

THE GENUINE BOOK OF ECUADORIAN LAWS

**THE NATIONAL CONGRESS
THE PLENARY SESSION OF THE LEGISLATIVE COMMISSIONS**

WHEREAS

Article 154 of the Political Constitution of the Republic of Ecuador provides that the province of Galapagos will have a Special Regime and that the rights of free residence, property and trade may be restricted in order to protect it;

Article 22, Paragraph 2 of the Political Constitution of the Republic of Ecuador guarantees the right of all persons to live in a pollution-free environment and compels the State to ensure that this right is not affected and to oversee the preservation of nature. Whereas it also provides for the Law to establish restrictions on the exercise of certain rights and freedoms in order to protect the environment;

The Galapagos National Park was established on July 4, 1959 via Emergency Executive Decree N° 17 published in Official Registry N° 873 on July 20, 1959. It was declared a Natural Heritage Site and included in the Biosphere Reserve List due to its singular natural, scientific and educational value, which should be preserved for posterity. Therefore, the Ecuadorian State assumed before all the nations of the world the unavoidable and historical commitment to preserve the Galapagos (Colon) Archipelago for present and future generations;

The Marine Resources Reserve was established via Decree N° 1810-A published in Official Registry N° 434 on May 13, 1986. The Decree also requires the Reserve to be included in the categories established by the Forestry, Natural Areas and Wildlife Preservation Law;

The major danger for the biodiversity of the province of Galapagos is the presence of exotic species;

The province of Galapagos was established via Supreme Decree N° 164 on February 18, 1973, published in Official Registry N° 256 on February 28, 1973, and via Supreme Decree N° 274 on March 16, 1973, published in Official Registry N° 271, on March 23, 1973;

The Ecuadorian State is bound to ensure the preservation of National Heritage Sites in Natural, Land and Marine Areas, as well as the development of surrounding human settlements and to adopt legal measures aimed at fostering a harmonic relationship with the inhabitants of the province of Galapagos;

Land and marine areas and human settlements in the province of Galapagos are interrelated in such a way that their preservation and sustainable development depend on the environmentally appropriate management of these three components;

It is a policy of the Ecuadorian State to protect and preserve the components of its ecosystems;

It is a policy of the Ecuadorian State to protect and preserve the land and marine ecosystems of the province of Galapagos as well as its exceptional biological diversity and the integrity and functionality of its unique ecological and evolutionary processes, for the benefit of mankind, local populations, science and education;

By virtue of the constitutional and legal powers thereunto appertaining, the National Congress has issued the following:

SPECIAL REGIME LAW FOR THE PRESERVATION AND SUSTAINABLE DEVELOPMENT OF THE PROVINCE OF GALAPAGOS

PRELIMINARY TITLE

Art. 1. SCOPE

The Special Regime Law for the Preservation and Sustainable Development of the province of Galapagos contains the legal and administrative regulations to be observed by dependent and autonomous sectional agencies in matters regarding human settlements and their activities, including health, education, sanitation and basic services, as well as preservation and sustainable development activities in that province and in the Marine Reserve.

Art. 2. BASIC REGULATIONS FOR THE ESTABLISHMENT OF POLICIES AND PLANS FOR THE PROVINCE OF GALAPAGOS

The development of policies and plans and the execution of public and private works in the province of Galapagos and in the area constituted by the Galapagos Marine Reserve will be governed by the following principles:

1. Preservation of ecological systems and biodiversity in the Province of Galapagos, especially native and endemic diversity, while allowing the continuation of the evolutionary processes of these systems with minimal human interference, in particular taking into account the genetic isolation of the islands and between the islands and the mainland;
2. Sustainable and controlled development within the bearing capacity of the Galapagos province ecosystems;
3. Privileged participation of the local community in development activities and in the sustainable economic use of the islands on the basis of the incorporation of special production, education, training, and employment models;
4. Reduction of the risk of introducing diseases, plagues, and exogenous plant and animal species into the province of Galapagos;
5. Quality of life of residents in the province of Galapagos should match the exceptional features of this Natural Heritage of Mankind;
6. Interactions between inhabited areas and protected land and marine areas should be recognized, as well as the need to ensure the integrated management thereof; and
7. Caution should be used when executing works and activities that may harm the environment or island ecosystems.

The regulations derived from this Law will include scientific and technical requirements to ensure environmental protection, preservation of natural resources, and sustainable development.

TITLE 1
INSTITUTIONAL FRAMEWORK

CHAPTER 1
THE NATIONAL GALAPAGOS INSTITUTE – INGALA

Art. 3. The National Galapagos Institute (INGALA) is a public entity with legal status and capacity to exercise rights and assume obligations. It has its own capital, its own budget and administrative and financial autonomy. It is located in Puerto Baquerizo Moreno, San Cristobal canton in the province of Galapagos. It is attached to the Presidency of the Republic and has jurisdiction in Galapagos.

INGALA is made up by the Council and the Technical Secretariat, exercised by the Management and its dependencies.

Art. 4. POWERS

INGALA serves as the technical advisory organ for those institutions in Galapagos that so require. Furthermore, it is the planning and coordinating entity for the Galapagos Province at regional level.

INGALA receives information from all the sectors involved in the formulation of general policies and guidelines to plan the conservation and sustainable development of the inhabited areas of the province of Galapagos. Such policies and guidelines must be submitted to the approval of the Council.

INGALA carries out research activities concerning environmental management and social issues, in coordination with scientific and academic entities, subordinated bodies, sectional governments, grassroots organizations, etc.

In particular, it is in charge of:

1. Providing technical and financial assistance to State agencies and bodies in matters related to the conservation of nature, the provision of public services, the well-being of the community, sustainable development and the regulation of tourism, exploitation of natural resources and training of human resources whose services are required in island territories;
2. Providing assistance to Autonomous and Dependent Sectional organizations in the research, planning, funding and contracting of works, when such organizations sign agreements with INGALA for that purpose. INGALA may contribute funds to that effect;
3. Executing works and providing services required by the community, in coordination with the Autonomous and Dependent Sectional Agencies;
4. Authorizing or rejecting applications for temporary admission permits, and in general carrying out residence controls;
5. Promoting economic activities among island inhabitants that are compatible with the concept of sustainable development;

6. Executing, in coordination with other entities established in the islands, research activities concerning the use of natural marine and land resources, underground and ground water, agricultural uses and environmental sanitation, farming, cattle raising and fishing activities, and other actions that should be controlled in order to maintain the islands' ecosystems;
7. Collaborating in the enforcement of the provisions in effect for the conservation of nature;
8. Advising State organs on the development and implementation of Environmental Impact Assessments for any projected work in the province; and
9. Promoting the execution of inter-institutional, national, and international agreements for the coordination and strengthening of the administration and management of the province of Galapagos.

CHAPTER II THE COUNCIL OF INGALA

Art. 5. MEMBERSHIP

The Council of INGALA is the collegiate body that sets the policies and activities of the province of Galapagos. The following members or their delegates make up the plenary of the Council:

1. The Minister of the Environment, who acts as chairman;
2. The Minister of Finance and Public Credit;
3. The Minister of National Defense;
4. The Minister of Tourism;
5. The Minister of Foreign Trade, Industrialization and Fisheries;
6. The Executive Director of INEFAN;
7. The Provincial Prefect of Galapagos;
8. A Representative of the Association of Municipalities of the province of Galapagos;
9. The President of the Provincial Tourist Chamber of Galapagos – CAPTURGAL;
10. A Representative of Local Fishermen Cooperatives of the province of Galapagos;
11. The President of the Ecuadorian Committee for the Defense of Nature and the Environment – CEDENMA;
12. A Representative of the farmers and cattle raisers of the province of Galapagos, chosen by the legally organized Associations of Farmers and Ranchers; and
13. The Governor of the province of Galapagos.

The Charles Darwin Foundation will also be part of INGALA's Council, with authority to express opinions but not to vote.

INGALA's Council will have an Institutional Coordination Committee, a Technical Committee and a Residence Planning, Qualification and Control Committee, each with specific powers. The Regulations will specify membership, organization and operation procedures.

The Regulations of this Law will establish the procedures for the appointment of the delegates listed in numerals 10 and 12 and other rules for the organization and operation of the Council.

Art. 6. POWERS

The Council of INGALA will have the following powers:

1. To approve the general policies for the preservation and sustainable development of the province of Galapagos, which will be subjected to the national policies established under the Political Constitution of the Republic and other relevant laws;
2. To approve regional planning policies and territorial use within urban and rural areas for the development of the province, which will be subjected to the national policies established under the Political Constitution of the Republic and other relevant laws;
3. To approve the Regional Plan for the province of Galapagos, which will be issued by the President of the Republic via Executive Decree;
4. To approve the general guidelines for the regional planning of:
 - a) sanitation infrastructure, including twin water and sewerage systems, environmental sanitation, and transportation and disposal of waste;
 - b) the number and type of motor vehicles and heavy machinery that may enter into the province of Galapagos; and
 - c) maximum allowed levels of environmental pollution applicable to the province of Galapagos.
5. To approve the internal regulations of INGALA;
6. To be informed of and approve the annual budget of INGALA's operational plan and annual financial statements, and to authorize the procurement or disposal of real and personal property owned by INGALA pursuant to the relevant regulations; and
7. All other powers established herein, in the General Enforcement Regulations, and in other internal INGALA regulations.

CHAPTER III TECHNICAL SECRETARIAT OF INGALA

Art. 7. The Technical Secretariat of INGALA is in charge of implementing all the decisions of the Council and is invested with all the specific powers assigned thereto by this Law and its Regulations.

The Manager will chair the Technical Secretariat of INGALA.

Art. 8. POWERS OF THE MANAGER

The Manager will be in charge of:

1. Exercising the legal, judicial and extra-judicial representation of INGALA;
2. Entering into contracts and agreements with national and foreign public and private sector agencies. Pursuant to the provisions of the laws on the matter, the General Regulations will establish the amounts above which the Council's authorization to exercise this power is required;
3. Deciding on all general management and staff administration activities pursuant to the relevant regulations;
4. Proposing for Council approval the Functional and Organizational Regulations and other regulations for the operation of INGALA;
5. Acting as Secretary in each of INGALA's technical committees; and
6. All other powers assigned by this Law, the regulations and INGALA's Council.

Art. 9. APPOINTMENT OF MANAGER

The Manager of INGALA must be an Ecuadorian national, a high-level professional and a permanent resident of the province of Galapagos. The Manager is appointed and removed from office by the President of the Republic.

Art. 10. RESOURCES OF INGALA

INGALA will have the following resources:

1. The resources assigned by this Law;
2. The resources assigned in the State budget to finance all its current expenditures;
3. The contributions of national or foreign public and private sector agencies;
4. The resources arising from the administrative management and from assets and services provided by INGALA;
5. Local or international loans;
6. The resources derived from the laws that establish the Sectional Development Fund – FONDESEC-, and the Provincial Development Fund – FONDEPRO- and other special laws, to be used for the global enforcement of all its powers;
7. Two percent of the surface of inhabited islands to be delimited by the Board of the Galapagos National Park. The delimitation and use of such areas will be subjected to the relevant management plans formulated for the Galapagos National Park, to the principles and rules established in this Law, and to the policies and decisions of INGALA's Council.

CHAPTER IV
PROTECTED AREAS OF THE PROVINCE OF GALAPAGOS

Art. 11. The Galapagos National Park and the Galapagos Marine Reserve are part of the National Protected Heritage Sites.

The administrative and legal regime in these areas is special and is submitted to the provisions of this Law, its regulations, and to the Forestry, Natural Areas and Wildlife Preservation Law and its regulations.

The area marked as Galapagos National Park and its boundaries are those appearing in Inter-Ministerial Agreement N° 0297, published in Official Registry N° 15 on July 31, 1979, notwithstanding the update made under article 10, number 7 hereof.

The resources of the Galapagos National Park include those assigned by this Law, by the State's Budget for the financing of all current expenditures, contributions from national or foreign public and private sector agencies, legacies and donations, resources generated by the administrative management and fees from the use of the National Park, local or foreign loans, and resources assigned by special regulations.

These resources will not be entered into the Single Account of the National Treasury and will be administered by the Board of the National Park, through its bank accounts and its budget.

PARAGRAPH 1°
THE GALAPAGOS PROVINCE MARINE RESERVE

Art. 12. The Marine Reserve of the Galapagos province is included in the category of Marine Reserve, with multiple uses and integrated administration pursuant to the classification contained in the title of the legal reforms hereof.

The Marine Reserve includes the marine area within a band of 40 nautical miles measured from the baseline of the Archipelago and its inland waterways, as it appears in Executive Degree N° 959-A dated June 28, 1971, and in Official Registry N° 265, dated July 13, 1971.

Art. 13. THE INTER-INSTITUTIONAL MANAGEMENT AUTHORITY

The Inter-institutional Management Authority includes the following members:

1. The Minister of the Environment or a delegate thereof, who acts as chairman;
2. The Minister of National Defense or a delegate thereof;
3. The Minister of Foreign Trade, Industrialization and Fisheries or a delegate thereof;
4. The Minister of Tourism or a delegate thereof;
5. The Provincial Chamber of Tourism of the province of Galapagos;
6. The Local Fishermen Sector of the province of Galapagos;
7. Conservation, Science and Education Sectors of the Province of Galapagos.

The Director of the Galapagos National Park will act as Technical Secretary of the Authority.

The members of the Commission or their delegates must be officials of their respective agencies with permanent residence in the Galapagos Islands.

Art. 14. The Inter-institutional Management Authority will have the following powers:

- a) Setting up policies for the Galapagos Marine Reserve based in principles of sustainable development and conservation
- b) Approving the Plan for the conservation and sustainable use of the Galapagos Marine Reserve;
- c) Monitoring the execution of the Plan;
- d) Distributing resources assigned to the Galapagos Marine Reserve and any other income pursuant to management priorities for the Reserve Area:
- e) Inviting the participation of public and private institutions when deemed necessary;
- f) Approving fishing schedules, volumes, sizes, species and nets allowed in Galapagos, with the advice of the National Fisheries and Fishing Development Council; and
- g) Authorizing participating scientific research studies aimed at improving conservation and developing marine fishing policies.

Art. 15. ADMINISTRATION AND MANAGEMENT

The Galapagos National Park Administration is in charge of administering and managing the Marine Reserve of the Galapagos province, where it will exercise jurisdiction and competence over the management of natural resources.

For control, scientific research and monitoring purposes, the Administration will coordinate its activities with the competent public and private institutions that carry out activities in the Marine Reserve Area under the Management Plan and other inter-institutional agreements that may be signed. The Undersecretary of Fishing Resources and the National Navy will appoint inspectors and staff that, under the Management Plan, may be required to exercise control activities in the Marine Reserve of the Galapagos province.

The Galapagos National Park Board will coordinate the development and supervision of management, conservation and sustainable use activities in the Marine Reserve and other

policies and plans to be developed under the principle of participating and adaptive management, which must be submitted to the consideration and approval of INGALA's Council.

The Management Plan for the Galapagos Marine Reserve will define levels of cooperation and local involvement and responsibility of duly organized groups of users, through the Participant Management Board.

Art. 16. MARINE AREA UNDER SPECIAL PROTECTION

A minimal protection area of 60 nautical miles from the baseline is hereby established to regulate the transport of toxic or high-risk products in that area. This limit can be increased under international agreements and scientific research made for that purpose.

PARAGRAPH 2° RESOURCES ARISING FROM ADMISSION IN PROTECTED AREAS OF THE GALAPAGOS PROVINCE

Art. 17. TAX ON INCOMING TOURISTS

An admission fee to enter the Galapagos National Park and the Marine Resources Reserve of the Galapagos Province is hereby established, to be paid by tourists at collection sites established to that effect, in the following amounts:

1. An amount equal in sucres to one hundred US dollars (US\$100.00) to be paid by foreign tourists 12 years or older who are not residents of Ecuador, other than those indicated in paragraph 3 hereof;
2. An amount equal in sucres to fifty US dollars (US\$50.00) to be paid by foreign tourists under 12 who are not residents of Ecuador, other than those indicated in paragraph 4 hereof;
3. An amount equal in sucres to fifty US dollars (US\$50.00) to be paid by foreign tourists 12 years or older who are not residents of Ecuador but are nationals of a member country of the Andean Community of Nations or MERCOSUR;
4. An amount equal in sucres to twenty-five US dollars (US\$25.00) to be paid by foreign tourists under 12 who are not residents of Ecuador but are nationals of a member country of the Andean Community of Nations or MERCOSUR;
5. An amount equal in sucres to six US dollars (US\$6.00) to be paid by national tourists or foreign tourists 12 years or older who are residents of Ecuador;
6. An amount equal in sucres to three US dollars (US\$3.00) to be paid by national tourists and foreign tourists under 12 who are residents of Ecuador; and
7. An amount equal in sucres to twenty-five US dollars (US\$25.00) to be paid by foreign students who are not residents of Ecuador but are registered at a local educational facility.

National or foreign tourists under 2 years of age are exonerated from this fee. The beneficiary of this fee is the Ecuadorian State. The Galapagos National Park Board will act as collecting agent, and will also be in charge of distributing the proceeds pursuant to the provisions contained herein.

Art. 18. DISTRIBUTION OF RESOURCES GENERATED BY ADMISSION FEES IN THE PROTECTED AREAS OF THE PROVINCE OF GALAPAGOS

The resources arising from the collection of the taxes mentioned in the preceding paragraph will be distributed as follows:

1.	Galapagos National Park	40%
2.	Municipalities of Galapagos	20%
3.	Provincial Council of Galapagos	10%
4.	Marine Reserve of the Galapagos Province	5%
5.	INEFAN –for the National Protected Heritage Area	5%
6.	INGALA	10%
7.	Inspection and Quarantine System of the Province of Galapagos	5%
8.	National Navy	5%

Art. 19. USE OF RESOURCES GENERATED BY ADMISSION FEES IN PROTECTED AREAS OF THE PROVINCE OF GALAPAGOS

The proceeds from admission fees paid by tourists in the Galapagos National Park, assigned to Autonomous Sectional Regime agencies and to INGALA, will be exclusively used to:

1. finance education, sports, health and environmental projects;
2. provide for environmental services; and
3. to provide services directly related to tourist services.

Art. 20. MANAGEMENT OF RESOURCES GENERATED BY ADMISSION FEES IN PROTECTED AREAS OF THE PROVINCE OF GALAPAGOS

As an exception to the provisions of the Law on Public Sector Budgets, the resources generated by the fee established in this paragraph will not be deposited in the National Treasury's Single Account.

The Galapagos National Park Board will collect these resources. They may be deposited in any national public or private financial entity, in local or foreign currency. For the distribution of such funds, the Galapagos National Park Board will transfer monthly the corresponding amount, without further consideration, to special accounts opened to that effect in the name of each beneficiary institution in accordance with the distribution schedule established by the Law, after withholding the percentages that are administered directly by the Galapagos National Park.

Art. 21. Public institutions that charge, by any means, taxes, fees of any nature or other charges on the admission of tourists in the protected areas of Galapagos will lose their right to participate in the distribution of the fee established hereby. In any case, the establishment of any tax, fee or charge of any sort directly linked to tourist activities will require a prior favorable report from the Council of INGALA and the Ministry of Tourism.

CHAPTER V OTHER PUBLIC ADMINISTRATION AGENCIES

Art. 22. SUBMISSION TO GENERAL POLICIES

Dependent sectional agencies will submit to the general policies issued by INGALA's Council for the formulation of plans, programs, projects, and budgets related to the preservation and development of the Galapagos Archipelago.

The decentralized dependencies of the province of Galapagos will timely submit to their superiors projects regarding institutional plans, budget proposals and operational plans so that they can be incorporated into institutional plans and budgets. Furthermore, they will submit institutional plans to INGALA's Council so that they can be included in the regional planning process.

In order to comply with the objectives of preservation and integrated management of the province of Galapagos within their jurisdictions and competence, autonomous sectional governments will observe the national general policies and regional planning guidelines approved by INGALA's Council.

Autonomous Sectional Agencies may enter into inter-institutional agreements to coordinate and strengthen the administration and management of resources assigned to the Galapagos, within the scope of their competence.

Art. 23. MUNICIPALITIES

In addition to the functions established in the Political Constitution of the Republic and in the Municipal Regime Law, in the Decentralization and Popular Participation Law, the Municipalities of the Province of Galapagos, within the scope of their competence and notwithstanding the provisions of this Law, are bound to:

1. Formulate zoning plans and control the use of land in the canton, including urban and rural areas in human settlements that are considered part of the relevant Management Plan. To that effect, they will coordinate actions with institutions having jurisdiction on the matter;
2. Dictate pollution control regulations pursuant to the laws in effect and the parameters and standards established by INGALA's Council;
3. Build sanitation infrastructure, twin water and sewerage systems, sewerage and in general environmental sanitation systems in coordination with the Provincial Council pursuant to the plans and programs approved by the Council of INGALA;
4. Treat residues from bilges, ballast, sewage, solid waste, or any other polluting element;
5. Contribute to the total control system and to the eradication of species introduced in urban and rural areas, in coordination with the relevant institutions.

TITLE II
RESIDENCE REGIME IN THE PROVINCE OF GALAPAGOS

Art. 24. GENERAL PRINCIPLE

Any person entering or remaining in the province of Galapagos must legalize his or her immigration status pursuant to this Law, its General Enforcement Regulations and the special regulations on this matter.

Resident control will be exercised by the Qualification and Residence Control Committee of INGALA's Council, pursuant to this Law and its Regulations.

Art. 25. CATEGORIES OF RESIDENTS

For the purposes of this Law, three resident categories are established:

1. Permanent Residents;
2. Temporary Residents; and
3. Tourists and Persons in Transit.

Art. 26. PERMANENT RESIDENTS

The permanent residence of the following individuals will be recognized:

1. Those born in the province of Galapagos whose mother or father is a permanent resident;
2. Ecuadorian or foreign nationals with legal residence in the country who have a marital or common-law relationship recognized by the Law, or the children of a permanent resident of the province of Galapagos;
3. Ecuadorian or foreign nationals with legal residence in the country who, on the date hereof, have been residing in the province of Galapagos for five continuous years.

Ecuadorian and foreign nationals who, when this Law is issued, are residing in Galapagos but do not fulfill the requirements to obtain the status of permanent residents established in paragraph 3 hereof will be considered as temporary residents. They may apply for the status of permanent resident after complying with the requirements set forth in the Regulations, once they have completed five years of continuous residence.

Art. 27. TEMPORARY RESIDENTS

The status of temporary resident will be accorded to:

1. Individuals who perform public services or military, cultural, academic, technical, sport, scientific, professional and religious activities, while they remain in such activities or service;
2. Individuals who perform dependent work for a duration of up to one year, which can be extended for equal periods of time. Once the term provided for in their contract is expired, the temporary residence of the individual will also expire pursuant to the relevant Regulations; and

3. The spouse or common-law partner, under the terms of the relevant laws, and the children of a temporary resident during the period of residence of the spouse, partner or parent.

Art. 28. ACTIVITIES OF RESIDENTS

Permanent residents may work as employees or workers and may exercise productive or service activities in the province of Galapagos. Temporary residents may only carry out those activities for which they traveled to the islands.

Only permanent and temporary residents may be registered in the province of Galapagos.

Only local professionals and labor may carry out public and private works and services in the Galapagos province. In the event more labor or professionals are needed to carry out works in these sectors, non-resident professionals or workers may be hired prior a favorable report by INGALA. Vacancies may be only temporarily filled under contracts complying with the terms, category and requirements established by the Regulations for the employer.

Art. 29. TOURISTS AND PERSONS IN TRANSIT

By virtue of article 34 of the Special Law for the Development of Tourism and for the purposes hereof, the term tourist means those persons visiting the Heritage Site and the inhabited areas of the province of Galapagos.

The term person in transit means any individual who is in transit in the province of Galapagos and does not fall into any of the categories established within the Residence Regime hereof.

Art. 30. ACTIVITIES OF TOURISTS AND PERSONS IN TRANSIT

Persons travelling as tourists or in transit in the province of Galapagos may not carry out profit-making activities and may only remain on provincial territory for a maximum term of 90 days each year. This term may be exceptionally renewed for one time, pursuant to the provisions established for that purpose in the Regulations.

Art. 31. REQUIREMENTS FOR TOURISTS AND PERSONS IN TRANSIT

Individuals travelling as tourists or in transit to the Province of Galapagos must:

1. Obtain the Transit Control Card issued by INGALA, distributed through tourist bureaus, travelling agencies, airline counters or other passenger transportation facilities; and
2. Buy a national, personal, round trip non-transferable airplane ticket or passage in a boat linking the mainland and the islands.

**TITLE III
EDUCATIONAL AND HEALTH REGIMES IN THE PROVINCE OF
GALAPAGOS**

**CHAPTER I
EDUCATIONAL AND TRAINING REGIME**

Art. 32. PRINCIPLES OF THE EDUCATIONAL AND TRAINING REGIME

The educational and training regime in the province of Galapagos will observe the following general criteria:

- a) The State will give priority to training aimed at the special needs of the Island Region at all levels;
- b) Enforcing the institutionalization of the Comprehensive Educational Reform, which incorporates environmental preservation and conservation issues and the socioeconomic characteristics of the Province;
- c) Building, modernizing, improving and equipping educational facilities in the Province of Galapagos;
- d) Matching salaries of local teachers with those of public sector employees working in Galapagos, pursuant to the provisions of this Law.

Officials of all dependent sectional entities appointed, designated or hired to serve in the province of Galapagos will attend during the first year a training course on the conservation of natural resources, environmental protection and sustainable development. This course will be provided in coordination with the Galapagos National Institute, the Ministry of the Environment, and with the advice of the Charles Darwin Foundation.

Art. 33. ADMINISTRATIVE DECENTRALIZATION

In order to speed administrative, technical, pedagogical and financial management activities, the Ministry of Education and Culture and its dependencies will delegate administrative functions to the Provincial Board of Education of Galapagos, after an analysis of the relevant reasons thereto.

Art. 34. COMPREHENSIVE EDUCATIONAL REFORM

The Comprehensive Educational Reform will be approved by the Ministry of Education and Culture and it will be formulated by the Provincial Board of Education of Galapagos and the province's Teachers' Association, with the involvement for that purpose of private and public sector agencies concerned. The Comprehensive Educational Reform will undergo permanent follow-up and assessment activities. The results thereof will serve as basis for the reformulation and updating of the Reform.

Art. 35. EXTRA-CURRICULAR ACTIVITIES FOR LOCAL TEACHERS

Teachers who work in the province of Galapagos will perform extracurricular activities aimed at protecting the environment, such as the production of support teaching material, organization of support groups, environmental, cultural, social and sports groups; workshops, professional training seminars, recovery activities aimed at fostering procedures that are favorable to the community and to the conservation of nature.

The teachers of the province of Galapagos will undergo evaluation processes to guarantee the quality of education and the adequate execution of the extra-curricular activities above indicated.

By virtue of the provisions hereof, the basic salary for teachers in the province of Galapagos is increased in two minimum wages, in addition to the increase provided for in the National Teachers Hierarchy Law. The Ministry of Finance will assign the funds necessary to cover the relevant budget.

Art. 36. SCHOLARSHIPS

The Ecuadorian Institute for Educational Credit and Scholarships will compulsorily publish and assign -through INGALA- the scholarships and credits available to students and professionals living in the Island Region. The requirements to grant such scholarships and credits and the number thereof will be established in a special regulation applicable to the residents of the Province of Galapagos.

CHAPTER II THE HEALTH CARE REGIME

Art. 37. HEALTH CARE AT NATIONAL LEVEL

The affiliates of the Ecuadorian Social Security Institute (IESS) who reside in the province of Galapagos may receive health care at the Institute's health care facilities located in any city in the country. For this purpose, the Institute will cover transfer and living expenses during the time required by the medical treatment.

Art. 38. PRINCIPLES OF THE HEALTH CARE REGIME

The health care regime of the province of Galapagos will submit to the following principles that will be enforced by the Ministry of Public Health or the Ministry of Finance, as the case may be:

1. Establishment of preventive medicine and compulsory temporary assistance programs;
2. Improvement, building and equipping of health care facilities; and
3. Appointment and on-going training of staff.

For that purpose, funds will be provided for the construction, equipping and adequate operation of the Galapagos Regional Hospital.

Health care professionals who perform specific health tasks will be granted an increase of two minimum general wages in their corresponding basic professional salary.

**TITLE IV
PRODUCTIVE ACTIVITIES IN THE PROVINCE OF GALAPAGOS**

**CHAPTER I
FISHING ACTIVITIES**

Art. 39. PRINCIPLES GOVERNING FISHING ACTIVITIES

Fishing activities in the Marine Reserve of the Galapagos Province will be submitted to conservation and adaptive management principles and to the guidelines for the sustainable use of hydro-biological resources contained herein and in the relevant Management Plan.

Art. 40. ESTABLISHMENT OF FISHING ZONES

The Management Plan for the Marine Reserve of the Galapagos Province will define fishing zones and admissible fishing activities aimed at protecting vulnerable and fragile species of island ecosystems. It will also establish measures, controls and mechanisms to guarantee the conservation of ecosystems and the sustainable use of resources as provided by this Law.

Art. 41. TRANSPORTATION AND MARKETING

Transportation and marketing activities will be regulated by the Management Plan pursuant to relevant technical studies.

Art. 42. SMALL-SCALE FISHING

In the Marine Reserve area of the Province of Galapagos, only small-scale fishing, as defined in the relevant Management Plan, is authorized. This Plan will allow small vessels to be replaced with other of larger capacity, tonnage and fishing nets in order to ensure optimization of small-scale fishing activities in the province of Galapagos.

The Plan will be drafted on the basis of the last fishing census. Fishing permits will be granted to each vessel and may be transferable pursuant to the relevant Regulations.

Art. 43. REQUIREMENTS FOR SMALL-SCALE FISHING

1. Having the status of permanent resident in the Province of Galapagos; and
2. Being affiliated to one of the small-scale fishing cooperatives of the Province of Galapagos, legally organized on the date hereof.

Art. 44. FISHING REGISTRY

Any vessel carrying out fishing activities, including the operation, marketing or supplying of fishing vessels within the Marine Reserve of the Province of Galapagos, must be previously registered with the competent authorities. The authorities will carry out periodic qualifications and controls of the vessels to ensure compliance with the requirements set forth in the Law and its regulations. The Regulations will establish a permit issuance system for fishing activities in the province of Galapagos.

CHAPTER II TOURISM ACTIVITIES

Art. 45. TOURISM AND CONSERVATION

Tourism activities admissible in the province of Galapagos will be based on the principle of nature-oriented tourism, and their destination will be the National Park, the Marine Reserve and the inhabited areas of the province of Galapagos. These activities will be subjected to operation modes compatible with the conservation principles established herein and with the rules contained in the Special Law for the Development of Tourism, the Forestry, Natural Reserves and Wildlife Preservation Law and its General Regulations, the Special Regulations on Tourism in Protected Natural Areas and current management plans.

Art. 46. COMPETENCE

Through the Galapagos National Park Board, the Ecuadorian Forestry Institute for Natural Areas and Wildlife (INEFAN) will program, authorize, control and supervise tourist activities in the protected areas of the province of Galapagos pursuant to their respective Management Plans. It will also be in charge of prosecuting and enforcing penalties specified in the relevant laws.

Within the Galapagos National Park and the Marine Reserve of the province of Galapagos, the Ministry of Tourism has the power to regulate the minimum standard of quality of tourist services. It also has other powers, under the Special Law for the Development of Tourism, concerning benefits, regulations and control on the provision of services.

Art. 47. OPERATION AUTHORIZATIONS

Tourist activities in the Galapagos National Park and in the Marine Reserve of the province of Galapagos are reserved to operators and shipowners who have obtained an authorization issued by INEFAN pursuant to the Special Regulations on Tourism in Protected Natural Areas and to Management Plans. These Special Regulations also cover the unified tourist operator authorizations system for the province of Galapagos.

The rights contained in these tour operator authorizations or permits may only be accorded to permanent residents.

Art. 48. ENCOURAGEMENT OF TOURISM WITH THE INVOLVEMENT OF THE LOCAL COMMUNITY

An Advisory Committee has been established for the purposes of providing advice to the Galapagos National Park and to the Ministry of Tourism in the planning and coordination of tourism activities with the involvement of the local community. It includes public and private institutions of the province of Galapagos. Membership and operation of the Committee will be specified in the General Regulations of this Law and in the relevant Management Plans.

All current and future tour operation modes will be designed for permanent residents who will be granted the relevant tour operation licenses, provided they have not previously obtained patents or quotas. In order to obtain the licenses residents have to be qualified by INEFAN and approved by INGALA's Council. They may also apply for preferential credits designed for tourist activities.

Tour operation rights granted by INEFAN prior to this Law will be respected and maintained.

Art. 49. BUILDING OF NEW TOURIST FACILITIES

The construction of new tourist facilities will require the authorization of INGALA's Council, which will be given only to permanent residents, provided such facilities:

- a) Generate local profits;
- b) Guarantee quality tourist services pursuant to the Special Regulations on Tourism in Protected Natural Areas;
- c) Guarantee that impact on Galapagos ecosystems is kept to a minimum through the execution of environmental impact assessments and the Management Plan; and
- d) Are established in zones expressly allowed within the plans and zones indicated in the relevant Management Plans, in the Regional Plan, and in environmental regulations.

Art. 50. ADMISSION OF NON-COMMERCIAL FOREIGN VESSELS

Non-commercial foreign vessels in transit, with up to 10 persons on board, may drop anchor at any inhabited port within the province to replenish supplies. The term for such stay is 20 days, and may not be extended.

Tourism activities on board vessels admitted under the above provisions are prohibited. Furthermore, such vessels must comply with the requirements and regulations established in the Special Regulations and relevant Management Plans, and will be subjected to all relevant regulations currently in effect in the country.

Art. 51. TAX ON TOTAL ASSETS

The tax on total assets established under Law N° 006, published in Official Registry N° 97 on December 29, 1988, must be declared and paid by assessable taxpayers in the canton of the province of Galapagos where their principal place of business, if any, is located. For the purpose of determining the amount of tax to be declared and paid in the province, all assets located in the province of Galapagos and all current liabilities will be taken into account. After declaring and paying such tax in the province, no other payment will be required anywhere else in the country.

Art. 52. EXCEPTION TO THE PERIODICAL INCREASE OF OPERATION QUOTAS

The periodical increase provided for in Article 42 of the Special Law on the Development of Tourism will not apply in the province of Galapagos. Any modification will be subjected to the revisions of the relevant Management Plans.

CHAPTER III AGRICULTURAL AND CATTLE RAISING ACTIVITIES

Art. 53 AGRICULTURAL AND CATTLE RAISING DEVELOPMENT POLICIES

Agricultural and cattle raising activities in the province of Galapagos will submit to the following criteria:

1. They will observe ecosystem conservation objectives in order to minimize negative impacts;
2. They will be aimed at:
 - a) Improving the self-support of local populations and meeting the demands arising from tourist activities;
 - b) Limiting the introduction of foreign products; and
 - c) Controlling and minimizing the introduction of exotic animal and plant species.
3. The technological improvement of agricultural and cattle production is a priority through the generation and transfer of production systems adapted to the physical and biological characteristics of the islands. Biological and organic agricultural and cattle raising activities will be encouraged;
4. It is a duty for all individuals and legal persons to contribute towards the total control of introduced species and to the prevention of further introduction and diffusion thereof. Inspection and quarantine actions will have priority, as well as the total control and eradication of species with aggressive behaviors that affect the survival of native and endemic species of the islands; and
5. The organization of farmers and cattle raisers in production, processing and marketing aspects will be encouraged in order to improve product quality and competitiveness.

Art. 54. TOTAL CONTROL OF INTRODUCED SPECIES

Inspection and quarantine activities in ports and airports, both concerning passengers and cargo, will be carried out by the Ministry of Agriculture and Cattle Raising (MAG) through the Ecuadorian Agricultural and Cattle Raising Sanitary Service (SESA) in coordination with those entities specified in article 3 of the Special Regulations on Agricultural, Cattle Raising and Natural Area Sanitation and Quarantine for the province of Galapagos.

Art. 55. ERADICATION OF INVASIVE SPECIES IN FARM AREAS

The Annual program for the eradication of Exotic Plant and Animal Species in farm areas and within the Galapagos National Park will be prepared by MAG and INEFAN, in coordination with INGALA, the Charles Darwin Foundation and those producers' associations legally recognized. A participating management approach will be used, which will also contain the relevant obligations for its enforcement.

The Inspection and Quarantine System and the Galapagos National Park will finance the implementation of the program.

Art. 56. SPECIES ALLOWED

The MAG and the Galapagos National Park Board, with the advice of the Charles Darwin Foundation and of research sectors in the province of Galapagos, will establish the rules and procedures concerning total control, inspection, quarantine and approval of the exceptional introduction of any species.

Art. 57. SUPPORT TO THE TECHNOLOGICAL DEVELOPMENT OF AGRICULTURAL AND CATTLE PRODUCTION

The MAG, in coordination with the Galapagos National Park, research and scientific entities and legally recognized producers' associations, will develop technological plans to improve agricultural and cattle production under a land planning and exploitation scheme. The Regulations to this Law will establish the mechanisms that will define research and technological transfer priorities. Technological improvement plans will also include the development and implementation of techniques for the optimization of water, air, ground and underground resource uses with agricultural and cattle raising purposes, as long as this does not interfere with the islands' native species.

Art. 58. USE OF PESTICIDES

Spraying, introducing, selling or using pesticides and agrochemical products classified as extremely and highly toxic is prohibited. The Regulations will establish the procedures to define exceptional cases.

CHAPTER IV HANDCRAFTS

Art. 59. ENCOURAGEMENT OF HANDCRAFTS PRODUCTION

The Ecuadorian State will encourage the development of the local handcrafts sector through financing, training, promotion and marketing policies.

Art. 60. LOCAL HANDCRAFTS PRODUCTION

Only local artisans may sell handcrafts and souvenirs manufactured in the province of Galapagos. Handcrafts sales by public institutions, foundations and tourist vessels are prohibited.

TITLE V ENVIRONMENTAL CONTROL

Art. 61. The Ministry of the Environment may enforce environmental audits at national level, pursuant to the relevant regulations, without prejudice of other competent bodies or agencies.

If necessary, pursuant to relevant rules and prior to signing a public contract or providing an administrative authorization for the execution of public, private or joint works, an environmental impact assessment must be requested. Obligations arising therefrom will be included in those instruments.

Whoever prepares an environmental impact assessment will be civilly and criminally liable for its contents. The public official who executes the contract or authorizes the execution of public, private or joint works based on that assessment is administratively, civilly and criminally liable.

Notwithstanding the requirements contained in the relevant laws, environmental assessments referred to in this article will include specific requirements for the sustainable development of the province of Galapagos.

Art. 62. PROHIBITIONS

It is expressly prohibited to:

1. Dispose of toxic, infectious, radioactive or nuclear waste of any provenance;
2. Operate industries or install and foster the installation of new industries that emit liquid, solid or gaseous pollutants that are difficult to treat or eliminate;
3. Keep scrap heavy equipment, vehicles or vessels in land areas and in the marine reserve areas. The regulations will specify the appropriate treatment for such waste;
4. Empty or throw in crevices, inland aquifers or waterways in the marine reserve, along the coast or on beach areas, residues from bilges, ballast, sewage, garbage or waste of any kind or other elements that may pollute the marine environment without prior treatment, as specified in the Regulations;

5. Introduce exogenous organisms to the islands, pursuant to the rules in effect;
6. Transport animals by any means, including domestic animals, from the mainland to the islands, or any species of flora, fauna, and native geological material from the islands to the mainland or abroad; and
7. Transport native or introduced organisms between islands without authorization.

Transportation of scientific samples will be authorized by INEFAN on the basis of the regulations of the Forestry Law and other inter-institutional and international agreements.

Art. 63. WASTE MANAGEMENT

Waste disposal and incineration of garbage will be authorized under special rules defined in the relevant regulations and in sites that do not conflict with natural values or tourist attractions, pursuant to the relevant Regulations.

TITLE VI INCENTIVES

Art. 64. INCENTIVES TO PRODUCTIVE AND CONSERVATION ACTIVITIES

Private financial institutions that grant preferential loans or guarantees with interest rates and conditions more favorable than those usually accorded in the marketplace to finance agricultural, cattle raising, fishing, tourist, craftsmanship projects or educational programs in the province of Galapagos previously approved by INGALA, will enjoy a deduction of their tax base for the calculation of the income tax equal to the amount corresponding to the interest or commission generated by the loans or guarantees.

Art. 65. TRAINING BY THE PRIVATE SECTOR

Individuals or legal persons, whatever their place of residence, domicile or operation, who invest in training programs for permanent residents of the province of Galapagos and include those residents in their payrolls as employees or workers during training may deduct the sums involved in such training from the amount to be declared monthly as Value-Added Tax.

Art. 66. PREFERENTIAL LOANS

The National Development Bank, the Ecuadorian Housing Bank, the National Financial Corporation and other public institutions or joint public-private firms will give priority to and establish special and preferential credit lines according to their areas of competence in favor of permanent residents of the province of Galapagos.

Art. 67. DEDUCTION FOR DONATIONS IN FAVOR OF ENVIRONMENTAL SANITATION PURPOSES

Individuals or legal persons, whatever their field of activity may, after approval by INGALA, deduct from their assessable income those donations made to public or private

institutions for the execution of environmental sanitation activities, eradication of introduced species, training and education, and other activities related to the conservation of the province of Galapagos.

TITLE VII INFRACTIONS AND PENALTIES

Art. 68. Any individual or the legal representative of any legal person who carries out fishing activities in the Marine Reserve of the province of Galapagos without the relevant authorizations will be sentenced to a prison term ranging from three months to three years and to pay a fine of two thousand general minimum vital wages. Furthermore, such persons will also be punished with the confiscation of the cargo and the vessel, unless these penalties are administratively enforced.

Any individual or the legal representative of any legal person who uses unauthorized methods or fishes species out of season or that are expressly prohibited in the Marine Reserve of Galapagos will be sentenced to a prison term ranging from 15 to 120 days and to pay a fine of eighty general minimum vital wages. Furthermore, such persons will be punished with the confiscation of the cargo and the vessel, unless these penalties are administratively enforced.

The above penalties will also be enforced on those persons who invade the protected heritage site area and who collect, move or carry without authorization, or hunt, sell, transform or destroy in whole or in part native, endemic, vulnerable or endangered organisms included in the lists established in the domestic laws and adopted pursuant to CITES and other international parameters.

Art. 69. A prison sentence of one month up to 1 year and a fine of ten to one thousand general minimum vital wages and the confiscation of the product, as the case may be, unless the penalty has been enforced administratively, will be applied to whomever:

- a) destroys or alters protected areas, leaves waste or garbage on bays, beaches or river banks, throws overboard waste or objects that seriously deteriorate the ecosystem, or extracts arid or stone material from protected areas without authorization;
- b) introduces exogenous organisms to the Islands by any means without authorization;
- c) transports geological material from the islands to the mainland or abroad by any means without authorization; and
- d) authorizes the concession of tour operation or fishing licenses during expressly indicated moratorium periods or in serious violation of the rules in effect. Such person will also be removed from his/her post.

Art. 70. Notwithstanding administrative actions and sanctions, competent judges will judge the above infractions pursuant to the provisions of the Criminal Procedure Code, enforceable pursuant to the Forestry, Natural Areas and Wildlife Preservation Law.

Such infractions will be subject to an investigation pursuant to the law, and claimants will be considered parties to the process.

The proceeds and the final destination of the fines will be invested by the Galapagos National Park in control activities, pursuant to the Regulations.

Art. 71. Administrative infractions committed in violation of this law and their corresponding sanctions will be established in the General Enforcement Regulations, without prejudice of the infractions contemplated in other regulations. Each administrative infraction established in the above-mentioned regulations will correspond to one or several of the following penalties:

- a) Confiscation of the product and the tools used to commit the infraction;
- b) A fine of ten to one thousand general minimum vital wages; or
- c) The temporary suspension of the authorization, permit, license, patent or other administrative instrument by which any right or benefit is granted.

In case of concurrent administrative infractions or doubt about the jurisdiction of the administrative organs or bodies to judge and punish those infractions, the organ or body to whom it corresponds to enforce the heaviest sanction will be the competent one.

TITLE VIII REFORMS AND DEROGATORY MEASURES

Art. 72. The following legal instruments are hereby reformed or derogated:

- a) Forestry, Natural Areas and Wildlife Preservation Law:

At the end of article 109, an additional paragraph should be added:

“Marine Reserve.-

A Marine Reserve category within the National Protected Heritage Site Areas is hereby established. The Marine Reserve is a marine area that includes the water column, the marine floor and the subsoil and contain predominantly unmodified natural systems. These are the object of management activities required to guarantee the long-term protection and maintenance of biological diversity, while at the same time providing a sustainable flow of natural products, services and uses for the benefit of the community.

As it is subject to various jurisdictions and uses, the declaration as Marine Reserve should have the prior approval of the authorities having jurisdiction and competence. The administration of the Marine Areas will be shared among several participating agencies. The levels of participation of each will be indicated in the relevant Management Plans.”

Article 81, after the phrase “... state or privately-owned forests...” the following sentence should be added: “..... or destroys, alters, transforms, purchases, captures, extracts, carries, sells or uses bio-aquatic or land species from protected natural areas....”.

Art. 81, after the phrase “.... article 65 of the Penal Code....”. the following sentence should be added: “.... and of the Special Regime Law for the Conservation and Sustainable Development of the Province of Galapagos.”

- b) **INGALA'S Law**
Executive Decree dated February 7, 1980, published in Official Registry N° 131 on February 21, 1980 by which INGALA was established, is hereby derogated.
- c) **Law of Fisheries and Fishing Development**
After article 12, letter n), a paragraph with the following wording should be added:
"The National Fishing Development Council will exercise the powers established herein, except those which the Special Regime Law for the Province of Galapagos assigns to the Management Authority of the Galapagos Marine Reserve."
- d) **The following Executive Decrees are derogated:**
Executive Decree 2707, published in Official Registry 769 on September 13, 1991
Executive Decree 1731, published in Official Registry 436 on May 9, 1994
Executive Decree 3035, published in the Supplement to Official Registry 776 on September 7, 1995
Executive Decree 245, published in the second Supplement to Official Registry 55 on April 39, 1997
Executive Decree 304, published in Official Registry 71 on May 23, 1997
- e) **Resolution DNP-CYR-REM-905-531** issued by the National Board of Personnel, published in the Supplement to Official Registry 776 on September 7, 1995, is derogated.
- f) **Law 151 to Improve the Living Conditions of the Inhabitants of Galapagos**, published in Official Registry 927 on May 4, 1992 with its reforms and interpretations, is derogated.
- g) **Articles 8 and 9 of Executive Decree 812**, published in Official Registry 346 on December 29, 1980, are derogated.
- h) **After the last paragraph of article 32 of Law 006**, published in Official Registry 97 on December 29, 1988, a new paragraph with the following wording should be added:
"For the declaration and payment of this tax by taxpayers with permanent activities in the province of Galapagos, the provisions of the Special Regime Law for the Conservation and Sustainable Development of the province of Galapagos will apply."

TITLE IX

Art. 73. GLOSSARY

The definitions appearing in this Law will have the following meaning:

SUSTAINABLE DEVELOPMENT

Sustainable development is a dynamic process in which the management of natural resources, citizen empowerment and involvement, scientific and technological advances, the formulation of new legal and administrative schemes, the direction of the economy and of the ethnical principles of environmental liability strengthen the options to meet current basic needs without destroying the ecological base on which depend the socioeconomic development and the quality of life of future generations.

The specific requirements for the sustainable development in the case of the province of Galapagos are:

1. to maintain its biodiversity;
2. to maintain its evolutionary processes; and
3. to prevent the direct or indirect introduction or diffusion of exotic species.

TOTAL CONTROL OF INTRODUCED SPECIES

Total control of species includes the following activities:

1. To prevent the introduction in the province of Galapagos of any species, variety or genetically altered form of flora or fauna, including microorganisms, that are not native to the islands, except when a specific authorization is given under the provisions hereof;
2. To prevent the diffusion in the archipelago of such species, varieties and modified forms, except when a specific authorization is given under the provisions hereof;
3. To prevent human interference in the distribution, within the archipelago, of native species of the province of Galapagos and of genetic varieties within each species;
4. To detect and eradicate new introductions into the province of Galapagos and diffusion to new areas of already introduced exotic species;
5. To prevent the possession, cultivation, raising or liberation into the environment of exotic species, except those allowed by the Regulations;
6. To eradicate already introduced species, except those allowed by the Regulations; and
7. To educate and provide training to the inhabitants of the province of Galapagos so that they may participate in this control.

The above restrictions apply to whole organisms and to any part thereof which is capable of reproducing itself, including eggs, seeds, in-vitro cultures, cuttings, tissues or live samples of any kind.

BIODIVERSITY

It refers to the ecological diversity and the diversity of native and endemic biological species with all their variable subspecies, races, geographically distinct populations, and to genetic diversity in general.

ADAPTIVE MANAGEMENT

In addition to responding to unforeseen situations or information, adaptive management is based on a plan that includes monitoring systems and defines criteria or conditions to alter management approaches according to the results of the monitoring process.

PARTICIPATING MANAGEMENT

The term "participating management" describes a situation in which some or all of the relevant interested parties in a protected area are substantially involved in management activities. Specifically, in a participating management process, the agency with jurisdiction over the protected area develops an alliance with other relevant interested parties, mainly local residents and users of the resources, to specify and guarantee their respective functions, rights and responsibilities toward the protected area.

Participating management of a protected area refers to an alliance set up by mutual agreement between interested parties in a territory or over a set of resources covered by the status of protection to share management functions, rights and responsibilities. The interested parties are mainly the agency in charge and various associations of local residents and users of the resources, but may also involve non-governmental organizations, local administrations, traditional authorities, research facilities, merchants, and others.

PRECAUTIONARY PRINCIPLE

The precautionary principle applies when it is necessary to make a decision or choose between alternatives in a situation where technical information is insufficient or there is a significant level of doubt in the conclusions of a technical analysis. In such cases, the precautionary principle requires for the decision made to imply a minimum risk of directly or indirectly harming the ecosystem.

ENVIRONMENTAL AUDIT

An environmental audit is an analytical process aimed at verifying the effects and processes inherent to a specific project in order to obtain information concerning compliance with environmental protection requirements specified in standards contained in relevant regulations, and to establish the necessary remedies. Approved audit reports will become legal instruments, which in case of non-compliance may lead to the enforcement of administrative, civil and criminal penalties.

GALAPAGOS

For the purposes of this Law, any reference to the province of Galapagos will include the province of Galapagos, the Galapagos Marine Reserve, the marine area under special protection as established by this Law, the geo-stationary orbit, and the submarine shelf and base.

TITLE X GENERAL AND TEMPORARY PROVISIONS

CHAPTER I GENERAL PROVISIONS

- FIRST.** The Galapagos National Institute (INGALA) referred to in this Law supersedes and replaces the rights and obligations, including patrimonial rights and labor obligations, of the Galapagos National Institute established via Law on February 7, 1980, published in Official Registry 131 on February 21, 1980.
- SECOND** For the exercise of profit-making activities, individuals and legal persons must belong to the relevant associations, cooperatives, chambers, guilds or other canton or province organizations, when they exist.
- THIRD** Management plans as established in this Law will be developed on the basis of participating planning mechanisms.

FOURTH The Comprehensive Educational Reform of the province of Galapagos will be financed with the following resources:

1. With funds from the State budget;
2. With funds from the budgets of institutions belonging to the Autonomous Sectional Regime and INGALA; and
3. With resources from the National Educational Reform.

FIFTH All procedures concerning registration, promotion and training courses, as well as traffic permits granted by DIGMER concerning the province of Galapagos, will be handled and issued through the Port Authorities of the Province of Galapagos.

SIXTH The Ministry of Finance and Public Credit will deliver annually to INEFAN the resources necessary to finance the activities of the Institute and especially those related to the management and administration of the State's National Protected Heritage Sites.

SEVENTH For permanent and temporary residents, air and maritime transportation fares will cost 50% less in all routes to and from the province of Galapagos and the cities of Guayaquil and Quito, and to and from all other cities with current or future air or maritime connections with Galapagos. The same fare will apply to air or maritime transportation among the islands of the province of Galapagos.

Furthermore, Galapagos residents will be entitled to a 30% discount on maritime cargo transportation fares for those goods specified in the General Enforcement Regulations of this Law.

EIGHTH **UPDATING OF THE REMUNERATION REGIME FOR THE PUBLIC SECTOR**

1. It is hereby established that all employees, civil servants and public workers subject to the Labor Code, the Civil Service and Administrative Career Law, the National Teachers Hierarchy Law and other regulations regarding officials and civil servants of the Armed Forces, officials and employees of the Judiciary, and retirees living within the territory of the province of Galapagos will enjoy a wage increase equal to 75% calculated over the minimum wage, the minimum sectional wage or the basic wage, as the case may be. The minimum vital wage, the minimum sectional wage or the basic wage of the province of Galapagos in each category is made up by the amount of the vital minimum wage, the minimum sectional wage or the basic wage plus a 75% increase. Supplementary wages, as well as the additional bonuses, including the one mentioned in the following paragraph, will be calculated and paid depending on the result obtained.

2. All persons providing dependent services to any entity of the public sector in the province of Galapagos will have a monthly bonus equal to 100% of the minimum wage or the basic wage indicated in the scale of wages for civil servants applicable in Galapagos, as the case may be.

This 75% increase will not be taken into consideration for the purposes of calculating and paying contributions to the Ecuadorian Social Security Institute (IESS).

NINTH. UPDATING OF WAGE REGIME FOR THE PRIVATE SECTOR

Wages for private workers and employees providing services in the province of Galapagos will have an increase equal to 75% calculated over the minimum vital general wage or the sectional minimum wage, as the case may be. The resulting total constitutes the general vital minimum wage, the minimum sectional wage, or the basic wage of Galapagos. Current additional wages or future wages established in accordance with the Law will be calculated on this amount.

This 75% increase will not be taken into consideration for the purposes of calculating and paying contributions to the IESS.

TENTH Labor benefits and rights specified in this Law are not additional to those established in the legal instruments expressly derogated in the final title of this Law. These benefits are deemed to be incorporated in the relevant provisions of this Law.

ELEVENTH To meet the control and management requirements of the protected areas and the inspection and quarantine system, pursuant to this Law the competent institutions are fully empowered to hire the necessary staff. The Ministry of Finance will assign the necessary resources.

TWELFTH Individuals and legal persons not domiciled in Galapagos may make investments in the province, provided they are associated with a permanent resident and pursuant to the special regulations issued by INGALA's Council for that purpose.

CHAPTER II TEMPORARY PROVISIONS

FIRST Within 90 days from the issuance of the General Enforcement Regulations of this Law, the Residence Qualification and Control Committee will review the resident status of the inhabitants of the province of Galapagos for requalification purposes. After that term, the permits issued under Law 151, published in Official Registry 927 on May 4, 1992, will become void.

SECOND Within 90 days from the issuance of this Law, INEFAN and the Ministry of Tourism will prepare and submit a Special Regulation for Tourism in Protected Natural Areas for approval and promulgation by the President of the Republic.

THIRD Tour operators and shipowners who obtained permits, patents and operation quotas before the entry into force of this Law will, at the time of renewing such permits and other licenses, submit to the procedures, mechanisms and requirements established in the Special Regulations for Tourism in Protected Natural Areas. Acquired rights will be considered and respected during the transition process.

During this transition, operation quota increases or modifications to the capacity of the vessels currently operating in Galapagos are prohibited, except for vessels belonging to shipowners who are permanent residents and do not exceed the 16-passenger limit.

FOURTH As an exception to the fourth temporary provision contained in the Special Law for the Development of Tourism, quotas, patents, authorizations or permits to permanent residents for tour operations under the bay tour, scuba diving and sport fishing tour modes, and quotas, patents, authorizations or permits to permanent residents for tour operations under the daily tour and sailing tour modes to the island of Isabela will be granted according to the Special Regulations for Tourism in Natural Protected Areas and the relevant Management Plan, up to the limit established by the Board of INEFAN. This limitation may not be modified until after 8 years of general suspension as specified in the Special Law for the Development of Tourism.

Hotels built in Isabela are exempted from the prohibition to build new hotels in the province of Galapagos. New hotels in that island will only be built after the relevant authorization pursuant to the regulations and the relevant Management Plan is obtained.

FIFTH A moratorium of 5 years is established for the registration of new small-scale fishermen, except for those who are direct descendants of fishermen who already carry out the activity and are legally registered in one of the existing cooperatives, on the basis of strict selection criteria established by the Management Authority of the Galapagos Marine Reserve.

SIXTH Until the new Management Plan for the Marine Reserve of the province of Galapagos is approved, the zones where industrial fishing is allowed are those established in the Marine Reserve Management Plan approved in Executive Decree N° 3576, published in Official Registry 994 on August 6, 1992. The new Management Plan will be developed and issued within 12 months from the promulgation of this Law.

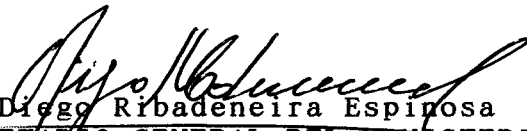
FINAL ARTICLE. This Law will enter into effect on the date of its publication in the Official Registry.

Done in the city of San Francisco of Quito, Metropolitan District, in the Meeting Room of the Plenary of Legislative Commissions of the Ecuadorian National Congress, on March 5, 1998.

(signed) Dr. Heinz Moeller Freile
PRESIDENT OF THE NATIONAL
CONGRESS

(signed) Dr. Jaime Davila de la Rosa
ASSISTANT SECRETARY OF
THE NATIONAL CONGRESS

POR LA PRESENTE CERTIFICO QUE ES FIEL TRADUCCION AL INGLES


Diego Ribadeneira Espinosa
SECRETARIO GENERAL DEL MINISTERIO
DE RELACIONES EXTERIORES