

V20 – Galapagos Debt Conversion Case Study

Baker Makenzie

Credit Suisse

Dentons

Climate Fund Managers

IDB

Government of Ecuador

GFL NEWS

Ecuador seeks debt swap in exchange for expanding Galapagos marine reserve

> **Aqua Blue Investments**

Special Purpose Vehicle SPV



Galapagos Life Fund







Debt Conversions – How does it work?

Lower national debt in exchange for committing to protect nature or invest in climate mitigation / adaptation.

1. Buy back national debt at a discount.

\$

\$

\$

\$

2. Issue new debt at favorable rates.

\$

Galapagos numbers

\$ 1.628 billion

\$656 million

\$

3. Invest the savings in nature / climate adaptation.

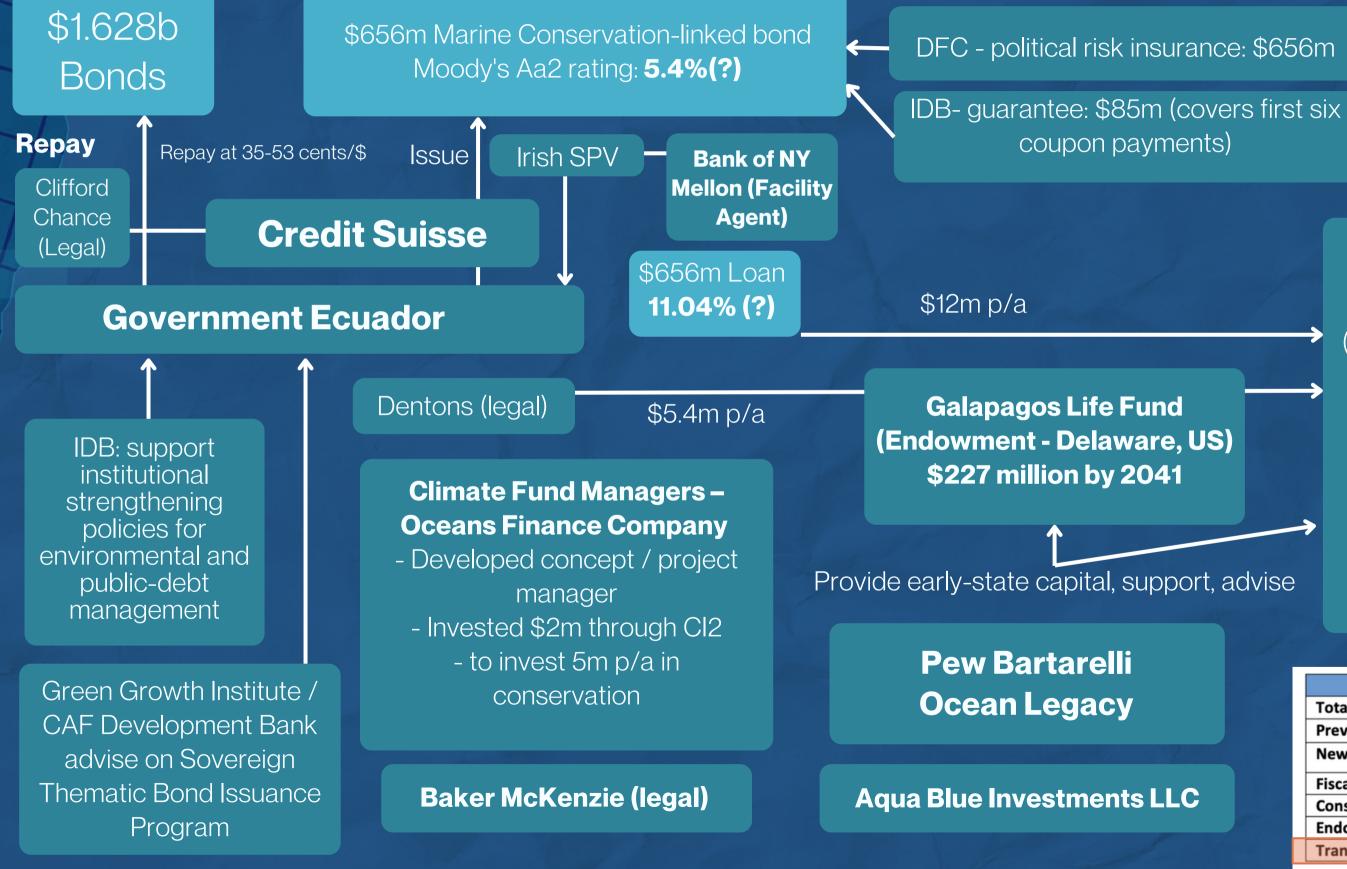


Savings: **\$1.126 billion**

Invest in climate projects: \$323 million

Put in endownment: \$227 million





Deal Structure

50% reinsurance (AXA XL, Fidelis MGU, Chubb Global Markets, Sovereign Risk Insurance Ltd, Mosaic, others)

Program Activities

Protecting Hermandad Marine Reserve (HM): patrolling; drone monitoring & satellite imagery; community development: support sustainable livelihoods women c economic empowerment, improved access to sanitation and waste manacement infrastructure Total: \$450m (\$323m until 2041)

	USD (in million)
Total public debt (2022)	\$66.680
Previous Bond being swapped	\$1.628
New Blue Bond	\$656
Fiscal Savings	\$1.126
Conservation Savings	\$323
Endowment contribution	\$227
Transaction costs (including SPV profits) ⁺	?? \$450



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