

Annual Environmental and Social Monitoring Report

JUNE 2026



Galápagos
life fund



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Abbreviations

ABG	Agencia de Regulación y Control de la Bioseguridad y Cuarentena para Galápagos (Galapagos Biosecurity Agency)
ADI	Area of Direct Influence
ARE	Ecuadorian Navy
CDF	Charles Darwin Foundation
DIRGIN	Dirección General de Intereses Marítimos (General Directorate of Maritime Interests)
DIRNEA	Dirección Nacional de Espacios Acuáticos (National Directorate of Aquatic Spaces)
DFC	United States International Development Finance Corporation
DMS	Vessel Monitoring Systems
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESSA	Environmental and Social Screening and Assessment
GESI	Gender Equality & Social Inclusion
GLF	Galápagos Life Fund
GBVH	Gender-Based Violence and Harassment
GM	Grievance Mechanism
GMR	Galápagos Marine Reserve
GNP	Galápagos National Park
GNPD	Galápagos National Park Directorate
GWP	Global Warming Potential

HMR	Hermandad Marine Reserve
HPI	High Potential Incident
H&S	Health and Safety
HSE	Health, Safety and Environment
ICSEM	Instituto para el Crecimiento Sostenible de la Empresa S.L.
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IIG	Inter-Institutional Group
IUCN	International Union for Conservation of Nature
LGBTIQ+	Lesbian, Gay, Bisexual, Transgender, Intersex, Queer/Questioning, and others
MAATE	Ministerio de Ambiente, Agua y Transición Ecológica (Ministry of Environment, Water and Ecological Transition)
MAE	Ministerio de Ambiente y Energía (Ministry of Environment and Energy)
MAGP	Ministerio de Agricultura, Ganadería y Pesca (Ministry of Agriculture, Livestock and Fisheries)
MICI	IDBs Independent Consultation and Investigation Mechanism
MPA	Marine Protected Area
MPCEIP	Ministerio de Producción, Comercio Exterior, Inversiones y Pesca (Ministry of Production, Foreign Trade, Investments and Fisheries)
NGO	Non-governmental organizations
NMA	National Maritime Authority
OFC	Oceans Finance Company B.V.
PS	Performance Standard
RACI	Responsible, Accountable, Consulted, or Informed
RFP	Request for Proposals
SEAH	Sexual Exploitation, Abuse, and Harassment
SEP	Stakeholder Engagement Plan
SMP	Security Management Plan
SRP	Subsecretaría de Recursos Pesqueros (Undersecretary of Fishery Resources)
TAP	Transitional Assistance Plan
USA	United States of America
USFQ	Universidad San Francisco de Quito



1 INTRODUCTION

1.1. PURPOSE

This document is the Annual Environmental and Social (E&S) Monitoring Report for the Galápagos Life Fund (GLF). It provides information about GLF’s operational environmental and social performance, as well as activities associated with GLF funded projects’ during the second year of the fund’s operations. To align with the calendar and fiscal year, the GLF has updated its Reporting Period and as a result, this report is an update of the 2025 Annual Monitoring Report, issued in June 2025 for the 1 June 2024 to 31 May 2025 period. It provides an update on the GLF’s Annual E&S Monitoring Report from the period 1 January to 31 December 2025 (hereafter referred to as the Reporting Period).

The public disclosure of this reports forms part of the GLF’s commitment to keep the government and citizens of the Galápagos and the Republic of Ecuador (Ecuador), interested non-government organisations and other stakeholders informed of its performance and activities.

1.2. BACKGROUND

In January 2022, Ecuador established a new marine protected area (MPA), the Hermandad Marine Reserve (HMR). The HMR adds 60,000 km² of protected waters adjacent to the existing Galápagos Marine Reserve (GMR), which was created in 1998 and covers 142,000 km². It protects the Galápagos-Cocos Swimway, a marine corridor used by various iconic species of conservation concern to travel between the Galápagos Marine Reserve and Cocos Island National Park in Costa Rica.

The designation of the HMR was supported by a debt conversion financing mechanism designed to provide financial resources for the management and conservation of the marine reserve and its surrounding ecosystem. To oversee the allocation of these funds, the GLF, a conservation trust fund, was established as a non-profit in Delaware, USA.

The GLF sets out to provide financial support and promote the maintenance, growth, and security of the natural capital of the Galápagos Islands and their marine ecosystems by making grants to or funding projects of, organizations, government agencies and other entities for relevant environmental and social development projects as informed by biodiversity, social, economic, sustainability and climate change matters and by pledging assets to secure loans and other obligations in furtherance of the purpose.

1.3. GALÁPAGOS LIFE FUND (GLF)

The GLF was established in 2023 and operates from Santa Cruz Island within the Galápagos archipelago. As a non-profit organization, the GLF adheres to Ecuadorian law and regulations, as well as best international practices and standards, including the International Finance Corporation (IFC) Performance Standards (PS).

The GLF has an 11-member Board of Directors comprising five government and six non-government representatives from the artisanal fishing, local tourism, and academic communities. The Board of Directors is supported by a Technical Advisory Committee and a Finance Committee. The structure of the GLF is set out in Figure 1.

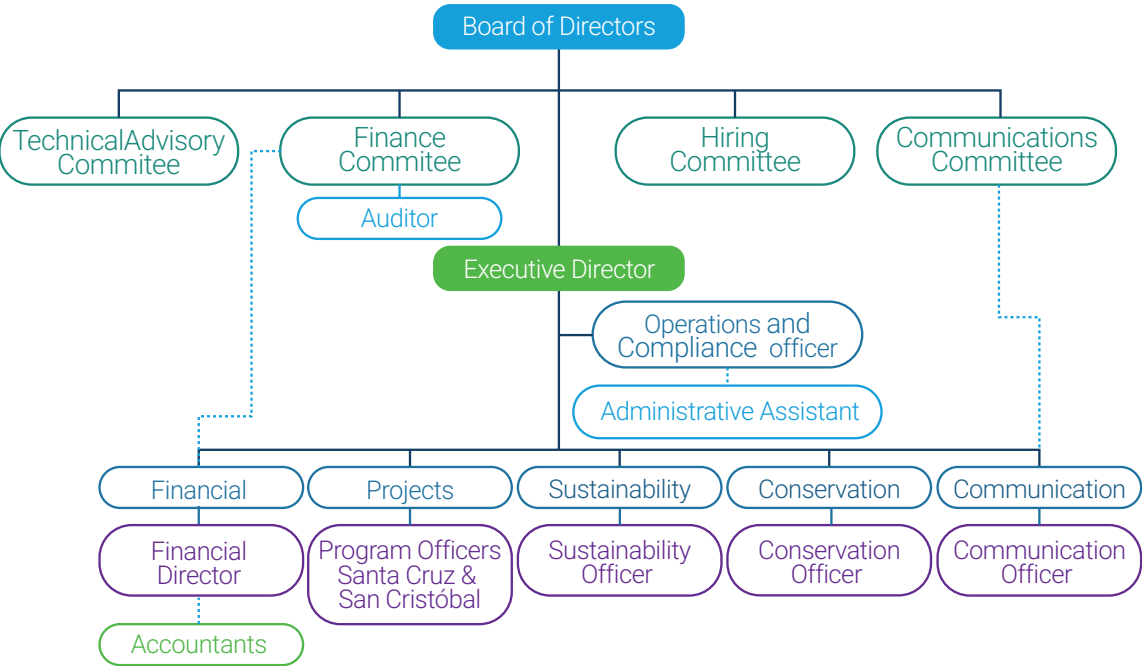


Figure 1: Galápagos Life Fund Organizational Structure

As of December 2025, the GLF organizational structure comprised the following full-time personnel:

- Executive Director
- Operations and Compliance Officer
- Administrative Assistant
- Financial Director
- Sustainability Officer
- Conservation Officer
- 2 Program Officers
- Communications Officer

The primary objective of the GLF is to provide funding through grants and other forms of support that promote the conservation, maintenance, growth, and security of the natural capital of the Galápagos National Park (GNP), the GMR, and the HMR. The GLF seeks to fill major funding gaps in responding to various environmental, social, sustainable development, and conservation issues. This includes ensuring the effective implementation of the Management Plan for the HMR, which was established by the Ministry of Environment, Water and Ecological Transition (MAATE) in 2023 in accordance with Ecuadorian legislation. Associated activities include supporting the monitoring and surveillance of the new marine reserve. In July 2025, a number of changes were made in the Government ministries, and MAATE became the Ministry of Environment and Energy (Ministerio de Ambiente y Energía, MAE) and has overall responsibility for the implementation of the HMR Management Plan.

1.4. GLF PROJECT UPDATES

This Reporting Period marks a strategic shift as the first round of small, medium and large grants including multi-year initiatives —both governmental and non-governmental— were awarded and the majority of grants transitioned into active implementation. The GLF’s Environmental and Social Management System (ESMS) is now fully operational, and applied to the entire grant portfolio and GLF’s daily operations.

This section provides an overview of the status of the GLF-funded projects initiated in 2025.

1.4.1. GOVERNMENT GRANT (3-YEAR DURATION)

Project Title: “Cooperative Strengthening of the Marine Control and Surveillance System of the Galápagos National Park Directorate, the Ecuadorian Navy, and the Undersecretariat of Fishery Resources to Safeguard the Hermandad Marine Reserve and the Galápagos Marine Reserve”

Year 1 (Implementation): The first year of the grant is administered by the Jocotoco Foundation and WildAid. Implementation is conducted in coordination with the direct beneficiaries: the Galapagos National Park Directorate (GNPD), the Ecuadorian Navy (ARE) and the Undersecretary of Fishery Resources (SRP). Activities are primarily centered on the procurement of equipment and professional services. Consequently, the overall E&S risk assessments for this period resulted in predominantly minor risks, as no field operations were directly managed by the project partners during this phase. GLF collaborated with the government entities and administrative partners to prepare the Project’s Environmental and Social Management Plan (ESMP), establishing safeguard instruments based on a thorough risk assessment. GLF is monitoring the ESMP’s implementation through quarterly reports, gaining insights that are vital for subsequent planning.

Further information on the Government Project progress in 2025 is provided in the 2025 Annual Impact and Project Report.

Years 2 & 3 (Planning phase): In December 2025, the GLF Board of Directors approved the transition of the administration of the grant for Years 2 and 3 directly to the GLF. A risk assessment has been



completed and the Project ESMP will be updated with the relevant parties to account for the activities planned for Years 2 and 3, with a specific focus on the integration of the Security Management Plan (SMP). The Stakeholder Engagement Plan (SEP) and Grievance Mechanism (GM), will also be revised accordingly.

Technical Oversight: GLF provided expertise to support the preparation and implementation of the Government Project’s ESMP and associated safeguards. In addition, GLF provided technical support and oversight of the upgrading of the National Directorate of Aquatic Spaces (DIRNEA) data center in Guayaquil, specifically ensuring the procurement of cooling and fire suppression systems utilizing low Global Warming Potential (GWP) refrigerants. The data center hosts the IT infrastructure that supports the services and applications of the National Maritime Authority. Due to wear and tear from prolonged use, several of its supporting systems have reached the end of their useful life. An upgrade of its technological and physical infrastructure was required to ensure optimal performance in compliance with industry best practices. The purpose of the upgrade was to renew and upgrade the data center’s supporting systems, including climate control, backup power, fire suppression systems, biometric access, environmental sensors, and physical modifications, in order to guarantee a secure, reliable, and efficient environment.

1.4.2. NON-GOVERNMENTAL GRANTS

The first open call for proposals which was launched in December 2024 resulted in the approval of nineteen (19) grants during 2025, spanning two priority areas: 1) Community Outreach and Education, and 2) Sustainable Fisheries as shown in the table below:

Table 1: Non-governmental Grants awarded in 2025

Priority Area	Grant Size	Duration	Number of Grants
Community Outreach and Education	Small	1-Year	10
	Medium	2-Year	2
Sustainable Fisheries	Medium	2-Year	4
	Large	3-Year	3
Total			19

All grants underwent a rigorous technical review and selection process by the GLF Technical Advisory Committee in line with GLF’s systems and processes. To ensure compliance with the ESMS and operational excellence, the GLF conducted mandatory inception workshops with all grantees. Workshops were held online and in-person (Santa Cruz and San Cristobal), training all new grantees in the requirements and expectations regarding ESMP implementation including monitoring, reporting and grievance management. All non-governmental grants underwent a standardized E&S risk evaluation process, which led to the preparation of individual ESMPs for each project. All projects were categorized as Category C (Low Risk).

The environmental and social risk profiles of these non-governmental projects vary depending on their specific activities and operational context. Typical E&S risks and potential impacts identified across the two priority areas include:

- **Community Outreach and Education:** Risks in this area are generally minor and primarily related to community and occupational health and safety during field excursions (only day trips) or educational events, minor waste generation, and the socio-cultural necessity of ensuring equitable, non-discriminatory stakeholder engagement that includes priority gender and social inclusion (GESI) groups across different islands (IFC PS1, PS2, PS3, PS4).
- **Sustainable Fisheries:** Risks in this category are typically associated with occupational health and safety during maritime operations (only coastal fishing in the GMR), catch handling, and processing. Other potential impacts include localized waste management, labor and working conditions within cooperatives, and the critical need to ensure that supported fishing practices strictly adhere to sustainable resource management to protect marine biodiversity (IFC PS1, PS2, PS3, PS6).

To systematically manage these varying profiles, all grants are strictly required to develop and implement safeguard instruments corresponding to the nature and magnitude of their specific risks, in full alignment with the GLF’s ESMS. Regardless of the priority area, every approved project must implement, at a minimum, a customized Environmental and Social Management Plan (ESMP), a Stakeholder Engagement Plan (SEP), and a project-level Grievance Mechanism.

Implementation Status: All ten (10) small grants are currently in implementation and are expected to be nearing the end of their implementation period by mid-2026. The nine (9) medium and large grants have been formally awarded and active implementation is expected to start by early 2026.

1.4.3. CAPACITY BUILDING & 2025 INITIATIVES

In December 2025, GLF launched a second open call for proposals with a total funding value of USD 3.9 million. Priority areas included in the call were:

- Sustainable Fisheries
- Education and Community Outreach
- Marine Research
- Sustainable Tourism

To support this second call, GLF conducted a series of informative workshops across Santa Cruz, San Cristóbal, and Isabela in December 2025 which shall continue into January 2026. These sessions focus on the ESMS requirements to support perspective grantees with grant applications, creating greater awareness and understanding on E&S risk screening, risk categorization, and the application of the GLF Exclusion List to support the delivery of high-quality, compliant applications.



02.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

As the GLF transitions from the foundational design of the ESMS to its full operational implementation, the fund is committed to a shift in perspective that prioritizes practical impact over administrative process. Our aim is to ensure the ESMS is a practical and transformative tool used to identify and mitigate environmental and social risks. By doing so, the GLF ensures that safeguards function as an active mechanism for delivering tangible benefits to the Galápagos ecosystem and the communities that depend on it.

To support this expanded operational mandate, the GLF will recruit a new Technical Sustainability Officer in early 2026. This strategic expansion of the sustainability team is necessitated by the increased volume of non-governmental projects and the fund’s direct responsibility for managing years 2 and 3 of the Government Project. This role will ensure that technical E&S safeguards are robustly implemented, monitored, and integrated into the daily operations of both the fund and its executing partners.

2.1. ENVIRONMENTAL AND SOCIAL ACTION PLAN (ESAP)

The GLF continues to operate under its own ESAP, which is routinely updated and serves as a live document to ensure compliance with International Finance Corporation (IFC) Performance Standards. The ESAP functions as an active, internal management tool and this Annual E&S Monitoring Report serves as a detailed summary of the ESAP’s implementation progress.

During this Reporting Period, the GLF maintained a high level of dedication to closing remaining operational action items and implementing the ongoing actions translating policy into practice.

Progress: Significant milestones were achieved during 2025 in closing critical ESAP requirements, including:

- **Operational Readiness:** The GLF is now fully operational with a highly qualified technical and administrative team. Institutional roles and responsibilities have been formalized and clearly assigned utilizing a comprehensive Responsible, Accountable, Consulted, or Informed (RACI) Matrix.
- **ESMS Application:** The GLF’s ESMS is complete, fully operational, and actively applied across the entire portfolio of awarded grants. This is being monitored by the GLF Sustainability team.
- **HMR Safeguard Implementation:** Crucial safeguards for the HMR, specifically the Transitional Assistance Plan (TAP) and the Security Management Plan (SMP), have transitioned into active implementation.

While most foundational operational items have been closed, the development and execution of the comprehensive Monitoring and Evaluation Plan (ESIA Section 8.3) for the HMR remains in progress. A review of the ESIA has been undertaken and certain aspects of the ESMPs recommended in the ESIA are deemed as either a) not relevant (confirmed by supplementary studies conducted in 2024-2025), b) already being fulfilled by ongoing efforts by the Government of Ecuador, including some documented explicitly in the broader transaction’s Sustainability Commitments, c) being superseded by more relevant/context-appropriate activities proportionate to the nature of E&S risks/impacts involved (e.g., TAP, SMP). This review resulted in delays in the execution of some of the ESIA requirements, however progress will be made in the next Reporting Period to close the ESAP actions.

In addition, continued efforts will be made to ensure ongoing actions items are met and the GLF continues to meet the IFC PS through implementation of its ESMS.

2.2. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)

GLF implemented the Environmental and Social Management System (ESMS) throughout the grant lifecycle of both the Government Project and the first open call, as illustrated in Figure 2. The ESMS’s structured approach, embedded from conceptualization to closure, ensures that all grant-funded projects systematically identify, evaluate, and manage potential environmental and social risks. The goal is to enforce appropriate mitigation measures to avoid, minimize, or mitigate adverse impacts. E&S risk management responsibilities are shared between GLF and the Grantees, with comprehensive screening and evaluation dictating the necessary depth of assessment commensurate with the project’s identified risk profile.

The formal ESMS process begins with GLF integrating an E&S Information Package into its Call for Proposals. This package contains the GLF E&S Policy, Exclusion List, and ESMS Manual, ensuring that potential Grantees have transparent access to compliance expectations from the start.

During project conceptualization, Grantees conduct an E&S risk screening utilizing GLF’s Excel-based Environmental and Social Screening and Assessment (ESSA) tool. The Grantees screen the proposed activities against the exclusion list and assign a preliminary project risk category: Category A (High Risk), Category B (Moderate Risk), or Category C (Low Risk). It is important to note that GLF does not finance Category A projects. This screening also identifies necessary initial safeguard instruments, as all projects require an Environmental and Social Management Plan (ESMP), a Stakeholder Engagement Plan (SEP), and a Grievance Mechanism.

GLF then performs an evaluation of the E&S Screening findings to validate compliance and the risk categorization. The results inform the Technical Advisory Committee’s shortlisting of Concept Notes invited to develop full proposals.

Approved projects advance to the E&S Assessment phase during Full Proposal development. This involves a comprehensive, methodical evaluation by the Grantee of specific risks, impacts, and opportunities, supported by site visits and stakeholder consultation as needed. The outcomes inform the development of a preliminary ESMP and additional safeguard instruments while also considering specific local legal requirements, such as those for projects in the Galápagos.

GLF conducts a thorough E&S evaluation of the project proposals. A positive Evaluation Report presented

to the Technical Advisory Committee is mandatory for proposal approval. Following approval, GLF incorporates ESMS standard clauses into every final Grant Agreement, and final, operational versions of the respective ESMP including safeguard instruments such as the Stakeholder Engagement Plan (SEP), and the Grievance Mechanism (GM) are an integrated part of every agreement.

During implementation and monitoring, the active phase of risk management, the Grantee implements the ESMP and submits environmental and social monitoring reports quarterly or biannually (depending on the grant size) using a GLF reporting template. GLF maintains secondary monitoring responsibility through report reviews and site visits, with the authority to suspend or cancel grants for persistent non-compliance.

The final stage is ESMP closure, where Grantees prepare an ESMP Execution Closure Report highlighting results, challenges, and lessons learned. GLF reviews this report to evaluate compliance, and findings are considered when reviewing future proposals from the Grantee. Any grant-funded projects not subject to a regular Call for Proposals must still adhere to this comprehensive ESMS protocol.

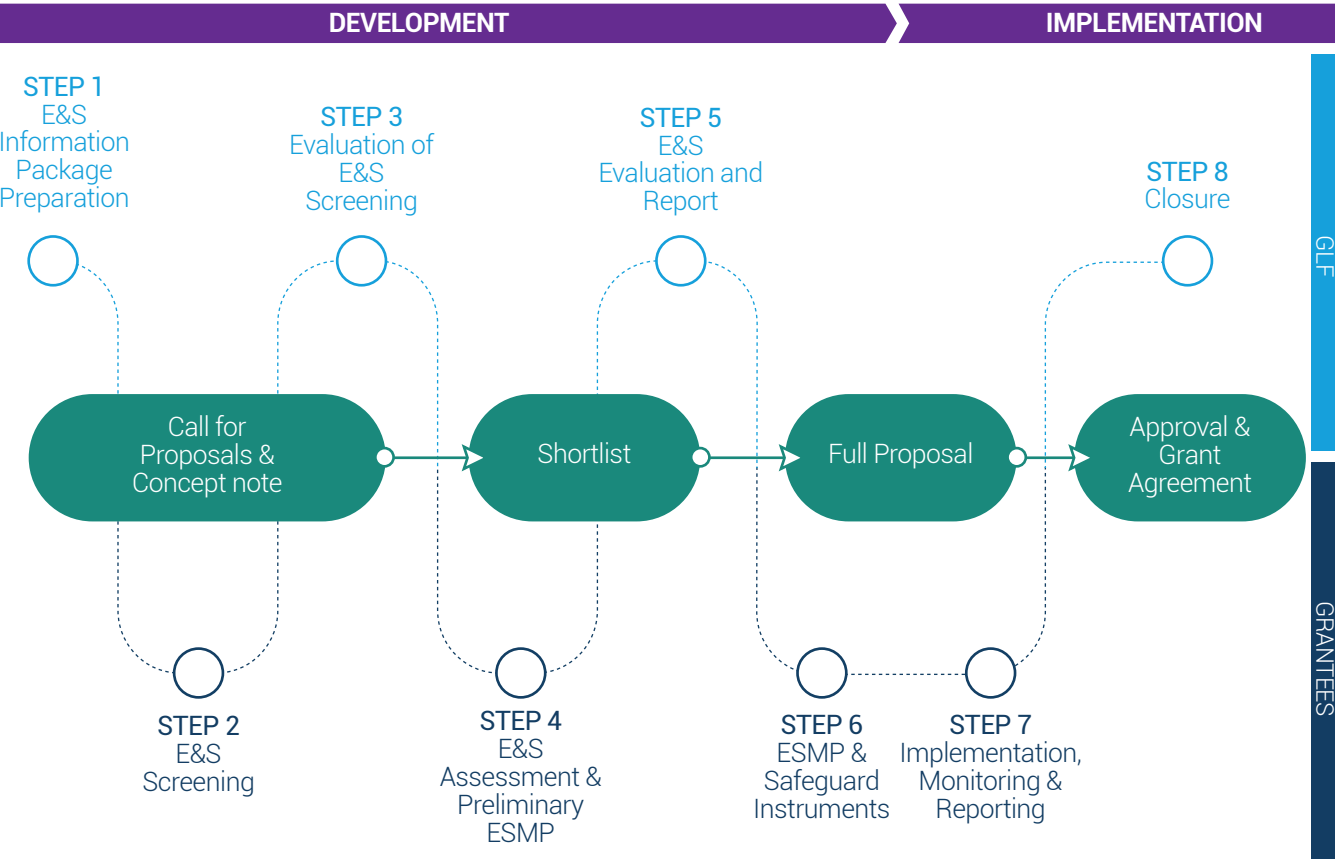


Figure 2: E&S Risk Management and the Grant Cycle

The ESMS is transitioning from a structural framework into a dynamic operational tool, with significant technical refinements made regarding the E&S risk screening and assessment process during 2025 to enhance objectivity and standardization in risk management (https://galapagoslifefund.org.ec/data_resources/environmental-and-social-risk-management-system-esms/).

2.3. GLF POLICIES

The GLF operates under a comprehensive policy framework designed to align all activities with the IFC Performance Standards and international best practices. During 2025, the focus transitioned from policy development to institutionalizing these standards through internal alignment and external contractual obligations.

2.3.1. INTERNAL AND EXTERNAL COMPLIANCE

- **Staff Familiarization:** All GLF personnel have undergone formal familiarization with the fund’s suite of policies, ensuring that E&S considerations are integrated into every level of the organization’s decision-making process.
- **Grantee Oversight:** In direct coordination with GLF-funded project Grant Managers, the fund has implemented a rigorous follow-up protocol. This ensures that E&S policies are being thoroughly applied within the field operations of every active project.
- **Knowledge Transfer:** Grantees participated in mandatory inception workshops (Santa Cruz and San Cristóbal) to bridge the gap between policy theory and practical implementation, with a focus on worker rights and grievance management.

2.3.2. NEW E&S SAFEGUARD AND POLICY COMPLIANCE INSTRUMENTS

To strengthen the enforceability of its E&S standards, GLF is currently developing two new instruments to be integrated into the procurement and grant-making lifecycle:

1. Declaration of Undertaking

- Purpose: This document is utilized during the Procurement Process to secure a high-level commitment from all bidders.
- Function: It serves as a mandatory pre-qualification requirement, where bidders formally pledge to adhere to GLF’s ethical, social, and environmental standards. This ensures that only partners who are aligned with GLF’s core values proceed to the final selection stages.

2. Standardized E&S Contractual Terms

- Purpose: To transform E&S requirements from “guidelines” into legally binding obligations.
- Scope: These terms are an integrated component of all future grant agreements and procurement contracts for goods and services exceeding USD 5,000.
- Function: By embedding these clauses into legal contracts, GLF ensures that E&S performance is a condition of funding and service delivery. This provides the fund with clear legal leverage to ensure compliance throughout the duration of a project or contract

2.3.3. HUMAN RIGHTS & ETHICS MANAGEMENT

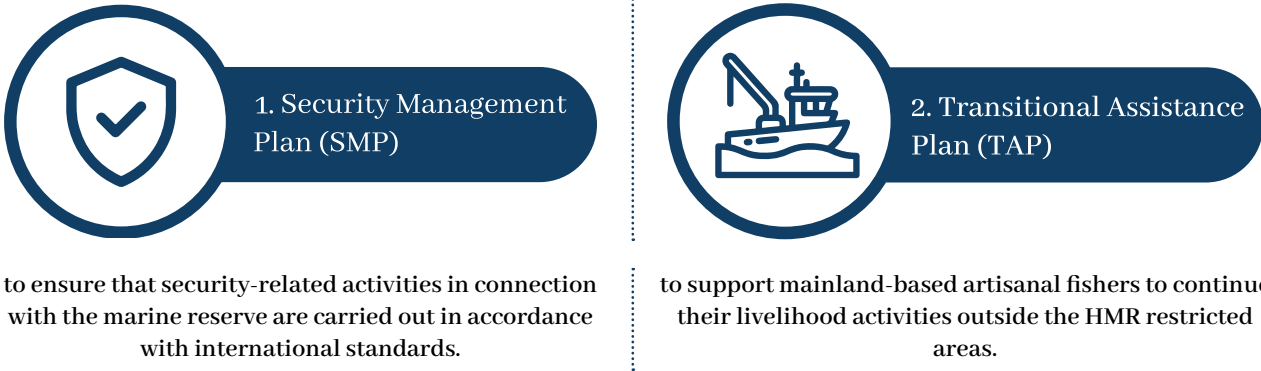
The GLF Ethics Hotline and Grievance Mechanism (<https://galapagoslifefund.org.ec/wp-content/uploads/2025/07/POSTER-QUEJAS.jpeg> and <https://glf.lineaconfidencial.com/>) remain the primary safeguards for transparency. In 2025, the fund emphasized the accessibility of these tools for marginalized groups, particularly within the artisanal fishing sector and community outreach initiatives, to ensure a “do no harm” approach across the archipelago.

2.4. HERMANDAD MARINE RESERVE (HMR) ENVIRONMENTAL AND SOCIAL (E&S) STUDIES AND PLANS

In March 2023, the HMR Management Plan was published by the Ministry of Environment, Water and Ecological Transition (MAATE, *Ministerio de Ambiente, Agua y Transición Ecológica*) ¹ as part of the declaration of HMR to outline the management requirements and management programs to protect critical oceanic ecosystems, migratory routes, and feeding grounds of threatened marine species, as well as to maintain a responsible fishing zone where longline fishing is excluded. The HMR Management Plan is a comprehensive document aligned with Ecuadorian legislation.

As part of the debt-for-nature conversion, an Environmental and Social Impact Assessment (ESIA) was commissioned to review the government’s plan against international benchmarks like the IFC Performance Standards and IUCN Global Standard. The ESIA concluded that while the plan was robust, several supplementary programs were necessary, as well as additional actions to be implemented to supplement the programs defined in the HMR Management Plan. The proposed supplementary programs are defined in the ESIA and are referred to as Environmental and Social Management Plans (ESMPs). These address security management, community health and safety, capacity strengthening, compensation to address potential socio-economic impacts on local communities and an environmental and socio-economic monitoring.

Building on the main gaps identified in the ESIA, two key plans were developed and implementation of these took place in 2025:



The sections below provide an update on the status of their implementation.

2.4.1. SECURITY MANAGEMENT PLAN

GLF continues to oversee the implementation of the HMR Security Management Plan (SMP), with the support of NLA International (NLAi) following the completion of a comprehensive security risk assessment and stakeholder engagement process involving the Ecuadorian Navy (ARE), the Galápagos National Park Directorate (GNPD), the Ministry of Environment and Energy (MAE), the Ministry of Agriculture and Fisheries (MAGP), local fishing communities, and relevant non-governmental organisations. The SMP is designed to ensure that all security-related activities associated with the management

¹ MAATE (2023). Plan de Manejo de la Reserva Marina Hermandad. Ministerio del Ambiente, Agua y Transición Ecológica. Dirección del Parque Nacional Galápagos. Subsecretaría de Patrimonio Natural. Fundación de Conservación Jocotoco. Biogennia Cía. Ltda.



and enforcement of the HMR are undertaken in accordance with international standards, including the principles of proportionality, accountability, human rights, and international good practice relating to the recruitment, training, conduct, equipping and oversight of security personnel. Importantly, the application of these international standards is designed to complement existing national frameworks; the SMP does not undermine or replace Ecuador’s sovereign rules, laws, and institutional norms.

Implementation of the SMP continued throughout 2025. A major focus during the Reporting Period was the establishment and maturation of governance and coordination mechanisms between the principal institutions responsible for HMR security management, together with the development of operational procedures, risk management systems, and training arrangements.

Key activities required under the SMP and undertaken during the Reporting Period are summarised below:

- 1. Establishment of the Inter-Institutional Group (IIG).** Significant progress was made towards the process of establishing the HMR IIG, comprising representatives from GNPD/MAE, the Ecuadorian Navy (DIRGIN/ARE), and the Fisheries Directorate (SRP/MAGP). There was significant progress made during the second half of 2025, with an extraordinary meeting held in late 2025. It is expected that the IIG will be operational in early 2026.
- 2. Development of HMR Security Governance and Operating Procedures.** The Ecuadorian Navy, acting as National Maritime Authority (NMA) and HMR Security Coordinator, continued development and implementation of the Security Coordinator Management Manual and associated Security Operating Procedures and Annual Operating Plan for HMR operations. NLAI continued facilitating coordination meetings between the Navy, GNPD and SRP to strengthen implementation and establish common operating practices consistent with IFC Performance Standard 4 (PS4).
- 3. Strengthening Security Governance, Risk Management and ESMS Integration.** NLAI supported GLF and government stakeholders to integrate security management requirements into the ESMS, including review of Environmental and Social Management Plans (ESMPs) for both public and private sector grantees. Work also progressed to expand the Navy’s risk management framework to incorporate HMR-specific risks relevant to GNPD and SRP operations. NLAI continued advising on governance mechanisms, accountability

processes, incident reporting procedures, and grievance management arrangements to strengthen compliance with IFC PS4 and international good practice.

2.4.2. TRANSITIONAL ASSISTANCE PLAN

Following the recommendations in the ESIA, a consultancy ‘Instituto para el Crecimiento Sostenible de la Empresa S.L.’ (ICSEM) commenced additional studies in 2023 to assess the potential socioeconomic impacts of the designation of the HMR on the artisanal fishing community and to develop necessary social safeguards to protect this community. The studies are set out in the table below.

Table 2 Social Safeguard Assessment

Phase/ Task	Description
Phase 1	
Spatial Analysis	Identified the utilization patterns and ecological characteristics of HMR, including key hotspots of fishing activity, and distribution of fishing effort. A preliminary assessment of the potential impact of the HMR designation on fishing operations and marine biodiversity determined direct implications for the socio-economic fabric of coastal communities, particularly those engaged in large-scale fishing operations facilitated by mother ships.
Impact Estimate / Economic Valuation	Determined the economic significance of HMR for local fishing communities considering catch volumes, market prices, and revenue generated by fishing enterprises operating within HMR to enable the potential economic impacts of the HMR designation to be evaluated, including changes in fishing opportunities, income levels, and livelihoods of artisanal fishermen.
Transitional Assistance Plan	A plan to provide short-term transitional assistance to artisanal fishers economically displaced by HMR restrictions in alignment with the IFC Performance Standards.
Phase 2	
Socio-economic Baseline	Primary data collection to characterise the communities reliant on fishing activities within HMR. Involved engagement with fishermen, community leaders, and fisher associations, researchers collect information on various socioeconomic indicators, such as livelihoods, income levels, social structures, skills, capacities, access to resources, and other relevant factors. The baseline provides the socioeconomic conditions of the fishing communities, to serve as a reference point for evaluating changes resulting from the establishment of the HMR.
Socio-economic Impact Assessment	Assessment of the impact of the new marine protected area on artisanal fishing communities on Ecuador mainland.

The impact assessment confirmed that the establishment of the HMR and its introduced zoning regulations may impact the local mainland artisanal fishing community. These restrictions are designed to conserve marine biodiversity but have the potential to result in minor displacement of local mainland based fishers from HMR to new fishing areas, increased operational costs and distances travelled, thereby potentially affecting their livelihoods. In response, GLF, with the support of ICSEM and in partnership with the Subsecretary of Fishery Resources (SRP), the National Directorate of

Aquatic Spaces (DIRNEA), and the main fishing organisations, developed a Transitional Assistance Plan (TAP) to mitigate the potential adverse impacts of the HMR on the impacted mainland artisanal fishing community through targeted assistance measures.

The TAP was completed and approved for implementation, and ICSEM was appointed to support its operational roll-out. Since early 2025, implementation has moved from design and institutional preparation into field execution, with progress structured around three mutually reinforcing workstreams: 1) vessel monitoring and safety, 2) capacity strengthening, and 3) regulatory and governance support.

- 1. **Vessel monitoring and safety.** The vessel monitoring system (DMS) workstream is progressing from technical assessment and supplier selection support to pilot implementation. The beneficiary database was consolidated with an initial universe of approximately 1,928 artisanal long-line vessels across five target communities, of which approximately 1,747 have active permits. For the pilot installation phase, around 270 vessel records were compiled for DMS registration and cross-checked with DIRNEA’s authorised vessel list, confirming approximately 240 vessels as eligible or technically validated at that stage, while the remaining cases were classified for manageable regularisation and follow-up.

The selection and prioritization process for the pilot phase is based on the TAP eligibility criteria, the validated beneficiary database, permit status, DIRNEA authorization records, vessel availability, and the sequencing agreed with fisher leaders and institutions for the first 200-device units’ pilot.

- 2. **Capacity strengthening.** The capacity-building workstream has been substantially implemented.
 - Technical Training: Ten sessions were delivered across five fishing communities, reaching a total of 535 participants.
 - Module 1: Outboard engine and vessel maintenance (268 participants).
 - Module 2: Fish handling, conservation, and value-addition (262 participants).
 - Gender Impact: The second module achieved exceptionally strong participation from women, who represented 71% of the attendees.

The capacity-strengthening axis concluded with a community value-addition showcase in Manta. This event provided a public platform for demonstrating the skills acquired during the training programme, strengthened community cohesion around the TAP, and gave visibility to women’s economic participation in the fishing value chain. It also helped identify a first cohort of women-led groups with potential for further consolidation in a subsequent support phase.

- 3. **Regulatory and governance support.** The regulatory and governance component is central to TAP implementation because the DMS pilot required not only a selected device and a validated beneficiary base, but also a legally and institutionally workable framework for the nodriza–fibra (mother-ship with skiffs) operating model². This fleet structure had not previously been regulated in a way that fully addressed the use of satellite monitoring devices on artisanal fibre vessels operating in association with motherships.

The TAP supported a structured regulatory assistance process focused on the co-design, review, validation and socialisation of a Ministerial Agreement to enable the DMS pilot. This process involved SRP, DIRNEA, legal advisers, ICSEM, and representatives of the fishing sector, including mothership and fibre-vessel leaders. It involved a sustained sequence of technical and sectoral exchanges, including review of the regulatory gap, discussion of the pilot design, clarification of institutional responsibilities, and article-by-article validation of the draft instrument.

Grievance Mechanism. No formal grievances have been submitted through the TAP grievance channels to date; however, informal queries and concerns have been logged and managed, mainly regarding the timing of the Ministerial Agreement, installation requirements, vessel validation, and potential implications for port clearances and fishing operations.

Overall, the TAP has established the technical, institutional and social foundations required for scaled implementation. The immediate priorities are to complete the first 200 DMS installations, and document lessons from the pilot phase. This evidence will be essential to inform the wider roll-out to the remaining eligible fleet, assess user experience and compliance challenges, and support adaptive implementation of the HMR-related social safeguards.

Furthermore, to ensure long-term effectiveness and adaptively manage any changes in socioeconomic impacts associated with the marine reserve, the GLF has structured a continuous monitoring framework. The current pilot phase—focused on the installation of the Vessel Monitoring Systems (DMS) and data transmission testing—is scheduled to conclude in Q4 2026. A two-year TAP Extension will commence by the end of Q4. This extended monitoring phase is specifically designed to evaluate the sustainability of the interventions, analyse ongoing operational reports, and conduct regulatory verification. This framework will allow the GLF to rigorously track changes in the socioeconomic baseline and measure the final outcomes and overall effectiveness of the transition assistance provided to the artisanal fishing community.

2.4.3. GENDER AND SOCIAL INCLUSION (GESI) STUDY

A Gender Equality & Social Inclusion (GESI) Assessment for the Galápagos Province was commissioned by Oceans Finance Company B.V. (OFC) and supported by the Galápagos Life Fund (GLF) as part of OFCs broader program in Ecuador. Its purpose is to understand how women, men and priority GESI groups become aware of, qualify for, access, benefit from and safely participate in financed conservation and livelihood projects in the Galápagos Area of Direct Influence (ADI), and to translate this evidence into practical hooks for future GESI Action Plans.

The assessment confirms that while community participation is widespread, it is frequently unequal and symbolic, with limited influence on decision-making. Four key barriers drive this:

- 1. institutional and project-design limitations;
- 2. capacity gaps leading to funding concentration in larger NGOs;
- 3. gender inequalities—specifically women’s unpaid care burdens—and the exclusion of priority groups (disabled, elderly, LGBTIQ+, ethnic minorities); and sociocultural governance factors that have eroded trust between communities and institutions. Security risks regarding SEAH/GBVH

2 Nodriza-based operations account for ~80% of Ecuador’s artisanal pelagic catches (PMC 2015)

persist in field contexts, necessitating aligned grievance mechanisms and survivor-centered referral pathways.

To address these issues, a GESI Action Plan for GLF will be prepared in 2026 which will prioritize establishing permanent, multi-channel communication and accountability mechanisms; pairing funding with mandatory mentoring and creating differentiated grant windows for community organizations; budgeting for childcare, transport, and accessibility as core project features; institutionalizing meaningful GESI representation in decision-making; and operationalizing robust SEAH/GBVH safeguards during fieldwork. Ultimately, these actions aim to shift participation from symbolic to structural and inclusive, enhancing the project's social license and conservation impact.

2.4.4. OTHER ENVIRONMENTAL AND SOCIAL MANAGEMENT PLANS (ESMPS)

As outlined in Section 2.4 above, a number of additional programs, referred to as ESMPS were identified during the ESIA to better ensure that the HMR aligns with international standards, namely the IFC Performance Standards and the IUCN Global Standard for Marine Protected Areas.

The GLF, together with Oceans Finance Company B.V. (OFC) undertook an assessment to determine the current status of the implementation of these programs, namely the following as required by the Environmental and Social Action Plan (ESAP):

- Organizational Development Program (ESIA Section 8.2.1)
- Community Capacity Strengthening Program (ESIA Section 8.2.4)
- Monitoring and Evaluation Plan (ESIA Section 8.3)
 - Biotic Environment
 - Abiotic Environment
 - Socioeconomic Environment

Efforts are being made to progress these programs and plans through engagement with the relevant authorities. During this Reporting Period, a primary focus was the Organizational Development Program (ESIA Section 8.2.1). To advance this initiative, the GLF initiated discussions and began preparing a Request for Proposals (RFP) specifically focused on strengthening the administrative and operational capacity of the Galápagos National Park Directorate (GNPD) for the management of the HMR. This preparatory work sets the foundation for ensuring the GNPD's organizational structure can scale proportionally, as required, with the increased demands of the HMR. Terms of reference are being developed in cooperation with the GNPD. It is expected that the analytical phase of the restructuring process will start by the end of Q2, 2026.



3.1. STAKEHOLDER ENGAGEMENT PLAN (SEP)

To enhance its stakeholder interactions in the Galápagos Islands, the GLF developed the Stakeholder Engagement Plan (SEP). Finalized in 2025, the SEP provides a strategic framework for transparent, inclusive, and sustainable community engagement. It aligns with GLF’s Environmental and Social Policy and IFC Performance Standards while remaining highly sensitive to the region’s unique socio-economic dynamics.

The SEP outlines a comprehensive approach to collaborating with diverse stakeholders, including government agencies, civil society, local communities, and international organizations. Through detailed stakeholder mapping, groups were categorized as direct or indirect beneficiaries to tailor engagement strategies effectively. Guided by core principles of integrity, transparency, inclusivity, and respect for local cultures, the implementation of the SEP supports the GLF to foster ethical, lasting partnerships that advance broader conservation and development objectives.

To achieve these goals, engagement is structured across six key categories:

- **Informative:** Promoting operational transparency via newsletters, webinars, and annual events.
- **Consultative:** Gathering community input through public consultations and focus groups.
- **Participatory:** Actively involving communities in project planning and conservation monitoring.
- **Partnership:** Fostering shared responsibilities and joint ventures for large-scale initiatives.
- **Empowerment:** Providing targeted training and capacity-building for vulnerable groups.
- **Grievance Mechanism:** Offering a confidential, non-retaliatory channel to voice concerns, ensuring ongoing trust and accountability.

The SEP incorporates a dedicated Monitoring and Reporting Framework. Utilizing both quantitative and qualitative tools — such as attendance records, feedback surveys, and grievance logs— the GLF tracks outcome-oriented indicators to drive ongoing improvements in community relations.

3.2. STAKEHOLDER ENGAGEMENT ACTIVITIES

Effective and open engagement with stakeholders remains a core priority for the GLF. In 2025, activities expanded beyond initial

awareness-raising to focus on technical training, project oversight visits and the launch of new funding opportunities. Engagement efforts continued to prioritize transparency regarding the SEP, the Grievance Mechanism, and the Ethics Hotline.

A central component of the year’s strategy was the communication campaign for the Second Call for proposals launched in December 2025. This campaign successfully organized information workshops across Santa Cruz, San Cristóbal, and Isabela to guide potential applicants through E&S risk screening and the exclusion list.

3.2.1. SUMMARY OF ENGAGEMENT PERFORMANCE

Throughout the Reporting Period, GLF registered a total of 465 participants across 39 key stakeholder events including meetings, workshops, training etc. Participation remained balanced and robust, with 284 female (61%) and 181 male (39%) attendees, reflecting the fund’s ongoing commitment to gender-inclusive engagement at all levels of execution.

While the engagements summarized below focus primarily on direct, GLF-hosted events, it is important to note that the fund’s reach extends significantly further into the community. The majority of GLF grant proponents are local Civil Society Organizations (CSOs) and Non-Governmental Organizations (NGOs) that inherently represent and serve diverse groups within the Galápagos communities. Consequently, a substantial amount of community-at-large engagement is achieved seamlessly through these partners as they execute their own project-specific Stakeholder Engagement Plans (SEPs).

However, recognizing the immense value of direct, grassroots dialogue, the GLF acknowledges the opportunity to expand its own public footprint. In the coming years, the fund is committed to exploring and implementing more regular, direct stakeholder engagement initiatives with the broader local communities to supplement the localized efforts of our grantee network.

A summary of these engagements is provided in Table 3.

In addition to these engagements, GLF maintained a consistent digital presence, distributing newsletters and informational videos to ensure that stakeholders across the archipelago remained informed of news, events, funding cycles, and grievance channels. Further information on this is available in the 2025 Annual Impact and Project Report.



Table 3 Summary of Key Stakeholder Engagement Activities

Activity	Title/Name of the Event	Stakeholders	Topics discussed and information disclosed	Number of participants (disaggregated by gender)				Place and Date	
				M	F	OTHER	TOTAL	Location	Date
Meeting	Presentation of the Social Safeguards Plan and progress of the TAP	Beneficiaries: Undersecretariat of Fisheries Resources, USFQ and ICSEM	Provide information to the SRP on the progress of the TAP and requests for information to continue with the project	3	6	0	9	Manta, Offices of the Undersecretariat of Fisheries Resources	3-Feb-25
Meeting	Presentation of the Social Safeguards Plan and progress of the TAP	Beneficiaries: Undersecretariat of Fisheries Resources, DIRNEA, USFQ and ICSEM	Provide information to the SRP on the progress of the TAP and requests for information to continue with the project	3	5	0	8	Guayaquil, DIRGIN Offices	4-Feb-25
Workshop	Preparation of the Complete Proposal for medium and large grants	Proponents of medium and large grants	Formats for preparing complete proposals	6	7	0	13	Virtual and GLF Offices	21-Mar-25
Meeting	Government Grant Project Kick-Off Meeting	Grantees, Beneficiaries: Ecuadorian Navy, SRP, GNPDP, Jocotoco Conservation Foundation, WildAid	Policies for the execution of the Grant Contract, Technical and Financial Report Format, Brand Visibility Guidelines, NLA	13	12	0	25	Virtual and GLF Offices	28-Mar-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Scalesia Foundation, Ecogal, ECOS Foundation, Orcatec, CDF	ESMS structure and content, Code of Ethics, SEP, GM, workers' rights, gender mainstreaming	2	10	0	12	GLF offices, Santa Cruz	22-Apr-25
Workshop	Workshop on Environmental and Social Safeguards	Grantees: Scalesia Foundation, Ecogal, ECOS Foundation, Orcatec, CDF	E&S Risk Screening and Assessment	2	10	0	12	GLF offices, Santa Cruz	23-Apr-25
Workshop	Workshop on Environmental and Social Safeguards	Grantees	Environmental and Social Safeguards	0	2	0	2	San Cristóbal Island	24-Apr-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Equality Foundation, Girls with Gills, Education4Nature, USFQ	ESMS structure and content, IFC PS, Code of Ethics, SEP, GM, workers' rights, gender mainstreaming	0	6	0	6	USFQ, Puerto Baquerizo, San Cristobal	24-Apr-25
Workshop	Workshop on Environmental and Social Safeguards	Grantees	Environmental and Social Safeguards	0	4	0	4	San Cristóbal Island	25-Apr-25

Activity	Title/Name of the Event	Stakeholders	Topics discussed and information disclosed	Number of participants (disaggregated by gender)				Place and Date	
				M	F	OTHER	TOTAL	Location	Date
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Equality Foundation, Girls with Gills, Education4Nature, USFQ	E&S Risk Screening and Assessment	0	6	0	6	USFQ, Puerto Baquerizo, San Cristobal	25-Apr-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Scalesia Foundation, Ecogal, ECOS Foundation, Orcatec, CDF	ESMP and Safeguard Tools Preparation	2	10	0	12	GLF offices, Santa Cruz	28-Apr-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Equality Foundation, Girls with Gills, Education4Nature, USFQ	ESMP and Safeguard Tools Preparation	0	6	0	6	Online	29-Apr-25
Meeting	MICI Committee Meeting	DIRGIN, USFQ, OFC, MAATE/ GNPDP, Fisheries Sector	Prepare a report for presentation to the GLF Board of Directors	6	5	0	11	Virtual	30-Apr-25
Meeting	Kick-off Meeting for the DIRNEA Data Center Infrastructure Upgrade Project	National Directorate of Aquatic Spaces	Policies for the execution of projects financed by the GLF, Brand visibility guidelines	7	1	0	8	Virtual and GLF Offices	1-May-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Scalesia Foundation, Ecogal, ECOS Foundation, Orcatec, CDF	ESMP and Safeguard Tools Revision	2	10	0	12	GLF offices, Santa Cruz	9-May-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Equality Foundation, Girls with Gills, Education4Nature, USFQ	ESMP and Safeguard Tools Revision	0	6	0	6	Online	10-May-25
Workshop	Design and Implementation of the ESMS	Grantees: Naveducando, Innovapesca, Conservation International, Jocotoco Foundation, WildAid, Copahisa, Archipiélago Films, Fundar, USFQ	ESMS structure and content, IFC PS, Code of Ethics, SEP, GM, workers' rights, gender mainstreaming	8	7	0	15	Online	13-May-25
Workshop	Information Workshop on the Galapagos Life Fund	Beneficiaries: Undersecretariat of Fisheries Resources, USFQ and ICSEM	Galapagos Life Fund Newsletter	4	3	0	7	Technical Unit San Cristobal GNPDP	22-May-25

Activity	Title/Name of the Event	Stakeholders	Topics discussed and information disclosed	Number of participants (disaggregated by gender)				Place and Date	
				M	F	OTHER	TOTAL	Location	Date
Fair	ECOFEST - Environment Day	Students from schools, colleges and the community	To report on collective and individual actions that are carried out daily and to call for action and environmental awareness	8	21	0	29	San Francisco Park - Puerto Ayora, Santa Cruz	5-Jun-25
Workshop	Small Grant Start-Up Workshop - Santa Cruz	Grantees: Scalesia Foundation, Ecogal, ECOS Foundation, Orcatec, CDF	Safeguards: Environmental and Social Policy, Code of Ethics, Health and Safety, ESMP, SEP, GMM, Know Your Customer, Procurement Policy, Supply Chain Policy, Financial Report Format	2	10	0	12	Capturgal, Puerto Ayora, Santa Cruz	6-Jun-25
Workshop	Small Grant Start-Up Workshop - San Cristobal	Grantees: Equality Foundation, Girls with Gills, Education4Nature, USFQ	Safeguards: Environmental and Social Policy, Code of Ethics, Health and Safety, ESMP, SEP, GMM, Know Your Customer, Procurement Policy, Supply Chain Policy, Financial Report Format	0	6	0	6	USFQ, Puerto Baquerizo, San Cristobal	12-Jun-25
Meeting	Planning meeting for the development of the Government Grant project, years 2 and 3	Beneficiaries: Ecuadorian Navy, Undersecretariat of Fisheries Resources, GNPD	Define the timeframe for this Grant, Identify institutional priorities for the project, Joint definition of guidelines for the formulation of the Government Project, Approval of the schedule and assignment of responsibilities for the formulation process	9	6	0	15	Virtual and GLF Offices	26-Jun-25
Workshop	ESMS Training	GLF Team	Environmental and Social Management System (ESMS)	2	6	0	8	In-person/ GLF Offices	3-Jul-25
Meeting	IDB Visit to Santa Cruz	GLF Team	To publicize the projects of the first call for proposals	4	5	0	9	In-person/ GLF Offices	25-Jul-25
Training	Fire prevention	GLF Team / Santa Cruz Fire Department	Basic information on fire extinguisher handling and procedures to follow in case of an emergency	5	5	0	10	In-person/ GLF Offices	29-Jul-25
Meeting	MICI-IDB technical visit	GLF Team	Processes that have been carried out at GLF on various topics	4	5	0	9	In-person/ GLF Offices	13-Aug-25
Meeting	GLF Board Meeting	GLF Team, Navy, PNG, ABG	Sixteenth meeting - Board	6	7	0	13	Hybrid / Inspiration Complex FCD	9-Sep-25
Meeting	Visit NLA	GLF Team	Training on NLA policies applicable to projects	3	3	0	6	In-person/ GLF Offices	18-Nov-25

Activity	Title/Name of the Event	Stakeholders	Topics discussed and information disclosed	Number of participants (disaggregated by gender)				Place and Date	
				M	F	OTHER	TOTAL	Location	Date
Training	Visit NLA	NLA and SRP	Information about progress on policies and implementation	2	6	0	8	In-person/ GLF Offices	19-Nov-25
Meeting	Visit NLA	Navy, GNPD and SRP	Coordination of SMP implementation	2	4	0	6	In-person/ GLF Offices	20-Nov-25
Fair	Science Fair	Community and students of educational units	Projects of completed works, union of different sectors in information tents	18	18	0	36	San Francisco Park - Puerto Ayora, Santa Cruz	21-Nov-25
Meeting	GLF Board of Directors Meeting	Director GLF, DIRNEA, Navy, GNPD	Seventeenth meeting	1	10	0	11	Mezzanine Auditorium of the Ministry of Environment and Energy - Quito	21-Nov-25
Fair	From Sea to Table	Community and students of educational units	Exhibition about sustainable initiatives on fishing and fresh produce	7	5	0	12	San Francisco Park - Puerto Ayora, Santa Cruz	27-Nov-25
Fair	Galapagos Marine Reserve Educational, Social and Cultural Fair	Community in general and students of educational units	Importance of protecting GMR and HMR	0	2	0	2	San Francisco Park - Puerto Ayora, Santa Cruz	1-Dec-25
Webinar	Training ESMS GLF Board	GLF Board	ESMS structure and content, IFC PS, Code of Ethics, SEP, GM, workers' rights, gender mainstreaming	6	5	0	11	Online	5-Dec-25
Workshop	Information Bulletin Second Call	Community - private institutions	Provide information on categories and grants	21	13	0	34	Arcotel Auditorium	8-Dec-25
Workshop	GLF second call for information workshop	Community - private institutions	Provide information on categories and grants	11	12	0	23	San Cristobal - USFQ Community Hall	9-Dec-25
Workshop	Information workshop, second call	Community - private institutions	Provide information on categories and grants	3	12	0	15	San Cristobal - USFQ Community Hall	10-Dec-25
Workshop	Information workshop, second call	Community - private institutions	Provide information on categories and grants	9	7	0	16	Isabela Island - Mayor's Office	12-Dec-25

3.3. GRIEVANCE MANAGEMENT

To uphold high environmental and social standards and ensure transparent stakeholder engagement, the GLF has implemented a multi-channel Grievance Mechanism (GM). It addresses feedback at two levels: project-specific issues and broader GLF operational concerns. Any individual or group adversely affected by GLF operations can formally submit a grievance and grievances can be reported anonymously.

A key institutional milestone was the establishment of the GLF Grievance Committee in July 2025, which impartially oversees and resolves fund-level cases. Additionally, to ensure a “do no harm” approach, the GLF utilizes an anonymous Ethics Hotline managed by EthicsGlobal. This channel proved effective in June 2025 when a stakeholder submitted a suggestion regarding grant impartiality. Clarification on the fund’s selection processes was provided and the grievance was successfully resolved.

Operationally, the GLF has fully integrated grievance handling into the lifecycle of all funded initiatives, decentralizing management while maintaining centralized oversight. The Government Project and all 19 non-governmental projects approved in 2025 were required to establish project-specific GMs within their Environmental and Social Management Plans (ESMPs). During inception workshops, all grantees received technical training on managing and reporting grievances in alignment with IFC standards. Grantees are mandated to inform direct beneficiaries about the available GM reporting channels and must submit quarterly reports detailing the status of any issues. To date, no formal project-specific grievances have been reported.



Children from Isabela Island during the activities of the Traveling Library, a project funded by the GLF. Photo courtesy of the Charles Darwin Foundation.





04

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HEALTH, SAFETY AND ENVIRONMENTAL (HSE) PERFORMANCE

4.1. HEALTH AND SAFETY

During 2025, the GLF maintained a strong safety record with no health and safety (H&S) incidents, fatalities, or high-potential near misses recorded. With the Government Project and non-governmental projects commencing implementation in 2025, the fund has intensified its oversight of occupational health and safety protocols across all grantees or executing agencies. No incidents were reported by grantees during this period. Table 4 summarizes the health and safety performance for the Reporting Period.

Table 4: Health and Safety Performance in Reporting Period

Category	GLF	Grantees
Health and Safety Incidents		
Fatalities	0	0
Lost time incidents	0	0
HPI (High Potential Incident)	0	0
Medical Treatment Beyond First Aid	0	0
First Aid/ No Treatment	0	0
Reportable Spills	0	0
Near Miss	0	0

4.2. ENVIRONMENTAL INCIDENTS

No environmental incidents or spills have been recorded in the Reporting Period.

05.

TRAINING AND AWARENESS

During its second year of operation, the GLF shifted its focus from foundational ESMS training toward the delivery of specialized, high-impact capacity-building programs. These activities were designed to ensure that all project partners—ranging from community-led initiatives to government security forces—possess the technical skills and ethical grounding required to implement the fund’s rigorous E&S standards.

5.1. INTERNAL SAFETY AND EMERGENCY PREPAREDNESS

The GLF prioritized the safety of its personnel by conducting internal training focused on workplace hazards and emergency response.

- **Fire Prevention and Emergency Procedures:** In July 2025, the GLF organized a specialized training session for its staff in coordination with the local fire department.
- **Curriculum:** The training focused on fire prevention strategies, the correct use of emergency equipment, and the execution of established evacuation and emergency protocols within the office environment.
- **Participation:** A total of 10 staff members participated in this hands-on session, reinforcing a proactive safety culture within the GLF headquarters.

5.2. GRANTEE E&S AND HSE TRAINING

As part of the active implementation of the 19 non-governmental projects that commenced in 2025, the GLF conducted mandatory inception workshops for all medium and large-scale projects.

- **Scope:** Training focused on comprehensive Environmental and Social (E&S) risk management, including dedicated modules on Health, Safety, and Environment (HSE).
- **Objective:** To equip project managers with the tools to identify real-time operational hazards and maintain the project-specific Grievance Mechanisms and Stakeholder Engagement Plans required by their ESMPs.
- **Participation:** A total of 33 representatives of grantee organizations participated in the HSE modules.

MONITORING AND EVALUATION

06.

6.1. GLF AND GRANTEES

The GLF ESMS Monitoring, and Reporting Process started during the second half of 2025 when the 10 small grants transitioned into their implementation phase. Medium and large grantees are expected to commence their projects in early 2026.

All grantees of governmental and non-governmental projects are requested to report quarterly or semiannually about their environmental and social performance as well as stakeholder engagements in parallel to their regular project reporting duties. In order to streamline the reporting process GLF is requesting all grantees to use standardized reporting templates.

6.2. HMR

The GLF is establishing a HMR E&S Implementation Monitoring Plan to ensure the successful implementation of and compliance with the HMR Management Plan and the ESMPs associated with the HMR ESIA. This program will also confirm adherence to various associated initiatives outlined in Section 2.4, including the Transitional Assistance Plan (TAP) and Security Management Plan. The development of the HMR E&S Implementation Monitoring Plan is ongoing and thus no monitoring activities by GLF were undertaken during this Reporting Period.



07.

SUMMARY AND CONCLUSION

2025 represents a transformative phase for the GLF, marking its second year of operation and its first cycle of active project oversight. This report highlights the fund’s commitment to implementing the Environmental and Social Management System (ESMS) as a practical tool for achieving tangible conservation and social impacts.

7.1. KEY ACHIEVEMENTS AND MILESTONES

- **Portfolio-wide ESMS Activation:** The most significant achievement of this Reporting Period was the successful activation of the GLF operational portfolio under rigorous E&S safeguards. All 19 new non-governmental projects, alongside the major governmental initiative for surveillance of the marine reserves, are now operating with fully applied ESMS requirements, including project-specific Environmental and Social Management Plans (ESMPs), Stakeholder Engagement Plans (SEPs), and Grievance Mechanisms (GMs).
- **Safety and Engagement:** The fund maintained a strong safety record, without any health and safety incidents reported. Stakeholder engagement intensified significantly, reaching in total 465 participants through technical workshops and funding webinars that prioritized transparency and gender-inclusive participation.
- **Conflict Resolution:** The GLF demonstrated its commitment to accountability by successfully addressing high-level institutional concerns, including supporting the MICI/IDB technical visit.

7.2. FUTURE OUTLOOK

As the GLF moves into 2026, the focus will remain on the rigorous execution of the HMR management plans, the successful completion of the first cohort of non-governmental grants and the start of the second cohort. Applying the operational lessons learned during this first full implementation cycle in 2025, the fund will build on its foundation by prioritizing:

- **Continuous Improvement and User-Friendliness of ESMS Tools:** A key lesson from the 2025 rollout is the necessity

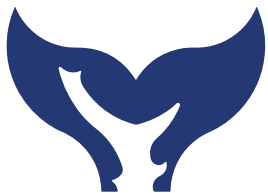
for accessible, practical safeguard tools. Building on the technical refinements achieved over the past year, we will focus on improving the user-friendliness of the ESMS to maximize its impact and ease of use across the entire project portfolio. While the Severity x Probability methodology has been successfully tested in the governmental grant ESMP, further development will finalize the tool for standardized, intuitive use across all grants.

- **Independent Oversight:** Coordinating the first annual independent E&S audit to verify compliance with IFC Performance Standards at both the fund and project levels, utilizing the findings to identify further lessons for operational refinement.
- **Scalable Impact:** Ensuring that the organizational strengthening of the Galápagos National Park Directorate (GNPD) scales proportionally with the demands of the HMR. To achieve this, GLF will prioritize targeting structural capacity—such as initiating a situational diagnosis and critical knot mapping—to ensure long-term administrative and operational viability.

In conclusion, the GLF has established itself as a transparent, technically proficient, and reliable source of environmental finance. By bridging the gap between international safeguards and local realities, the fund is ensuring that the natural capital of the Galápagos is protected through a framework of equity, security, and sustainable development.







Galápagos
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Annual Environmental and
Social Monitoring Report
JUNE 2026