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Brazil: President Proposes Debt-nature Bond Swap Program

by Barbara Khol

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On Aug. 27, President Fernando Collor de Mello proposed to create a new government bond that would convert foreign debt into investments in environmental conservation. The The National Environmental Treasury Note would be used in a \$100 million debt conversion program aimed at preserving the Amazon rain forest and other endangered areas. Under the program, the government will seek donations from banks, private companies and international organizations. The bonds would exchange for discounted Brazilian debt paper, and placed in a fund for conservation projects. The yield rate on the bonds would be 0.5% a month, paid by the Central Bank. Next, the value of the bond is to be tied to the US dollar, and subject to daily adjustment. (Basic data from AP, 08/27/91)

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