



**The Coalition  
of Finance Ministers  
for Climate Action**

# **Ecuador's Commercial Debt-For-Nature Swap to benefit La Hermandad Marine Reserve**

**Ecuador—Ministry of Economy and Finance**

**A contribution to the 'Compendium of Practice from a Global Community of Ministries of Finance and Leading Organizations: Economic analysis and modeling tools to assist Ministries of Finance in driving green and resilient transitions'**

**Topic:** Addressing the climate policy questions facing Ministries of Finance: financing the green and resilient transition

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**Access the full Compendium at [www.greenandresilienteconomics.org](http://www.greenandresilienteconomics.org)**

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The debt-for-nature swap carried out in 2023 was an operation that safeguarded the “La Hermandad” marine reserve of the Galápagos Islands, composed of 60,000 square km. It involved the exchange of approximately US\$1,630 million of existing debt for a new impact loan of US\$656 million linked to ambitious conservation commitments. This loan is backed by a political risk insurance policy from the Development Finance Corporation of the United States and a partial liquidity guarantee from the Inter-American Development Bank. The structuring agent of the transaction was Credit Suisse. Likewise, global conservation experts such as the Ocean Finance Company and Pew Bertarelli Ocean Legacy played a significant role in developing the general structure of the transaction and in supervising compliance with environmental and social commitments.

Nearly US\$450 million, which was previously destined to service debt payments, will be donated by the issuer of the impact loan (GPS Blue) to the newly created Galápagos Life Fund (GLF). This private conservation trust fund will finance projects in the Galápagos Islands that contribute towards conservation.

The GLF board of directors will oversee the approval of projects financed with these resources. It is important to note that the GLF is a private entity, whose investments come from foundations and do not imply the use of public funds.

The board has eleven members, eight of which are Ecuadorian and three foreign, listed below.

**Ecuadorian members of the board of directors—representatives from:**

- Ministry of Environment, Water and Ecological Transition (co-chair)
- Ministry of Defense
- Ministry of Foreign Affairs and Human Mobility
- Ministry of Production, Foreign Trade, Investments and Fisheries
- Governing Council of the Special Regime of Galápagos
- Association of Artisanal Fishermen
- Academy (currently the San Francisco University of Quito)
- The tourism sector in Galápagos (currently CAPTURGAL).

**Foreign members of the board of directors—representatives from:**

- Oceans Finance Company
- Ledunfly Philanthropy
- Pew Bertarelli Ocean Legacy (an NGO)

The board will be responsible for the executive control and management of the Fund, as well as its correct and efficient administration, considering social, economic and sustainability aspects. The GLF plans to conduct annual audits and reports on both budget allocation and project management.

The Fund is made up of both private and public sector entities, who are responsible for approving the projects to be funded. This ensures there is transparency and Ecuador can have a say in the projects funded based on the country's environmental objectives.

Over the next 18.5 years, projects designed to support and promote the maintenance, growth, and security of the natural capital of the Galápagos Islands and their marine ecosystems will be funded. The GLF will be able to use the funds for projects related to the management of the existing marine reserve and the Hermandad Marine Reserve, sustainable fishing projects, environmental education projects, sustainable tourism and blue economy projects, and other projects focused on conservation and sustainability and the interests of the Galápagos Islands community.