use of security services. The CTF will be required to assess, manage, and monitor the environmental and social risks and impacts of its activities and subprojects with respect to IFC PS 3-8. TNC will assist the CTF with the initial setup of these policies and procedures and with the initial design of the CTF Environmental and Social Management System (“**ESMS**”).

In addition, the Project is required to meet applicable provisions of the IFC General Environmental Health and Safety Guidelines (2007).

Environmental and Social Risks and Mitigation

To ensure the adequate management of environmental and social risks and impacts, the Project has identified the need for a robust, PS1-compliant ESMS for the CTF. The ESMS will guide CTF activities, including its long-term operational structure and staffing, procedures for due diligence and oversight of subprojects, arrangements for monitoring and reporting, and training and capacity building requirements. The ESMS will also integrate an external Grievance and Redress Mechanisms, that potentially affected parties will use to submit any complaints related to the Project, stakeholder analysis and a stakeholder engagement framework. To support implementation of the ESMS, the CTF staff is expected to include, at minimum, a monitoring and reporting coordinator, a program manager (who is an environment specialist), an ESMS officer (who is a social specialist), and a communications specialist.

TNC will assist the CTF with the initial development of the ESMS, based on the strategic guidance provided by the Environmental and Social Management Framework (“**ESMF**”) that was finalized to guide the Project implementation phase.

The ESMF describes the Amazon Biocorridor Program’s stakeholder engagement conducted to date, which has included workshops and consultations held in 2023 with CONFENIAE and in collaboration with TNC and the Ministry of Water, Environment and Ecological Transition (“**MAATE**”). According to TNC, this engagement has ensured identification and participation of indigenous organizations, local governments, and NGOs throughout the Ecuadorian Amazon.

The ESMF includes a Project-level gap analysis against IFC PS, the Government of Ecuador regulatory framework, and TNC’s organizational policies; an assessment of the Project’s potential environmental and social impacts; the identification of potential mitigation measures, a stakeholder analysis and engagement framework, and outlines the structure of the CTF ESMS.

As part of the risk assessment, the ESMS is also required to reflect requirements with respect to resettlement and economic displacement (PS 5) and indigenous peoples (PS 7). All subprojects will be screened against and required to comply with the CTF’s ESMS and the applicable standards described above. The final, DFC-approved ESMS is expected to adequately identify and address the environmental and social risks associated with Project activities, including occupational health and safety, emergency preparedness and response, use of security services, restrictions on land use, economic displacement, and potential negative impacts to indigenous peoples and cultural heritage. The Project will submit annual reports on its activities, including environmental and social performance.