

The issues surrounding so-called "debt-for-nature" swaps were raised at several points in the testimony. So far these have been small transactions involving the sale or donation of debt to a non-profit third party, usually an environmental NGO, which then uses the local currency proceeds from its claim on the debtor country to support environmental protection and conservation projects in the country. Examples include rainforest preservation in Madagascar and Costa Rica. The approach has not been limited to Africa and Latin America. In a panel on East-West environmental issues, Professor Joan de Bardeleben cited the example of the Bankers' Trust of New York giving its Polish debt to a U.S. foundation which then secured an agreement from the government of Poland to commit a certain amount of local funds towards cleaning up a river outside Warsaw.⁽³⁶⁾ Governments might consider putting up some money to encourage more such transactions.

The World Bank's Piddington and the North-South Institute's Culpeper agreed that debt-nature swaps are an innovative option on the debt relief menu, but argued against regarding them as a main course. No one should have the illusion these can solve either the debt or the environmental crises. Brazilian Jaime Wright also worried about the sovereignty implications of people in the North using debt as a lever to make decisions about the South's natural resources. However, we believe there are ways for North and South to cooperate on achieving environmental goals. Some of these were explored at a conference in Montreal in March which preceded the annual meeting of the IDB. Albert Binger of the Costa Rica-based Biomass Users Network proposed more ambitious initiatives to allow developing countries to devote a portion of their annual debt payments to domestic energy conservation and resource management. This organization is supported by 43 developing countries, indicative of the growing environmental movement in the developing world.⁽³⁷⁾ Brazil's new government has also recently adopted a more promising attitude towards environmental protection, increasing prospects for constructive international action.

In light of the above, **the Sub-Committee recommends that the government devote greater attention and resources to finding the most effective means of supporting environmental efforts in indebted developing countries, including but not limited to debt-nature transactions.**

(36) SCEAIT, *Minutes of Proceedings and Evidence*, Issue No. 43, 22 March 1990, p. 12-13.

(37) "Group Proposes Way for Third World to Pay Debts," *Montreal Gazette*, 31 March 1990, p. C3.