



The waters surrounding the Galápagos Islands harbor a vast array of sharks, fish, whales, seals, turtles, and other marine wildlife. All of the islands' marine life would benefit from a groundbreaking conservation financing deal. *Sofia Green*

Innovative Financing Tool Helps Protect Galápagos Islands

Debt conversion generates \$450 million for conservation—and saves Ecuador more than \$1 billion

Overview

In May 2023, the government of Ecuador completed the world's largest debt conversion for conservation to protect the Galápagos Islands and its vibrant marine ecosystem. This innovative deal will inject a projected \$450 million into marine protection and conservation over the next 18 years and includes building an endowment that will continue to provide about \$12 million annually in perpetuity. The Galápagos Life Fund (GLF), a newly established nonprofit organization, will manage and oversee the endowment. Notably, this public-private partnership, which has an explicit mission of protecting the irreplicable habitat and wildlife of the Galápagos, is led by Ecuadorians and partners who share this common goal.

Beyond the benefits to nature, the deal delivers remarkable financial benefits for Ecuador. It reduces the country's debt by nearly \$1 billion, representing an immediate 6.25% drop in commercial debt, and saves the government more than \$1.1 billion over time by reducing interest.

To achieve these benefits and savings, Ecuador effectively converted \$1.63 billion of its international debt into a \$656 million loan—called the Galápagos Marine Loan—which immediately reduced the principal the government owed by 60%. Backed by political risk insurance from the U.S. International Development Finance Corporation and a loan guarantee from the Inter-American Development Bank (IDB), the transaction was structured and financed by Credit Suisse through the issuance of bonds, which the dealmakers dubbed Galápagos Marine Bond, and through the creation of a new single-purpose EU-based financing vehicle called GPS Blue Financing DAC (GPS Blue). GPS Blue relays payments from Ecuador to pay bond investors and fund conservation grantmaking by the GLF.

The debt conversion came after four years of work that started with an assessment of the existing Galápagos Marine Reserve. In a partnership initiated by the Ecuadorian government, Pew Bertarelli Ocean Legacy led that assessment and developed a collaborative strategy to expand the reserve to better protect migratory species that are critical to the Galápagos' marine ecosystem.

As a result, in 2022, Ecuador created a new 60,000-square-kilometer (21,166-square-mile) marine protected area—the Hermandad Marine Reserve. Importantly, as part of the 2023 refinancing deal, Ecuador made new commitments that strengthen the effectiveness of the marine reserves and improve the sustainability of its fisheries.



A whale shark—the world's largest fish—swims near the Galápagos National Park, which will benefit from new conservation funding generated by Ecuador's innovative finance mechanism. *Alex Hearn*

Innovative approach to conservation financing

Structurally, the deal involved five key components: (1) securing political risk insurance that covered the entire new loan to significantly reduce the interest rate and borrowing costs; (2) leveraging an \$85 million loan guarantee to meet the cash reserve required for obtaining political risk insurance, a first for a debt conversion; (3) exchanging \$1.63 billion of Ecuador's relatively high-interest commercial debt for a new \$656 million loan financed through

issuance of the Galápagos Marine Bonds; (4) fully capitalizing the GLF’s trust fund over time to ensure financial support in perpetuity for conserving and protecting the marine ecosystem; and (5) Ecuador committing to new measures to strengthen management, monitoring, and enforcement of its marine protected areas.

Transaction highlights

<p>Key transaction components</p>	<p>Credit Suisse purchased Ecuadorian commercial debt with a total face value of \$1.63 billion for \$656 million, representing a 60% discount.</p> <p>GPS Blue, an EU-based financing vehicle arranged by Credit Suisse, exchanged a \$656 million Galápagos Marine Bond, rated Aa2 by Moody’s, for the purchased Ecuadorian debt.</p> <p>Ecuador exchanged the \$1.63 billion commercial debt for the \$656 million, 18-year Galápagos Marine Loan from GPS Blue.</p> <p>The loan is covered by political risk insurance from the U.S. International Development Finance Corporation and an \$85 million guarantee from the IDB, reducing the interest rate and generating savings for Ecuador.</p> <p>Ecuador committed to marine conservation targets developed with technical assistance from Pew Bertarelli Ocean Legacy and partners.</p> <p>GPS Blue funds the Galápagos Life Fund (GLF) over 18 years, including a permanent endowment that—once fully capitalized—should provide about \$12 million annually for grants in perpetuity.</p>
<p>Key conservation impact</p>	<p>Established the GLF to oversee allocation of conservation funding, represented by an 11-member board of directors composed of five seats for government and six for nongovernment, including representatives of the artisanal fishing, local tourism, and academic communities.</p> <p>GLF funding can be used to strengthen management, monitoring, and enforcement in the Hermandad Marine Reserve and Galápagos Marine Reserve.</p> <p>Funds can also support research-based efforts to achieve sustainable fisheries, climate resilience, and a sustainable ocean-based economy.</p> <p>New requirements that increase the use of electronic monitoring devices aboard some industrial purse seine and longline fishing vessels to improve the accuracy and accountability of reported fishing data.</p> <p>New requirement that some fishing vessels have observers onboard.</p> <p>Limits the use of fish aggregating devices by industrial fishing vessels.</p>
<p>Key conservation funding</p>	<p>Generates \$223 million for grant funding, or \$12.1 million per year (on average) over 18 years. Once fully capitalized, interest on trust fund investments allow continued conservation grant funding at the same funding level in perpetuity.</p> <p>Endowment funded at \$5.41 million per year (on average).</p> <p>Estimated endowment value by 2041: \$227 million (fully capitalized).</p> <p>Significantly increases funding available for conservation in the Galápagos (up from the current level of \$15-20 million per year for land and marine management).</p>

Galápagos Marine Loan

Principal: \$656 million.

Principal reduction from exchanged international debt: \$973 million.

Net lifetime savings: \$1.13 billion (including all related costs and fees).

New loan maturity date: 2041.

Loan maturity change: 2.4-year increase.

Interest rate: 6.975% per year.

All-in financing cost: 7.387% per year (including all upfront payments, guarantee, and management fees).

Ecuador's conservation payments: about \$18 million per year.

Key partners and role (alphabetical)

Assurance Services International (sustainability commitment verification agent).

Aqua Blue Investments (technical adviser to Pew Bertarelli Ocean Legacy and Oceans Finance Company).

Baker McKenzie (legal adviser to Oceans Finance Company).

Bustamante Fabara and Clifford Chance (legal advisers to Credit Suisse).

Credit Suisse (structured, financed, and issued offering).

Dentons (legal adviser to Ecuador).

Hunton Andrews Kurth (legal adviser to U.S. International Development Finance Corporation).

Inter-American Development Bank (loan guarantee).

Lazard (financial adviser to Ecuador).

Dona Bertarelli Philanthropy (GLF co-founding member).

Norton Rose Fulbright (legal adviser to IDB).

Oceans Finance Company (project manager and GLF co-founding member).

Pew Bertarelli Ocean Legacy (developed project and sustainability commitments, and supported public consultations).

U.S. International Development Finance Corporation (political risk insurance).

Deal targets Ecuador's relatively costly commercial debt

In late April 2023, Credit Suisse sought to purchase existing Ecuadorian debt from investors, targeting three series of commercial debt notes—the 2030, 2035, and 2040 bonds collectively representing \$15.5 billion in outstanding debt. In what is known as a cash tender offer, external debt holders were invited to submit bids at prices they were willing to sell, within a set price range for each series. This approach helped minimize debt note purchase prices and resulted in the acquisition of about \$1.63 billion in debt at a cost of \$656 million. The transaction involved about 2.4% of the government's total \$65.8 billion debt.

Figure 1

Ecuador's Debt Conversion Targeted 3 Commercial Bond Series

Deal included about 10% of total liabilities across these notes

Commercial bond series	Original debt (face value)	Interest rate (period)	First installment -maturity	Face value tendered (% of total existing)	Remaining debt (% of remaining debt)
2030 notes	\$3,701,423,865	5.50% (until 7/31/2023)	1/31/2026-7/31/2030	\$202,337,921 (5%)	\$3,499,085,944 (95%)
		6.00% (07/31/2023-7/31/2024)			
		6.90% (7/31/2024-7/31/2030)			
2035 notes	\$8,458,864,776	2.50% (until 7/31/2023)	1/31/2031-7/31/2035	\$1,006,228,531 (12%)	\$7,452,636,245 (88%)
		3.50% (7/31/2023-7/31/2024)			
		5.50% (7/31/2024-7/31/2025)			
		6.90% (7/31/2025-7/31/2035)			
2040 notes	\$3,403,135,207	1.50% (until 7/31/2023)	1/31/2036-7/31/2040	\$420,192,785 (12%)	\$2,982,942,422 (88%)
		2.50% (7/31/2023-7/31/2024)			
		5.00% (07/31/2024-7/31/2026)			
Total	\$15,563,423,848			\$1,628,759,237 (10%)	\$13,934,664,611 (90%)

Note: Each bond series repays principal in equal installments semi-annually starting from the first installment date and ending on the maturity date.

Source: Moody's, 2023

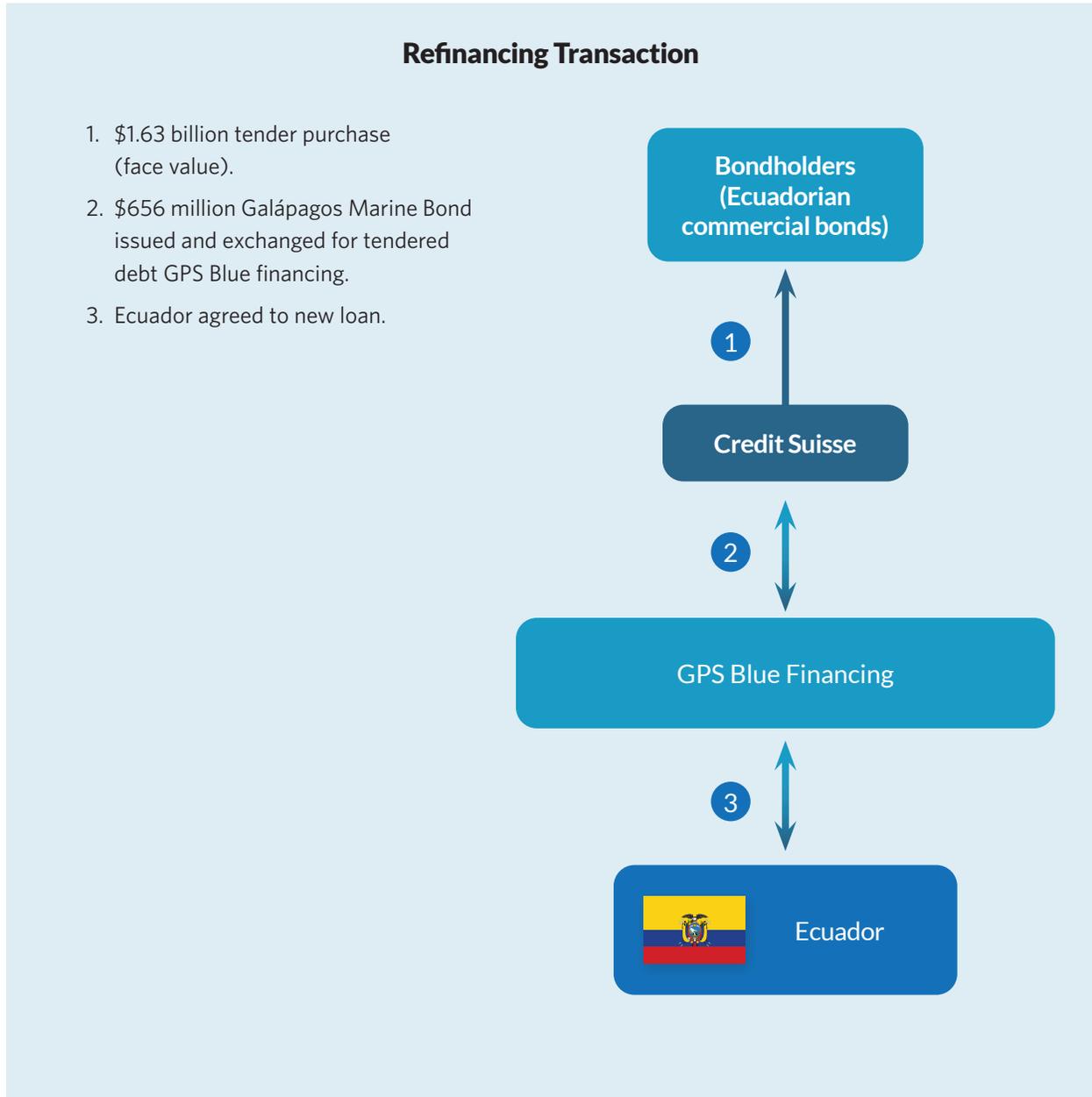
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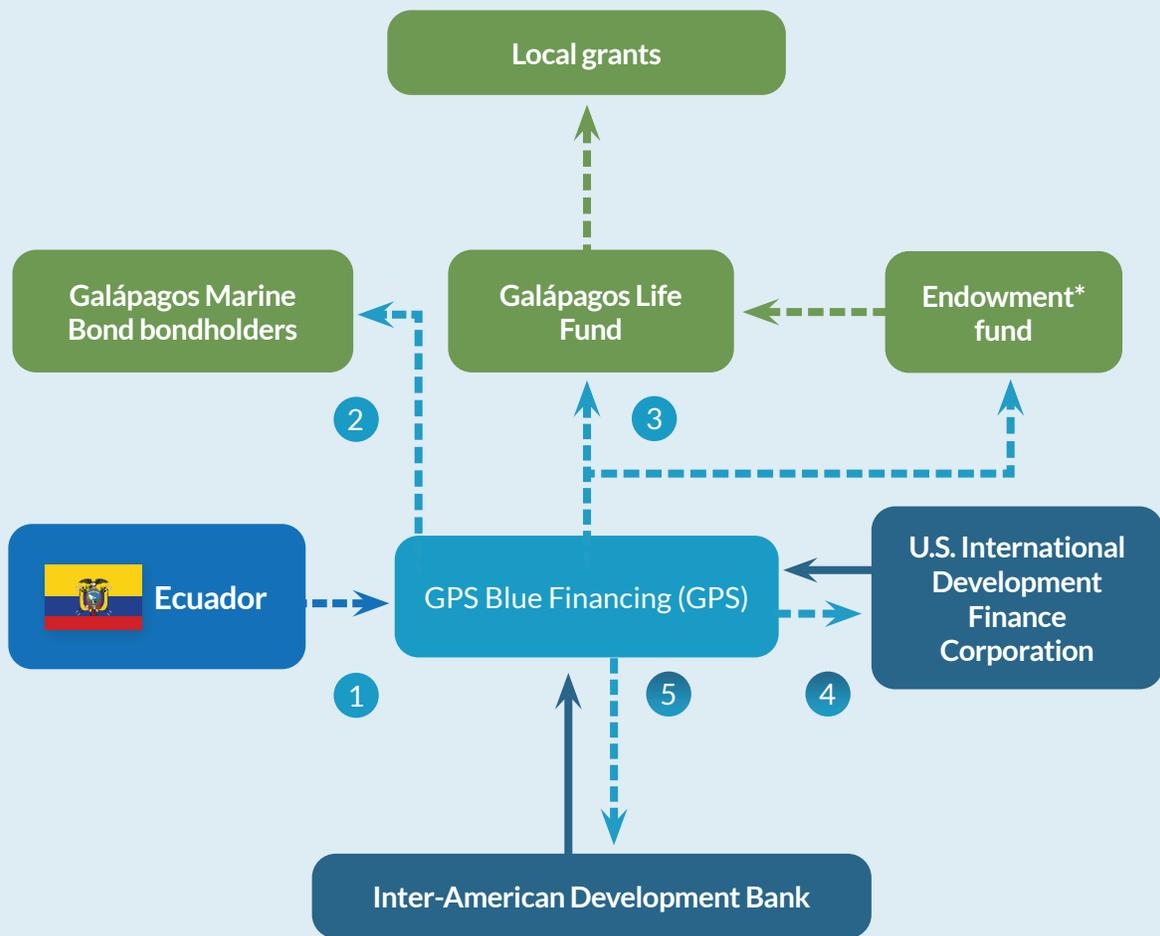
Credit Suisse then sold the tendered external debt to GPS Blue, financed by issuing the \$656 million Galápagos Marine Bond at a fixed interest rate of 5.645%. Concurrently, GPS Blue and Ecuador exchanged the purchased external debt for the \$656 million Galápagos Marine Loan—an 18-year fixed rate amortizing loan with principal repayment beginning in 2031.

Figure 2

Ecuador Debt Conversion Will Generate Over \$1 Billion in Savings and \$450 Million for Conservation

Transaction leverages loan insurance and guarantees to reduce debt service costs





— Transaction day
 - - Ongoing

1. Principal and interest payments on Galápagos Marine Loan.
2. Principal and interest payments.
3. Grant and endowment funding.
4. Political risk insurance.
5. Loan guarantee.

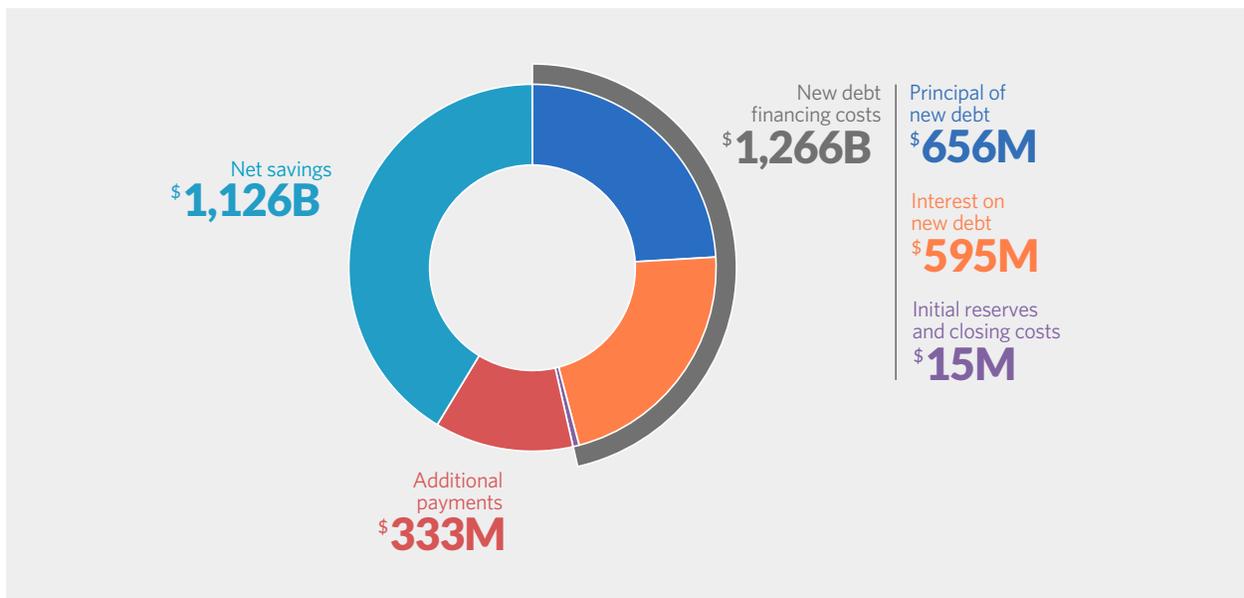
* The endowment fund is expected to be fully funded by 2041 and can then continue funding local grants with about \$12 million annually in perpetuity.

With the new loan leveraged by an \$85 million loan guarantee from the IDB to meet a cash reserve requirement, the U.S. International Development Finance Corporation provided political risk insurance for the full value of the Galápagos Marine Loan—a first-of-its-kind debt conversion structure. The insurance and guarantee together significantly reduced the effective cost of the financing. This enabled the Galápagos Marine Bond to receive an Aa2 credit rating from Moody’s, thereby achieving a fixed interest rate of 6.975% on the new loan and a two-thirds reduction in financing cost relative to the market yields on these series of Ecuador’s external debt.

Figure 3

Ecuador’s Restructured Loan Generates Significant Savings and Conservation Funding

The loan cuts principal and debt costs



Notes: All figures in U.S. dollars. Inclusive of guarantee fees and a \$12.75 million upfront payment by Ecuador covering transaction costs and legal reserves.

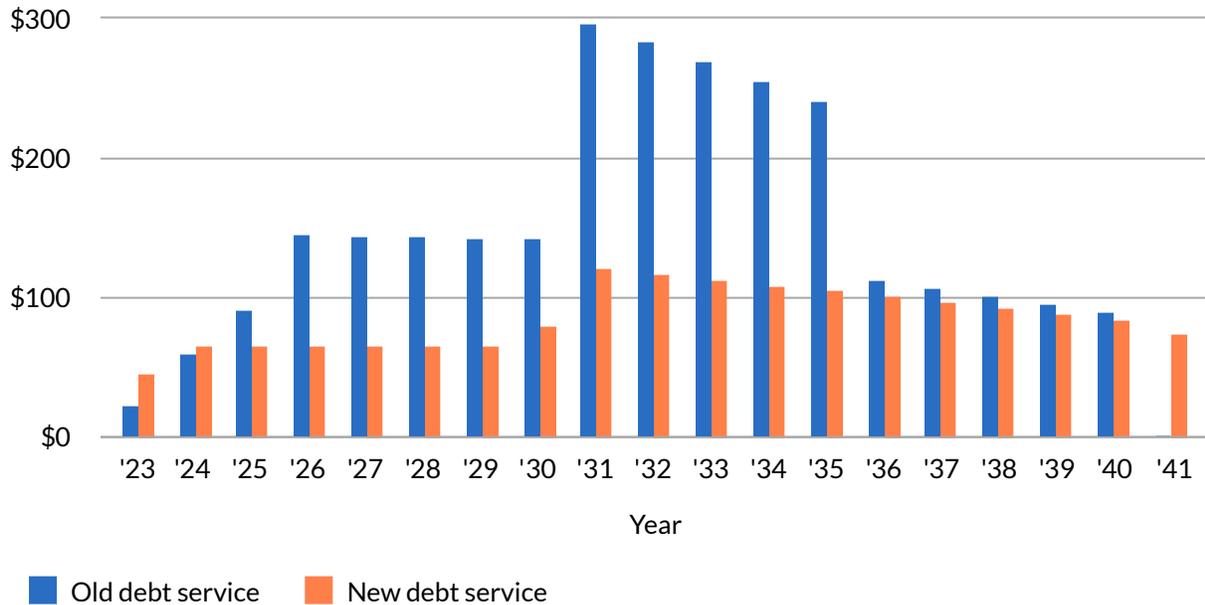
Source: Republic of Ecuador, “Government of Ecuador Announces Debt for Nature Swap Operation to Preserve Galápagos Islands’ Biodiversity,” 2023

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Figure 4

Comparing Ecuador's Annual Debt Service Over Time, 2023-41

Conversion creates significant savings and reduces debt payment spikes



Note: All figures in millions of U.S. dollars.

Source: Republic of Ecuador, "Government of Ecuador Announces Debt for Nature Swap Operation to Preserve Galápagos Islands' Biodiversity," 2023

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How this deal will help safeguard marine biodiversity

A growing body of science demonstrates that fully protected, well-designed, well-managed, and well-enforced marine protected areas are powerful tools for conserving biodiversity and ecosystems, improving long-term food security, and protecting ocean-based livelihoods. However, establishing and effectively implementing, monitoring, managing, and enforcing the protections can require significant financial resources.

Ecuadorian leaders knew it was important to protect the Galápagos Islands marine ecosystems but lacked sufficient funds to do so. Thus, in November 2021 at the U.N. Climate Change Conference in Glasgow, Scotland, Ecuador announced plans for the debt conversion.

Two months later, then-President Guillermo Lasso signed a decree conserving 60,000 square kilometers (23,166 square miles) of ocean between the Galápagos Islands and the Costa Rican maritime border northwest of the islands, protecting 6% of the Galápagos exclusive economic zone. The decree created the Hermandad Marine Reserve, which includes a 30,000-square-kilometer (11,583-square-mile) fully protected area to help safeguard a key migratory corridor used by sharks, whales, sea turtles, manta rays, and many other species moving between the Galápagos Islands and the neighboring Cocos Island, Costa Rica. The reserve also includes a 30,000-square-kilometer (11,583-square-mile) area where longline fishing is prohibited.

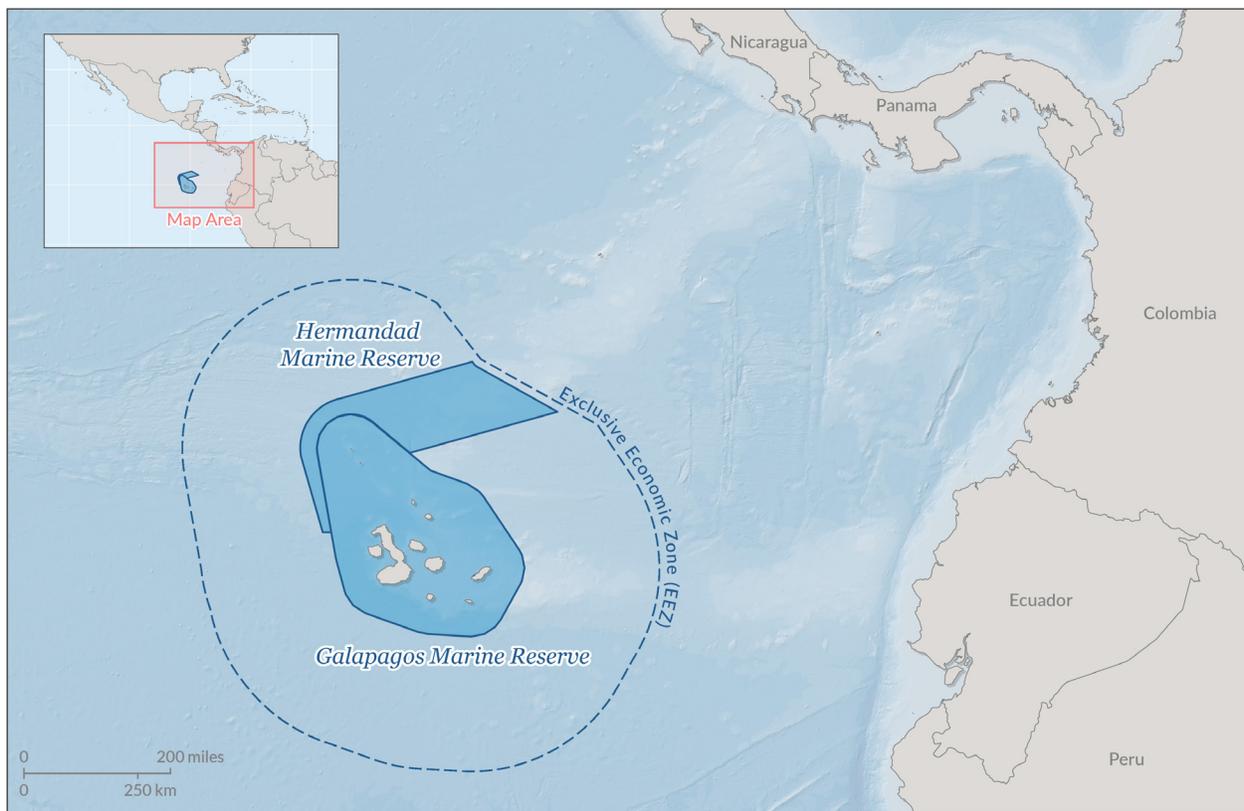
The new protections expanded on the 133,000-square-kilometer (51,352-square-mile) Galápagos Marine Reserve, which was established in 1998. Although the Galápagos Marine Reserve has helped to safeguard

habitats for some species, including hammerhead sharks and green sea turtles, pressure from climate change, pollution, and overfishing continues to threaten this unique and biodiverse ecosystem—and the local economy and communities that depend on an abundance of wildlife.

Figure 5

Marine Protected Areas Around Galápagos Islands Help Safeguard Wide Array of Wildlife

Nearly 200,000-square-kilometer area is home to whales, sharks, penguins, sea turtles, and more



SOURCE: WDPA; GEBCO; MarineRegions.org; Natural Earth.

Source: World Database on Protected Areas; General Bathymetric Chart of the Oceans; Natural Earth

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Pew Bertarelli Ocean Legacy’s engagement in the new conservation deal began in 2019 when the Ecuadorian government asked project staff to assess the islands’ existing marine protections.⁷ In 2020, a convening of 20 globally renowned scientists organized by Pew Bertarelli Ocean Legacy on San Cristóbal Island in the Galápagos concluded that additional protections were needed, especially for highly migratory species and their habitats. After considering options for securing those protections, Pew Bertarelli Ocean Legacy recommended that Ecuador pursue a debt conversion.

Finally, in the years leading up to the deal, Pew Bertarelli Ocean Legacy also organized 18 public and private meetings and workshops with more than 400 participants from the local community, industry, government, and other stakeholders on the potential expansion and how to fund it.⁸

Timeline for Debt Conversion Expanding Galápagos' Marine Protections

Consensus deal drew from scientific symposium, workshops, and numerous meetings with stakeholders

- October 2019—Ecuador invites Pew Bertarelli Ocean Legacy to assess existing marine protections
- December 2019—Scientific Symposium (San Cristóbal Island, Galápagos)
- October 2020—Meeting with tourism sector (Santa Cruz Island, Galápagos)
- October 2020—Local fishing cooperative meeting (Santa Cruz Island, Galápagos)
- October 2020—Meeting with local community (Santa Cruz Island, Galápagos)
- October 2020—Meeting with local community and tourism sector (Santa Cruz, Galápagos)
- October 2020—Meeting with local artisanal fishing cooperative (San Cristóbal, Galápagos)
- November 2020—Meeting with local artisanal fishers (Isabela Island, Galápagos)
- November 2020—Meeting with Ecuador's tourism sector (Tababela, Ecuador)
- November 2020—Meeting with local tourism sector (San Cristóbal, Galápagos)
- November 2020—Presentation to the Movimiento Animalista Nacional del Ecuador, a national organization that advocates for animal rights (Quito, Ecuador)
- December 2020—Presentation to Galápagos Governing Council (Puerto Ayora, Galápagos)
- January 2021—Presentation to industrial fishing sector at Galápagos Fisheries Summit (Puerto Ayora, Galápagos)
- March 2021—Meeting with artisanal and commercial fishers (Manta, Ecuador)
- March 2021—Meeting with local artisanal fishing cooperative (Santa Cruz, Galápagos)
- March 2021—Meeting with local artisanal fishers (San Cristóbal, Galápagos)
- March 2021—Meeting with artisanal fishers (La Tola, Ecuador)
- March 2021—Meeting with artisanal fishers (Colope, Ecuador)
- March 2021—Meeting with local community (Santa Cruz Island, Galápagos)
- April 2021—Meeting with industrial fishing sector (Guayaquil, Ecuador)
- May 2021—Meeting with industrial fishing sector (Manta, Ecuador)
- June-October 2021—Government meetings with stakeholders across sectors
- November 2021—Government reaches stakeholder consensus
- November 2021—Ecuador publicly announces intention to expand Galápagos Marine Reserve, financed by debt conversion (U.N. Climate Change Conference, Glasgow, Scotland)
- January 2022—Sustainable finance workshop (Puerto Ayora, Galápagos)
- January 2022—Executive decree authorizes creation of Hermandad Marine Reserve
- May 2023—Ecuador announces debt conversion and new conservation measures

Source: Report of the Participatory Process of the Hermandad Marine Reserve Within the National System of Protected Areas, 2022.

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An array of species migrate through the eastern tropical Pacific Ocean, including whales, turtles, and many types of sharks, such as the silky sharks shown here off of Darwin Island, in the Galápagos Islands. *Bernard Radvaner/Getty Images*

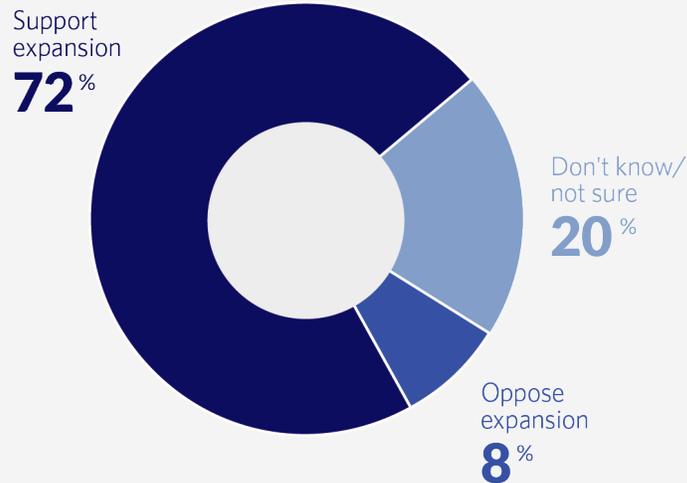
Strong support from Galápagos residents

In 2020, the Pew Bertarelli Ocean Legacy commissioned Factoría Ambiental, a Galapagonian polling institute, to conduct a poll, which showed that the local community strongly supported increased protections for its fragile ecosystem. In the poll, conducted in November and December of 2020, of 611 people from the Galápagos Islands of Santa Cruz, San Cristóbal, and Isabela, 72% of respondents favored expanding the Galápagos Marine Reserve, citing as primary reasons the opportunity to improve conservation of marine resources and to reduce illegal fishing.⁹ Only 8% of respondents opposed expanding the protected area, pointing to concerns over the lack of monitoring and enforcement of the existing protected area and the reduced ability of fishers to operate. The remaining 20% of those polled expressed uncertainty about expanding the reserve, listing the ability to correctly monitor and enforce a larger reserve as their main concern.

Figure 6

Galápagos Residents Overwhelmingly Supported New Ocean Protections

72% favored expanding the Galápagos Marine Reserve



Source: Factoría Ambiental survey of adults in the Galápagos Islands, Ecuador, conducted in November and December 2020

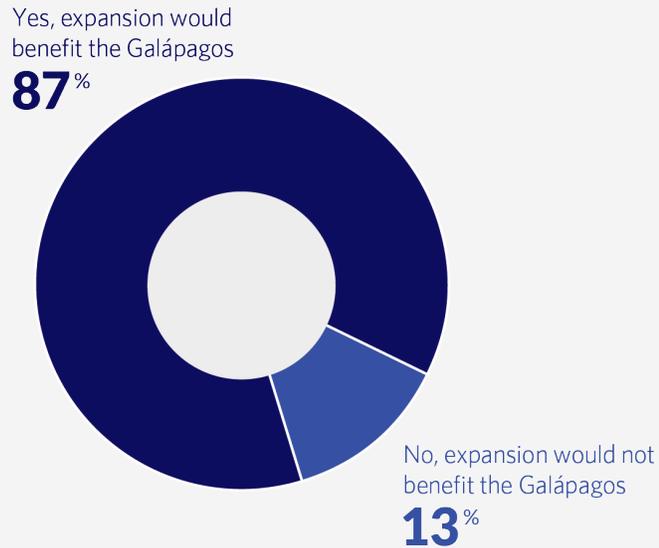
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Significantly, nearly 9 in 10 poll respondents (87%) said that expanded marine protections would benefit the local community. Sixty-two percent of respondents called increased protections for marine species a potential benefit and 52% said that expanded protections would produce more abundant fishing resources for the local community—a phenomenon known as the spillover effect, which occurs when species move from inside protected areas into adjacent unprotected fishing grounds. Other respondents listed tourism, increased economic opportunities, and increased availability of fish and shellfish for food as potential benefits of a larger marine reserve.

Figure 7

Most Galápagos Residents Expect to Benefit From New Marine Protections

87% said larger reserve would help local community



Source: Republic of Ecuador, “Government of Ecuador Announces Debt for Nature Swap Operation to Preserve Galápagos Islands’ Biodiversity,” 2023

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Deal locks in significant, perpetual conservation financing

The GLF was established in May 2023 as a U.S. 501(c)(3) nonprofit corporation exclusively to administer grants generated by the debt conversion to preserve and protect the Galápagos Islands’ marine ecosystem. According to the GLF bylaws, grants must be used for “projects designed to promote the maintenance, growth, and security of the natural capital of the Galápagos Islands and their marine ecosystems.” The GLF is governed by an 11-member board of directors, with seats divided into two categories:

- Government (five seats): Represented by the Galápagos Governing Council and Ecuadorian Ministers of Environment, Defense, Tourism, and Foreign Affairs.
- Nongovernment (six seats): Held by representatives from Oceans Finance Company, Dona Bertarelli Philanthropy, the Galápagos Chamber of Tourism, the fishing sector, academia, and a local nongovernment organization (currently filled by The Pew Charitable Trusts on a temporary basis).

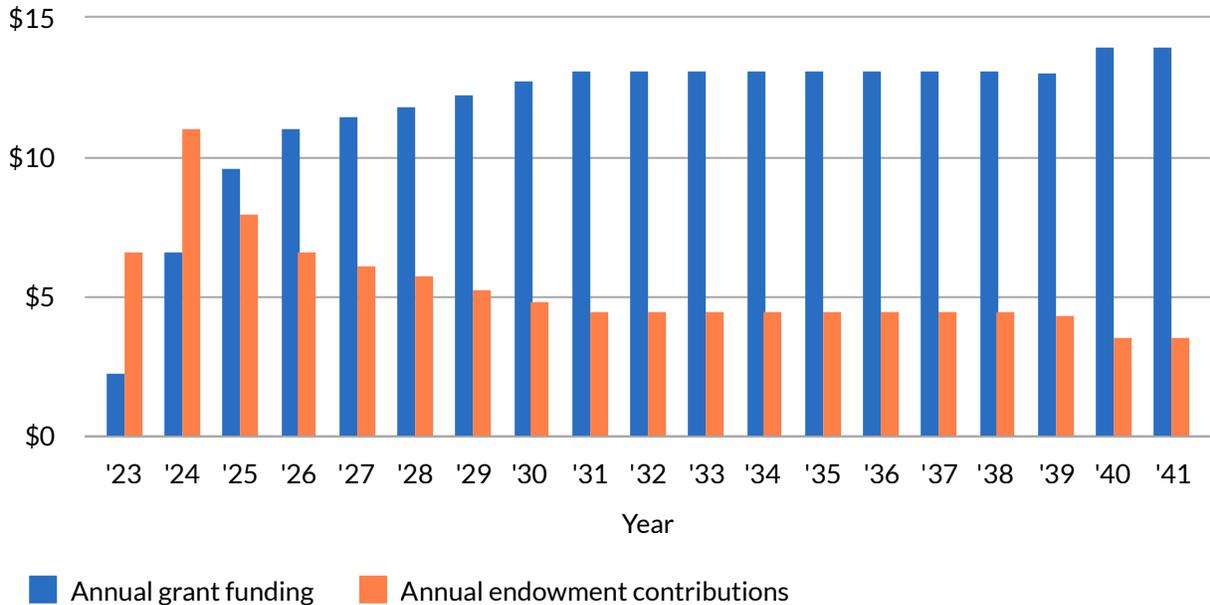
The board is jointly chaired by a nongovernment representative and the Ecuadorian Minister of Environment, Water, and Ecological Transition. The board of directors is responsible for approving GLF grants and ensuring those grants are publicly disclosed.

GLF grants are funded by annual payments from GPS Blue. Quarterly grant distributions from the GLF consist of two streams of funding. The first amount (\$12 million per year, on average) is used for GLF grants and to cover its operations. The second (\$5.4 million per year, on average) will be transferred to the GLF to be invested in an endowment (Figure 8). By 2041, when those payments end, the endowment should total about \$227 million due to the accumulated capital and compounded returns (assumed to be 7% annually, on average). This should enable GLF to continue financing local conservation activities at the same level (slightly more than \$12 million annually) in perpetuity.

The GLF will accept grant applications from domestic public, private, and civil society organizations that meet eligibility criteria, including a minimum operating history. The GLF announced its first call for local grant proposals in December 2024.

Figure 8
Ecuador’s Debt Conversion Generates About \$12 Million Annually for Conservation

Annual endowment contributions also builds source for continued funding



Source: Republic of Ecuador, “Government of Ecuador Announces Debt for Nature Swap Operation to Preserve Galápagos Islands’ Biodiversity,” 2023

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The GLF was designed through a series of workshops with the government and local community starting in January 2022, through which participants developed the fund’s name, board structure and composition, and funding priorities. The initial organizational documents, including certificate of incorporation, bylaws, investment policy, and technical advisory committee procedures manual, were drafted based on best practice standards for international conservation trust funds, with input received from the community consultative process. An overview of the GLF structure was then presented by Pew Bertarelli Ocean Legacy in additional workshops with the government and community in October 2022.

Further, as a condition of providing political risk insurance, the U.S. International Development Finance Corporation required the GLF to meet international standards for environmental and social sustainability.¹⁰ These standards require the GLF to engage effectively with locals—including through formal community consultation and transparency on funded projects—to report on how it will assess and manage potential social and environmental impacts for each project.

As a tax-exempt nonprofit, the GLF may accept additional funding from donors, cannot engage in political activities, and must file publicly accessible annual reports with the U.S. Internal Revenue Service. These reports are designed to provide financial transparency and accountability by detailing revenues, assets, allocations, and expenditures.¹¹

The GLF board is responsible for overseeing fund activities and ensuring annual independent financial audits. Additionally, records related to the projects and funds must be examined by an external, internationally recognized expert at least once every three years.



A Galápagos sea lion patrols a reef in the Galápagos Islands as tourists snorkel on the surface above. Tourism is the main driver of the Galápagos Islands’ economy. *Mauricio Handler/Getty Images*

Ecuador developed the conservation commitments and funding priorities by working closely with the artisanal and industrial fishing sectors, conservation organizations, and local communities through a consensus-building process that included numerous formal and informal consultations.

How Ecuador's Conservation Funding May Be Used

The Galápagos Life Fund must support the preservation and protection of the Galápagos Islands and its marine ecosystems.

The Galápagos Life Fund may use its funds only to support protections aimed at (in order of priority):

- Managing the Hermandad Marine Reserve and the Galápagos Marine Reserve.
- Implementing Ecuador's sustainability commitments, including strengthening vessel monitoring, increasing on-board observation, and reducing the number of drifting fish aggregating devices.
- Promoting sustainable fisheries.
- Conducting scientific and economic research, including baseline studies of the reserves and design of monitoring and enforcement systems.
- Undertaking community education projects demonstrating best practices for conservation and sustainability.
- Building sustainable tourism.
- Engaging in local community conservation and sustainability projects.

New commitments on sustainable fisheries

The deal should also help improve sustainability in Ecuador's fisheries, which are the largest in the eastern tropical Pacific Ocean region. In the first four months of 2023, Ecuador accounted for 42% of the total catch by purse-seine and pole-and-line vessels in the eastern Pacific Ocean, according to data from the Inter-American Tropical Tuna Commission (IATTC). Ecuador is also home to one of the world's largest small-scale artisanal fishing fleets, estimated at about 55,000 vessels.¹²

To help improve monitoring of catch and bycatch, the government worked closely with artisanal and industrial fishers to reach a consensus on new requirements for on-vessel monitoring systems for all tuna purse-seine and industrial longline vessels by the end of 2024. Ecuador also agreed to have onboard observer coverage on at least 70% of purse-seine vessels by the end of 2024, and, subject to available funding, on at least 20% of longline vessels at least 23 meters long by the end of 2025.

Additionally, in keeping with the best available science, Ecuador, for the first time, limited the use of fish aggregating devices (FADs)—raftlike objects that fishers commonly use to attract tuna, making it easier for purse seines to scoop up fish. The country already started work on this with limits ranging from 64 FADs for smaller industrial purse-seine vessels to 340 FADs for the largest purse-seine vessels (longer than 1,200 meters). For most vessels, the use of FADs will be further limited by the end of 2024. After 2024, the number of FADs allowed will be set by IATTC. The use of FADs generally results in significant bycatch—because they attract nontargeted and juvenile species—and produces marine debris because the devices are abandoned at sea after use.

Additionally, Ecuador agreed to:

- Maintain the Hermandad Marine Reserve, including the 30,000-square-kilometer (11,583 square-mile) no-take area and the 30,000-square-kilometer responsible fishing zone prohibiting longline fishing.
- Implement the Hermandad reserve management plan, which features a participatory approach that ensures inclusion of all relevant stakeholders, by November 2024.
- Develop and maintain a protocol for oceanographic and climatological monitoring of the Hermandad Marine Reserve in accordance with the management plan.
- Develop a collaborative research plan for that reserve by May 2025.
- Identify and prioritize sustainable fishing practices and technologies for the Hermandad Reserve.
- Develop at least three scientific and technical studies and implement at least one fisheries management measure in that reserve by May 2027.
- Undertake at least two pilot initiatives on sustainable fishing technologies or practices by May 2028.
- Promote the inclusion of the Hermandad Marine Reserve as a core zone of an Eastern Tropical Pacific Ocean Biosphere Marine Reserve.
- Appoint government representatives to the GLF board, and collaborate on studies assessing the effectiveness of the design and enforcement of bycatch-related laws and regulations.
- From 2025 to 2035, use fishing data to assess the effectiveness of the Hermandad Marine Reserve.

Conclusion

The Galápagos Islands are home to some of the most well-known and biologically important marine species and habitats in the world. Conserving the rich biodiversity and delicate balance of this unique marine ecosystem, which faces wide and growing challenges, requires significant and continuous resources. Ecuador's debt conversion provides the sustainable funding needed to support the effective implementation and management of new and existing marine protections. In turn, this can help protect ocean biodiversity, enhance fisheries, and preserve an economy that depends on this vibrant ecosystem—and may serve as inspiration to other countries seeking debt relief that advances conservation.

Endnotes

- 1 The debt conversion involved portions of three different bond notes maturing in 2030, 2035, and 2040. The weighted average life, or the average number of years each dollar of unpaid principal would remain outstanding, on those notes collectively was 13 years.
- 2 "Facility Agreement," April 25, 2023, https://ire.finanzas.gob.ec/content/2023/06/Project%20Darwin%20-%20Facility%20Agreement%20dated%2025%20April%202023_Redacted.pdf.
- 3 The Galápagos Marine Bond was issued under Regulation S and Rule 144A of the U.S. Securities Act of 1933.
- 4 "Moody's Assigns Definitive Aa2 Rating to GPS Blue Financing Dac; Outlook Stable," Moody's, 2023, https://www.moodys.com/research/Moodys-assigns-definitive-Aa2-rating-to-GPS-Blue-Financing-DAC--PR_476618. The Galápagos Marine Bond matches the tenor and amortization structure of the Galápagos Marine Loan. The difference between the fixed rate in the instruments is used to cover ongoing insurance premiums for the political risk insurance policy, trustee and agent costs, and liquid reserves to enable the Inter-American Development Bank (IDB) guarantee to be amortized. Fees for the guarantee are payable by Ecuador directly to the IDB as customary for guarantees provided by multilateral development banks.
- 5 Concepción Marcos et al., "Reviewing the Ecosystem Services, Societal Goods, and Benefits of Marine Protected Areas," *Frontiers in Marine Science* 8 (2021): <https://doi.org/10.3389/fmars.2021.613819>.
- 6 "Ecuador to Expand Galapagos Marine Reserve, President Says," Alexandra Valencia, Reuters, Nov. 1, 2021, <https://www.reuters.com/business/environment/ecuador-expand-galapagos-marine-reserve-president-says-2021-11-01/>.
- 7 Alex Hearn et al., *A Blueprint for Marine Spatial Planning of Ecuador's Exclusive Economic Zone Around the Galápagos Marine Reserve* (Quito, Ecuador: Universidad San Francisco de Quito, 2024), <https://libros.usfq.edu.ec/index.php/usfqpress/catalog/book/79>.
- 8 The local community representing civil society and environmental groups organized to campaign for the expansion of the marine reserves: <http://www.masgalapagos.info/>.
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Pew Bertarelli Ocean Legacy is a partnership between The Pew Charitable Trusts and Dona Bertarelli.