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\$650,000 In Bolivian Foreign Debt Retired In Return For Preservation Of 4 Million Acres Of Tropical Rain Forest

by John Neagle

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Washington-based Conservation International announced July 13 that it has entered into an agreement with the Bolivian government to retire a portion of its foreign debt in exchange for a pledge to set aside for preservation four million acres of tropical rain forest in the heartland of the Amazon. Under terms of the arrangement, Conservation International will purchase and forgive \$650,000 (face value) in Bolivian debt in return for the establishment of three conservation areas bordering the Beni Reserve, a tropical forest near the headwaters of the Amazon. In addition, the Bolivian government has promised to provide \$250,000 in Bolivian currency for the maintenance and administration of the areas, while Conservation International will provide Bolivia's agricultural ministry with the technical support needed to plan and manage the site. The site, which supports 13 endangered animal species and more species of birds than all of North America, will be granted "congressional law status," the highest level of legal protection in Bolivia. At a press conference at the Bolivian Embassy July 13, Ambassador Fernando Illanes said, "This 'debt for nature' swap signifies a major breakthrough, not only as a means to reduce Bolivia's debt burden, but also as an effective way to protect the natural resources upon which our country's long-term economic health depends." He added that the swap will make only a tiny dent in Bolivia's \$4 billion national debt, but "every little bit helps." The transaction was made possible by the low market value of Bolivian debt. Because Bolivia has had difficulty in repaying its foreign creditors, Conservation International was able to purchase the nation's outstanding loans from the original lender at about 15 cents on the dollar. Money for the purchase was provided by a \$100,000 grant from the Frank Wheedon Foundation, a California organization that donates exclusively to environmental causes. According to Conservation International executive director Peter Seligmann, the debt and environmental problems in the developing world are linked because financially strapped borrowers are forced to cut back spending for environmental protection programs and to pursue export-led growth strategies that can deplete natural resources. He said there is a growing interest in "debt for nature" swaps from banks holding large loans to developing nations. Conservation International, a nonprofit organization founded in 1987, is engaged in negotiations for similar projects with four other developing nations, Seligmann said. Richard Weeden, Frank Wheedon Foundation director, said his organization is prepared to sponsor other "debt for nature" swaps elsewhere in the developing world. (WASHINGTON POST, 07/14/87)

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