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## **Costa Rica: \$79 Million In Debt-for-nature Swaps Since 1987**

*by Deborah Tyroler*

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On Aug. 28 in San Jose, Roberto Avendano, director of the Central Bank's foreign debt department, said that since 1987 \$79 million of public sector foreign debt paper has been exchanged for investment in environmental conservative projects. Four of the five swaps authorized by the Central Bank were administered by the National Parks Foundation, and one by the Costa Rican Cooperative Bank (BANCOOP). The debt-for-nature deals were facilitated by donations from US environmental protection organizations and the Dutch and Swedish governments. Foreign debt paper is exchanged at a discount on face value for investments in the local currency. Debt-nature swaps were recently suspended by Central Bank officials due to the inflationary impact of large injections of currency into the domestic economy. However, Natural Resource Ministry and Central Bank officials are currently studying the viability of future swaps. Nearly 14% of Costa Rican territory (7,280 of 52,000 sq.km.) has been set aside in national parks and protected areas. Meanwhile, Costa Rica ranks first world-wide in terms of the rate of deforestation. If current levels of deforestation continue, scientists predict the elimination of all forest land in less than two decades. (Basic data from AFP, 08/28/91)

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