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Deborah Tyroler

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Panama: US\$10 Million Debt-for-nature Swap

by Deborah Tyroler

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On March 17, the Panamanian government finalized a US\$10 million debt-for-nature swap agreement with the US Agency for International Development (AID). The first of its kind in Panama, the arrangement specifies that AID will contribute US\$8 million toward the purchase of discounted debt paper. The remaining US\$2 million is to derive from the US-based non-governmental organization, The Nature Conservancy. The cancelled debt will then be transformed by the government into "environmental bonds" to be administered by Natura, a Panamanian environmental organization. Natura is to channel the financial resources into conservation efforts focused on the Canal basin, reforestation in central Panama, and programs to protect endangered species. Debt-for-nature swaps contracted thus far in Latin America total about US\$108 million. In 1987, the Bolivian government was the first in the region to participate in this form of debt reduction. (Basic data from Notimex, 03/17/92)

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