

## Debt-for-Nature Swaps: Mutual Solution to Debt Burden and Environmental Degradation

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Debt-for-nature swaps have been introduced in the international community as the most innovative alternative for stimulating conservation while ameliorating debt. It proposes to create value in the form of local currency resources or local currency bonds that yield resources that can be utilized to transform the debt problem into new opportunities to support conservation, resource management, and reforestation.

Confronted with serious debt and environmental problems, the debt-for-nature swap appears to be an appealing option for the Philippines. In the Note, the Author provides an analysis of the possible effectiveness of this mechanism to achieve progress in both fronts of debt and environment.

Part I of the Note provides an exhaustive description of the state of the Philippine environmental degradation; Part II describes the debt-for-nature swap and its conception as a financial mechanism to address both debt and environmental problems; Part III analyzes the Philippine experience with the debt-for-nature swap, and Part IV concludes with a challenge to both Philippine and policy makers to tap the potential effectiveness of the debt-for-nature swap in addressing Philippine debt and environmental problems.