CASE STUDY

A TNC Nature Bonds Project in Support of

ECUADOR'S **BIOCORREDOR AMAZÓNICO PROGRAM**

May 2026

The Nature Conservancy

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1. Executive Summary

The species-rich forests, rivers, and wetlands of the Ecuadorian Amazon region provide critical food, freshwater, and cultural, economic, and climate benefits to Indigenous Peoples and Nationalities, the people of Ecuador, and beyond. Covering almost half of Ecuador, it includes the area with the greatest diversity of flora and fauna in the world. Like the rest of the world, Ecuador faces rising average temperatures, changes in rainfall patterns, and extreme weather events—all of which directly impact human health and livelihoods.

In response, the Republic of Ecuador (RoE) partnered with The Nature Conservancy (TNC) in 2022 to develop a comprehensive conservation and sustainable financing strategy. This collaboration led to the establishment of the **Biocorredor Amazónico Program** (BCA) through Executive Decree No. 859 in September 2023. The BCA is a management model that aims to add *1.8 million hectares of new areas under protection* in the Ecuadorian Amazon, *improve management of 4.6 million hectares* of existing protected areas, *provide new and strengthened protections for 18,000 kilometers of representative and connected rivers,* and *benefit and support Indigenous Peoples and Nationalities* to strengthen their capacity to manage and conserve their territories and improve their livelihoods.

The BCA represents an innovative collaboration between RoE, Indigenous Peoples and Nationalities, and TNC, leveraging conservation finance to address biodiversity conservation and community well-being. This groundbreaking initiative aligns RoE's national conservation goals with global environmental commitments, including the Global Biodiversity Framework and the Paris Agreement.

A pivotal component of this initiative is RoE's execution of a landmark debt conversion for nature, the sixth under TNC's Nature Bonds Program and the first to focus on land and freshwater conservation. The transaction, facilitated by TNC, the US International Development Finance Corporation (DFC), the Inter-American Development Bank (IDB), and Bank of America (BofA), raised USD 1 billion of new financing, which allowed RoE to repurchase USD 1.527 billion in external commercial debt at a significant discount. This operation reduced the country's debt stock by USD 527 million and eased its debt service by USD 800 million until 2035. The transaction unlocked approximately USD 460 million for conservation, consisting of USD 19 million annually for BCA conservation initiatives and USD 4.5 million annually for an endowment expected to yield an additional USD 60 million in returns over the 17-year term of the new financing.

This groundbreaking transaction aligns RoE's fiscal objectives with environmental stewardship and continues to demonstrate Nature Bonds projects, and ambitious debt conversions more broadly, as a proven approach for conservation finance worldwide. The project was widely recognized at the Global Capital Latin America Bond Awards 2025, the Environmental Finance Sustainable Debt Awards 2025, the Digital Banker Global Sustainable Finance Awards 2025, and others (see "Awards" on page 11).

Central to the project is a newly formed conservation trust fund (the Fondo del Biocorredor Amazónico, or BCA Fund), an independent nonprofit organization. The BCA Fund will allocate annual grants to conservation projects based on transparent governance, stakeholder involvement, regular independent audits, and environmental and social safeguards. At least 45% of BCA Fund's annual funding will support non-government grantees with a focus on Indigenous Peoples and Nationalities in the Ecuadorian Amazon.

The Nature Bonds project in support of the BCA highlights the scalability of debt conversions for nature, offering a replicable model for countries seeking to stem and reverse biodiversity loss, boost resilience, and improve debt sustainability. This initiative sets a new precedent for conservation finance, combining innovative debt conversion mechanisms, stakeholder engagement, and long-term environmental sustainability.

Please note that the facts, figures, and statements in this document are believed to be valid as of May 2026 and may change over time.

PROJECT FIRSTS	
Largest bond issuance at lowest cost of funding	• The USD 1 billion bond was the largest placement to date for TNC's Nature Bonds Program, 1.6x oversubscribed with more than 30 investors. • Lowest bond spread in the primary market, 180 bps, in deals backed by DFC Political Risk Insurance. • First bond in the Nature Bonds Program with two credit ratings: Aa2 (Moody's) and AA (Fitch) at issuance.
First of its kind	• Largest long-term conservation initiative to be implemented in the Ecuadorian Amazon. • First-ever land and freshwater Nature Bonds project. • Largest conservation funding unlocked to date through the Nature Bonds Program and any debt conversion globally as of May 2026.
Indigenous Peoples and Nationalities engagement **Stakeholder engagement pre-execution**	• As TNC's first terrestrial and freshwater Nature Bonds Project, it included early consultation with Indigenous Peoples and Nationalities and will continue to involve them in relevant aspects of decision-making throughout the 17 years of implementation.

TRANSACTION HIGHLIGHTS	
Key Transaction Components	**Results of the third-party tender offer conducted by Amazon Conservation Designated Activity Company (the Issuer), on behalf of RoE:** • **Eurobond 6.900% 2030:** USD 457.9 million of principal repurchased at a price of USD 73c • **Eurobond 5.5% 2035**: USD 949.8 million of principal repurchased at a price of USD 60.5c • **Eurobond 5.0% 2040 (amended notes):** USD 119.6 million of principal repurchased at a price of USD 47.5c • The Issuer delivered the tendered bonds to RoE for cancellation. **Bond Financing:** • BofA arranged a USD 1 billion Rule 144A/Reg S bond placement to fund the Issuer. • Placement oversubscribed 1.6X with more than 30 investors. • **Bond Terms:** USD 1 billion, 17 years of tenor and a weighted average life (WAL) of 12.7 years • **Bond Ratings at issuance:** Aa2 (Moody's) and AA (Fitch) • **Bond coupon:** 6.034% (UST10 + 180bps) **Loan Financing:** • **Loan Terms:** USD 1 billion, 17 years of tenor and a WAL of 12.6 years • **Loan coupon:** 6.940% (including bond interest, PRI premiums, expenses for noteholder representative, trustee, paying agent, administration, credit ratings, and audit) • **Conservation Funding:** annual payments of ~USD 23.5 million to be paid by RoE to the Issuer, to be directed to the BCA Program and the endowment. **Credit enhancements:** • **DFC** provided a USD 1 billion Political Risk Insurance (PRI) policy • **The IDB** provided a USD 155 million Policy-based Guarantee (PBG) **Conservation Commitments:** • RoE committed to achieving terrestrial and freshwater conservation milestones and channeling the savings to fund conservation in the Ecuadorian Amazon over 17 years.

Continued on next page

TRANSACTION HIGHLIGHTS	
Key Conservation Impact	• **1.8 million hectares** of new areas under protection • **4.6 million hectares** of improved management of existing protected areas • **18,000 kilometers** of representative and connected rivers under new and strengthened protection • **40,000 hectares** restored • Research agenda for the Ecuadorian Amazon • Monitoring framework for freshwater, forests, protected areas, and biodiversity • Promote the sustainable use of Amazonian biodiversity
Conservation Finance	**The Issuer will allocate the conservation funding as follows:** • **80%** of the funds or USD 19 million per year (on average) for BCA Project. • **20%** of the funds or USD 4.5 million a year for an endowment expected to yield ~USD 60 million in returns by 2041.
Other Key Financial Outcomes	• **Principal Repurchased:** USD 1,527 million • **Principal Reduction:** USD 527 million • **WAL extension:** 5.4 years on average • **Debt Service Reduction by 2035:** more than USD 800 million

2. Background on Biocorredor Amazónico Program

The Ecuadorian Amazon is one of the most biodiverse places in the world. The region, which covers 41% of Ecuador's territory (continental and islands), is home to 46 ecosystem types and 65% of Ecuador's biodiversity, including vascular plants, freshwater fish, amphibians, reptiles, birds, and mammals. It also plays a globally important role as a carbon sink that stores approximately 1.37 GT of CO2 equivalent in above-ground biomass. Additionally, the rich biodiversity and natural resources provide sustenance and economic opportunities to the Indigenous Peoples and Nationalities that call the region home. About one million people live in the region, including 11 Indigenous Nationalities.

Despite existing legal protections and the efforts of RoE, the effectiveness of conservation actions in this area has been undermined by persistent threats. Indigenous Peoples and Nationalities in the region also face significant socioeconomic challenges. According to the Unmet Basic Needs index (2023), it is estimated that over 85% of households in rural areas of the Amazon region lack access to essential services such as food, housing, sanitation, water, electricity, and education.

In recognition of the global significance of the Amazon and the need for increased conservation investment in the region, RoE sought technical assistance from TNC in early 2022 to develop a comprehensive strategy aimed at:

1. Supporting terrestrial and freshwater biodiversity conservation, climate resilience, and human well-being
2. Being co-designed with Indigenous Peoples and Nationalities
3. Establishing long-term sustainable financing mechanisms

TNC has been working in Ecuador for over 30 years, focusing on projects that benefit people and biodiversity. Key achievements include establishing the first debt-for-nature swap in Ecuador in the late 1980s; strengthening the National System of Protected Areas; creating the world's first Water Fund, the Water Fund of Quito (FONAG); conserving more than 2 million hectares of forest and wetlands; providing ongoing capacity-building with Amazonian Indigenous Peoples and Nationalities; enhancing water security for Ecuador's largest cities; and implementing innovative sustainable resource management practices.

TNC in Ecuador engaged key governmental stakeholders, including the Ministry of Environment, Water and Ecological Transition (MAATE), the Ministry of Foreign Affairs (Cancillería), the Ministry of Economy and Finance (MEF), Ecuador's National Institute of Biodiversity (INABIO), the Confederation of Indigenous Nationalities of the Ecuadorian Amazon (CONFENIAE), and others.

Over a nearly two-year period, the parties developed a preliminary conservation portfolio and a socioeconomic analysis to serve as the foundation for a Conservation Plan to achieve the objectives and milestones of the project. This preparation process also included other international, national, and local NGOs working in the Amazon.

In September 2023, the Biocorredor Amazónico Program was officially established through Executive Decree No. 859. Its mandate included the design and implementation of a management model with the following objectives:

Biocorredor Amazónico Program Goals

a. **Conserve the Ecuadorian Amazon** by protecting and restoring ecosystems, maintaining ecological connectivity, and boosting climate adaptation and overall resilience.
b. **Enable sustainable economic activities** using biological resources, adhering to territorial planning and specific legislation.
c. **Increase resilience** of natural, social, and economic systems in the Amazon, contributing to decarbonization.
d. **Empower local communities** to ensure long-term conservation, strengthen livelihoods, and improve well-being.
e. **Implement a long-term financial sustainability mechanism** for the Amazon, adhering to national legislation and promoting sustainable development.

Source: Presidential Decree No.859

Early in 2024, TNC established several working groups to advance the project, including the development of the conservation commitments, the establishment of a conservation trust fund, and the debt conversion transaction. These groups included government officials, international and local legal counsel, the IDB, government advisors, and TNC. Scientists and other experts advised and informed the project throughout. A strategic communications group was established to ensure comprehensive information sharing and transparency. Following approximately eight months of extensive collaboration, the transaction was successfully executed in December 2024, marking the official launch of the project.

Conservation Commitments

As part of the project, the RoE commits to 11 conservation commitments under a strict compliance schedule (see Table 1 below). These commitments serve as a roadmap for project implementation, including compliance measures and robust monitoring frameworks. RoE will provide milestone and annual conservation reports to be reviewed by TNC.

TNC reviews milestone reports against international best practices and standards to ensure, for example, that Indigenous rights and traditional knowledge are incorporated into project delivery. These reports are an essential component of project delivery and, under exceptional circumstances, two grace periods for milestone completion beyond the original deadline may be granted. Failure to meet a binding conservation milestone—after exhausting any grace periods—could result in additional RoE conservation payments into an escrow account managed by the Issuer. These funds may be reimbursed to RoE if corrective action is taken; otherwise, they will be allocated to the BCA Fund. Failure to achieve certain conservation milestones may trigger an Event of Default under the loan, subject to defined conditions.

Stakeholder & Rightsholder Engagement

The Biocorredor Amazónico Program area encompasses territories that are home to 11 Indigenous Nationalities, each with a distinct cultural identity and governance system. In recognition of Indigenous rights and the value of traditional knowledge, the BCA was designed through a participatory process involving 23 territorial organizations affiliated with CONFENIAE. While the project was being developed, TNC facilitated six workshops to foster dialogue among stakeholders, with the goal of addressing key challenges related to human well-being in the Amazon through conservation planning. In alignment with the government's and the CTF BCA ambitions, TNC is committed to supporting the community-driven approach and integrating Indigenous Peoples and Nationalities' voices in decision-making during project implementation.

Additionally, RoE agreed to four aspirational conservation initiatives aimed at enhancing the capacity of Indigenous Peoples and Nationalities to manage and conserve the Amazon. Furthermore, RoE will seek to implement a National Biodiversity Plan, a National Climate Change Strategy, and a National Bioeconomy Strategy.

TNC's Technical Assistance

TNC will serve as the long-term conservation partner during project implementation, providing technical assistance in transaction management, compliance monitoring, capacity building, and knowledge transfer. TNC will also support the RoE's development of the Conservation Plan and the RoE's achievement of conservation milestones in accordance with global best practices.

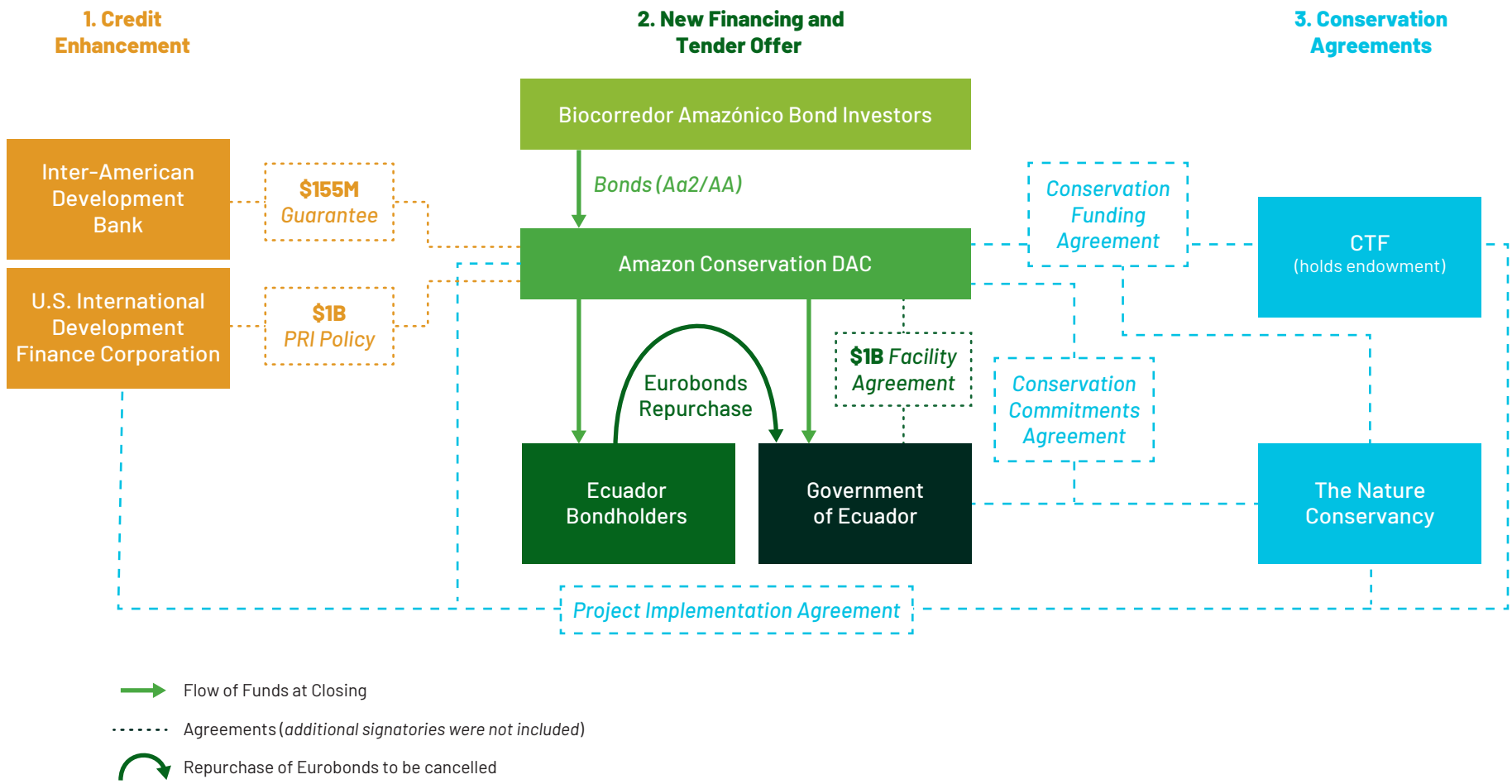
Table 1: Conservation Commitments (Summarized)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1. Initiate the development of the conservation plan.		Aug.									
2. Complete and adopt the conservation plan.						Aug.					
3. Establish or recognize at least 800,000 hectares as new protected and conserved areas.						Nov.					
4. Increase protected and conserved areas by at least 1 million additional hectares, including no less than 18,000 kilometers of representative and connected rivers.											Nov.
5. Update the management tool guidelines for protected and conserved areas.		Nov.									
6. Adopt management tools for the conservation of at least 2.6 million hectares of protected and conserved areas that also address conservation of the representative and connected rivers they contain.						Nov.					
7. Adopt management tools for the conservation of at least 2 million additional hectares of protected and conserved areas and the conservation of 18,000 km of representative and connected rivers.											Nov.
8. Adopt a research agenda on Amazonian biodiversity.				Nov.							
9. Adopt a plan to promote the processing and sustainable use of biodiversity in the Ecuadorian Amazon.							Nov.				
10. Adopt a monitoring scheme for forests, fresh water, biodiversity, and protected areas.							Nov.				
11. Restoration in accordance with the National Forest Restoration Plan 467.										Nov.	

3. Debt Conversion

This section breaks down the debt conversion into its components: the Eurobonds repurchase (tender offer), the new financing, including credit enhancement, conservation agreements and conservation funding flows. The relationships among these parts are summarized in Figure 1.

Figure 1: Debt Conversion—simplified structure



Tender Offer

Table 2: Tender Offer Results

TENDER SUMMARY	BOND 2030	BOND 2035	BOND 2040 AMENDED
Coupon*	6.9%	5.5%–6.9%	5.0%–6.9%
Amount outstanding (ante)	3,499 M	7,452 M	270 M
Principal repurchased	457 M	949 M	119 M
Amount outstanding (post)	3,041 M	6,502 M	150 M
Cash allocation	35%	59%	6%
Repurchase price (par=100c)	73c	60.5c	47.5c
Total Cash Utilized	USD 1 B (including accrued interest)		
Total Debt Refinanced	USD 1,527 M		

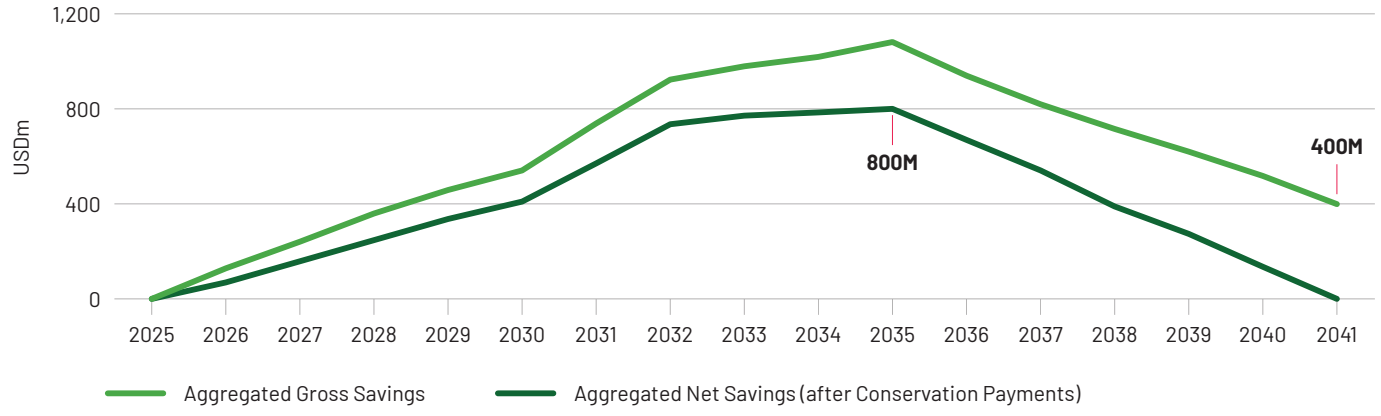
* The 2035 and 2040 Eurobonds have variable coupon rates, these values represent the full range

The Tender Offer was conducted by BofA as the Tender Agent and financed and executed by the Issuer on behalf of RoE; the repurchased bonds were delivered to RoE for cancellation. The liability management exercise focused on near to mid-term maturities. By taking advantage of discounted market prices, RoE was able to retire USD 1,527 million of outstanding debt (around 10% of total public debt securities), representing a USD 527 million reduction in face value (0.4% of the GDP).

RoE tendered four Eurobond series: step-up coupon notes due in 2030; step-up coupon notes due in 2035; step-up coupon notes due in 2040, as amended; and step-up coupon notes due in 2040 that were not included in the final selection. The fixed-price cash offer provided an attractive exit option to bondholders, which resulted in 6x oversubscription. The tender offer did not constitute a Distressed Debt Exchange (DDE) under Fitch's and S&P global frameworks, as it was a voluntary open market operation at market prices with no material reduction in terms for bondholders, and it was not designed to avoid a payment default; however, Moody's considered the liability management leg of the transaction to be a DDE. Based on their definition, the debt was repurchased at "distressed prices" which resulted in a "loss for investors" compared to the original bond contracts although bondholders opted freely to sell (or not) and that the cash tender offer was oversubscribed. This assessment did not affect Moody's overall credit rating of Caa3 (stable) at the sovereign level or its rating of the new bond of Aa2 at the time of the issuance. As of the date of this document May 2026, Ecuador's credit rating remains and that of the bond remains unchanged.

The refinancing eased the country's debt burden by around USD 800 million until the end of 2035—net of conservation contributions—and sent a positive signal to the market by prioritizing the country's responsible fiscal management over immediate fiscal relief.

Figure 2: Estimated aggregated fiscal savings (USDm, rounded)



New Financing

Table 3: Financial Terms

	BOND	LOAN
Principal (USD)	1 billion	1 billion
Use of Proceeds	Fund the Loan	Tender Offer
Tenor (years)	17	17
WAL (years)	12.7	12.6
Grace Period (years)	8	8
Maturity Date	Jan-42	Dec-41
Payment's Frequency	Quarterly	Quarterly
Coupon:	6.034%	6.940%
UST10	4.234%	4.234%
Spread	1.800%	1.800%
Operating expenses *(PRI premiums, note-holder representative, trustee, paying agent, credit ratings, admin expenses, and financial auditors)*		0.906%

Prior to this deal, RoE lacked access to low-interest rates that could have generated fiscal savings. The weighted average yield of the country's global bonds was around 16%. As a result of the PRI provided by DFC (AA+/AA+)[1] and the Policy-Based Guarantee provided by the IDB (Aaa/AAA), RoE was able to secure a 17-year loan (12.6-year WAL) at a fixed-rate of 6.94%, i.e., around 10% lower than market rates.

The loan was funded through the issuance of Senior Secured Biocorredor Amazónico Bonds due in 2042 (US02315JAA25) priced at 6.034% to yield 180 basis points (bps) above the 10-year U.S. Treasury (UST10) yield at close. The bonds were successfully placed at par by Bank of America with U.S. and global institutional asset managers.

The pricing was transparent and market-oriented, with the initial price guidance at 190 bps and a subsequent tightening due to high investor demand. The final spread of 180 bps (more than 1.6X oversubscription) is competitive with comparable PRI-backed market issuances.

The loan coupon rate is sized to cover the debt service payment of the bond as well as the PRI premiums and standard recurring expenses of the Issuer listed in Table 3.

In addition to payments of principal and interest, the loan agreement requires that RoE pay an additional USD 400 million in conservation funding over the life of the project. The quarterly conservation payments flow to the Issuer, which channels them to the BCA Fund and the endowment where failure to pay the conservation funding can constitute an Event of Default (EoD) with respect to the loan and consequently the Bond, subject to conditions.

As part of the transaction, RoE paid USD 12.3 million to cover services associated with the structuring and placement of the new financing, legal counsel, a working capital reserve, credit rating agency fees, DFC´s initial PRI premium, and other minor transaction expenses. RoE also funded one month worth of interest (close to USD 5 million) to create a 30-day financial buffer between the payment of the loan and the bond.

1 The credit rating reflects the creditworthiness of the United States, at the time of the issuance (December 2024), as DFC is a U.S. government agency, which carries the full faith and credit of the U.S. Government.

Financial Benefits to RoE

- Interest in the tender offer exceeded the USD 1-billion target and refinanced 10% of the total debt stock of USD 15 billion outstanding in sovereign bonds.
- Repurchase of 44% of the amended notes due 2040, that were not part of the 2020 debt exchange.
- USD 527 million debt stock reduction: USD 1,527 million in notional value refinanced into a USD 1 billion loan.
- Reduced amortization payments with around USD 800 million freed up in budget resources until the end of 2035 and close to 400 million over the life of the deal—see Figure 2.
- Fixed financing cost below 7% for a 17-year loan with an 8-year interest-only period.
- Extension of the weighted average life (new vs. repurchased debt) of 5.4 years.
- Access to international capital markets and diversification of the investor base.
- International investor confidence increased, with the lowest country risk premium in six months.
- More than USD 400 million reinvested locally through the BCA Fund, boosting government capabilities and funding a grants program for non-government entities.

Credit Enhancements

Despite RoE's Caa3/CCC+ rating at the time, the Biocorredor Amazónico bonds achieved a Aa2/AA credit rating at issuance (from Moody´s and Fitch respectively). This was made possible by combining two types of credit enhancements in a seamless package: political risk insurance from DFC and a liquidity guarantee facility from the IDB.

Political Risk Insurance: DFC, the U.S. international investment arm of the U.S. government, wrote a USD 1 billion Political Risk Insurance policy to the Issuer to cover loan principal against the risk of nonpayment of an arbitral award. DFC's obligations are backed by the full faith and credit of the United States Government (AA+/AA+, at the time of the issuance). In the event of RoE's default, principal payments may be deferred for up to two years (interest payments to investors will continue to be made using the IDB guarantee as explained below), allowing time for arbitration to conclude and a valid claim to be submitted to DFC. The project was evaluated under DFC's 2024 Environmental and Social Policy Procedures (ESPP) and deemed consistent with the applicable 2012 International Finance Corporation (IFC) Performance Standards.

DFC's provision of credit enhancement reflects that the project supports conservation and local livelihoods in Ecuador, a strategic partner to the U.S. government on regional economic and security issues. Investing in this region has the high potential to address systemic socioeconomic challenges for local communities, including bolstering local governance and economic growth, enhanced resilience to natural disasters, and improving regional security, which is a high priority for the U.S. government.

This project constitutes the third project DFC and TNC have collaborated on since 2021 following the successful closings of the Belize (2021) and Gabon (2023) Nature Bonds projects. DFC also supported impactful debt conversions with other partners for Ecuador's Galapagos Islands (2023) and El Salvador (2024).

Policy-based guarantee: As part of its *Amazonia Forever Program*[2], the IDB (Aaa/AAA) issued a USD 155 million guarantee, providing liquidity support if RoE failed to meet its debt obligations. This type of guarantee covers two years of interest and expenses under the loan, along with other additional legal expenses associated with arbitration. By offering this guarantee, the IDB eliminated the need for a funded Debt Service Reserve Account, thereby maximizing fiscal savings and ensuring the full use of loan proceeds in the Tender Offer.

This is also the third project in which TNC and the IDB have worked together, following the closings of Barbados (2022) and Bahamas (2024) Nature Bonds projects. The IDB also collaborated with DFC on Ecuador's Galapagos debt conversion in 2023 and with the European Investment Bank and the Green Climate Fund on a second debt conversion for Barbados in 2024.

Conservation Agreements and Funding

Funding the Biocorredor Amazónico Program through the debt conversion underscores RoE's commitment to conservation and regional development in the Amazon. The transaction secured USD 400 million in conservation funding to be paid by RoE and channeled to the BCA and the endowment. The endowment is expected to yield an additional USD 60 million in returns.

2 https://www.iadb.org/en/who-we-are/topics/amazonia

A Conservation Funding Agreement provides that conservation payments received by the Issuer be transferred to the BCA Fund to finance conservation work and an endowment to be invested over the life of the transaction. Pursuant to a Conservation Commitments Agreement, RoE commits to reach specific conservation milestones during the term of the loan. In addition, TNC, the BCA Fund, and the Issuer entered into a Project Implementation Agreement (PIA) with DFC to define the roles and responsibilities of the parties in the project.

Conservation funds will be allocated as follows:

- **USD 19 million annually** to support the BCA, including funding for the conservation trust fund's current operations as well as TNC's technical assistance.
- **USD 4.5 million annually** to capitalize an endowment expected to generate returns of USD 60 million over 17 years, with a projected value of USD 136 million by 2041. This approach is designed to ensure continuity of funding beyond the loan's maturity.

4. Conservation Funding Management

The BCA Fund is an independent conservation trust fund (CTF) dedicated to mobilizing, managing, and disbursing conservation funding for conservation of aquatic and terrestrial ecosystems and the sustainable development of the Ecuadorian Amazon. The CTF was incorporated as a non-stock corporation in Delaware in November 2024 and secured tax-exempt status in the U.S. under section 501(c)(3) of the Internal Revenue Code; the BCA Fund operates in Ecuador in compliance with local regulations and under a Basic Operating Agreement.

The BCA Fund is governed by an independent board of directors with majority local board members responsible for strategic decision-making and oversight. The board is comprised of nine members including three government-affiliated directors and six non-government affiliated directors, one appointed by TNC and five individuals representing different groups or areas of expertise (Indigenous Peoples and Nationalities, local sustainable development organizations, international conservation organizations working in Ecuador, Ecuadorian academia, and finance experts).

The BCA Fund receives quarterly payments through the debt transaction and may also accept donations, grants, and other financial contributions. As discussed above, a key structural component is the endowment account, designed to sustain long-term financing by investing a portion of conservation funds over the 17-year project duration.

The BCA Fund adheres to an Environmental and Social Management System (ESMS) to assess potential risks and mitigation measures. This includes stakeholder analysis, engagement frameworks, and specific protocols designed to ensure Indigenous Peoples and Nationalities express their free consent to participate in an initiative or project to be financed by the BCA Fund.

The BCA Fund commits to transparency and accountability under the debt transaction agreements. It is required to publish annual reports and independent audits, keep active communication with stakeholders, and maintain a grievance mechanism.

Grants Program

The BCA Fund will operate a grants program, which will select projects through open and competitive calls for proposals, overseen and defined by its board of directors. Funded projects must align with Biocorredor Amazónico Program priorities, demonstrate significant impact potential, and be financially and operationally viable. To ensure accountability and impact, the BCA Fund will regularly assess project outcomes, including clear goal setting, periodic reviews, and adaptive management strategies. The BCA Fund will also provide in-kind support to government agencies working to implement the Biocorredor Amazónico Program.

Use of Fund Resources

The BCA Fund Bylaws establish the following key funding priorities:

a. Supporting RoE's conservation commitments in the Amazon.

b. Supporting **Biocorredor Amazónico** Program initiatives.

c. Promoting sustainable development for Indigenous Peoples and Nationalities.

d. Strengthening RoE's National Protected Areas System and other conservation frameworks.

e. Advancing climate mitigation, adaptation, and conservation in the Amazon.

Funding will be distributed according to specific thresholds:

- *At least* 45% for non-government grantees.
- *Up to* 40% for government agencies.
- *Up to* 15% for Fund administrative expenses, including its own staff costs.

Prior to providing funding, the BCA Fund must fulfill several requirements, including adopting internal policies, securing necessary permits to operate as a nonprofit in Ecuador, appointing all board members, as well as setting the basic systems and processes for its operations including hiring personnel. The fund will provide updates on its grantmaking progress through its website: fondobiocorredoramazonico.org.

As of the date of this document (May 2026), Ecuador is making progress toward meeting its commitments under the Project. The government of Ecuador has complied with all payments to the Issuer, allowing it to become operational with TNC's technical support. The BCA Fund expects to start grantmaking in 2026.

5. Innovation, Scale, and Replicability

This project expanded on prior Nature Bonds projects by demonstrating that this model, which combines debt refinancing, science, planning, and policy, can be scaled and replicated.

- **Largest Conservation Funding Unlocked:** The conservation funding enabled by this transaction (USD 460 million) remains the largest of any debt conversion globally as of May 2026.
- **First Terrestrial and Freshwater Nature Bonds Project:** Building upon the success of prior Nature Bonds projects for ocean conservation, this project demonstrated the feasibility of the Nature Bonds model for terrestrial and freshwater ecosystems.
- **Comprehensive Stakeholder Engagement:** As TNC's first terrestrial and freshwater Nature Bonds project, Indigenous Peoples and Nationalities actively participated in the design and decision-making of the pre-close conservation and sustainable development priorities.
- **Expanded Investor Participation:** The transaction attracted a diverse group of institutional investors, achieving 1.6x oversubscription with allocations to over 30 global investors.
- **Dual Credit Ratings:** The bonds secured Aa2/AA issuance ratings from Moody's and Fitch, broadening the investor base and enhancing market confidence.

6. Awards

The project received extensive recognition from market participants across multiple categories.

Environmental Finance—Sustainable Debt Awards 2025

- Innovation—Bond Structure (Green Bond category)

Global Capital—Latin America Bond Awards 2025

- Best Multilateral-backed Deal of the Year
- Most Impressive Liability Management of the Year

The Digital Banker—Global Sustainable Finance Awards 2025

- Best Sustainable Finance Product of the Year—Overall
- Best Sustainable Bond
- Outstanding Sustainable Finance—Liquidity Management

Finance Dublin Deals of the Year 2025

- Debt Capital Markets Debt for Nature Swap, International Deal of the Year

Environmental Finance IMPACT Awards 2025

- Impact Project/Investment of the Year: Biodiversity and Ecosystems

Global Banking and Markets Awards: Latin America and Caribbean 2026

- Blended Finance Deal of the Year

7. Major Project Participants

Table 4: Transaction Participants

ROLE	ENTITY
Country Partner	Republic of Ecuador
Political Risk Insurance Provider	U.S. International Development Finance Corporation, reinsured by private investors: AXA XL, Fidelis, MSIG, Sovereign, Swiss Re, and Vantage
Policy-Based Guarantee Provider	Inter-American Development Bank
Project Sponsor and Coordinator	The Nature Conservancy
Bond Issuer/Lender to RoE	Amazon Conservation DAC, a special purpose vehicle established for the transaction
Conservation Trust Fund	Fondo del Biocorredor Amazónico
Sole Structuring Agent, Bookrunner, and Dealer Manager	Bank of America
Trustee	Bank of New York Mellon
Advisors to RoE	Centerview Partners, Enosis Capital, and the Global Green Growth Institute
Legal Counsel to TNC	A&O Shearman (International) and Bustamante Fabara (Local)
Legal Counsel to Fondo del Biocorredor Amazónico	Morrison Foerster (pro bono)
Legal Counsel to Bank of America	Clifford Chance (International) and Bustamante Fabara (Local)
Legal Counsel to RoE	Hogan Lovells
Legal Counsel to the IDB	Norton Rose Fulbright
Legal Counsel to DFC	Hunton Andrews Kurth (International) and Robalino (Local)
Legal Counsel to the Issuer	Kutak Rock and Matheson
Legal Counsel to Bank of New York Mellon	Perkins Coie

8. Philanthropic Support

Philanthropy is instrumental in supporting innovative conservation strategies that allow TNC to assist countries in achieving large-scale, durable protection and access significant long-term funding through debt conversions. Through their support for the Nature Bonds Program, the successful closing of this project was made possible by the catalytic support of philanthropic donors, including The Bobolink Foundation and Fondation Hans Wilsdorf. Pro bono legal support from A&O Shearman (this is the fifth Nature Bonds project supported by the firm) and Morrison Foerster also played a crucial role.

9. TNC's Nature Bonds Program

TNC is a global conservation organization dedicated to conserving the lands and waters on which all life depends, supporting work in 83 countries and territories (39 by direct conservation impact and 44 through partners). TNC's Nature Bonds Program is an innovative, transformative initiative working with countries to address economic challenges, protect nature at scale, support climate adaptation and mitigation, and benefit people.

Program Background. This is the sixth project made possible by TNC's Nature Bonds Program, joining Seychelles (2016), Belize (2021), Barbados (2022), Gabon (2023) and The Bahamas (2024).

1. **Conservation Goal Setting**: TNC collaborates with governments to identify conservation priorities, aligning with national commitments under their National Biodiversity Strategies and Action Plans (Global Biodiversity Framework) and Nationally Determined Contributions (Paris Agreement). TNC partners with stakeholders to develop clear, ambitious, and time-bound conservation commitments aimed at protecting and managing land, fresh water, and oceans.
2. **Debt Conversion**: TNC partners with development finance institutions, multinational development banks, and investment banks to arrange debt conversions, offering better terms than countries could secure on their own. The unlocked funds are directed toward long-term, reliable conservation efforts.
3. **Conservation Trust Fund Management**: TNC collaborates with local stakeholders and rightsholders to expand the capacity of an existing CTF or set up a new independent CTF to manage and allocate the project funds in line with national conservation priorities.
4. **Conservation Implementation**: Following the debt conversion, TNC assists countries in developing, designing, and implementing projects that support communities, protect nature, and maintain healthy ecosystems.
5. **Accountability and Transparency:** TNC determines governmental compliance with milestones and conservation reporting requirements. The CTF also releases periodic reports on the impact and financial outcomes.