

# Which countries have completed debt swaps for nature and climate

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People navigate among trash as they work in a program funded by Salvadoran government to clean the the El Cerron Grande reservoir in Potonico, El Salvador September 14, 2022.

REUTERS/Jose Cabezas/File

LONDON, Dec 2 (Reuters) - Debt swaps are becoming a more widely used tool to help indebted countries raise money for conservation or climate-related projects.

Under a swap, a country buys back more expensive debt and replaces it with cheaper debt, usually with the help of a development bank.

The savings are then used for environmental projects that restore mangroves or protect oceans, or help adapt to the impacts of climate change.

Here is a list of countries which have completed them in recent years.

#### BAHAMAS (2024)

The Bahamas unlocked more than \$120 million in November to fund the conservation and management of its oceans and mangroves with a \$300 million debt swap financed by Standard Chartered and backed by the private sector.

#### EL SALVADOR (2024)

El Salvador freed up \$352 million in October to fund the conservation of the Rio Lempa, the country's main river and its watershed. At the time, the deal was the largest funding commitment a country had made for conservation as part of a debt-for-nature swap.

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The deal was financed by a \$1 billion loan from JP Morgan with \$1 billion political risk insurance cover from DFC, the United States' development finance institution, and a \$200 million standby letter of credit from CAF, the Development Bank of Latin America and the Caribbean, likely lowering the cost of the lending.

#### ECUADOR (2023)

The Galapagos Islands, one of the world's most precious ecosystems, was the conservation focus of Ecuador's debt-for-nature swap. The \$1.6 billion buyback helped cut Ecuador's debt by over \$1 billion once the \$450 million of total conservation spending is taken into account. The deal has since faced criticism from local groups raising concerns about their lack of involvement in the deal.

#### GABON (2023)

Gabon landed continental Africa's first debt-for-nature swap in 2023. Issuing a new lower-cost \$500 million "blue bond" to buy back at a discount \$436 million of its international bonds, the central African country freed up around \$163 million for conservation projects over a 15-year period.

Gabon, whose beaches and coastal waters are home to the world's largest population of endangered leatherback turtles, said it planned to use the money saved to tackle illegal fishing and fulfill a pledge to protect 30% of its coastal waters.

#### BARBADOS (2022)

Barbados completed a \$150 million debt conversion in September 2022, freeing up \$50 million of long-term financing for marine conservation with the government promising to protect up to 30% of seas covered by its territorial and sovereign rights.

The deal was funded by a 15-year dual currency blue loan arranged by Credit Suisse and CIBC First Caribbean.

#### BELIZE (2021)

Belize in 2021 committed to spend \$4 million a year and fund a \$23 million marine conservation trust to protect the world's second-largest coral reef by buying back and retiring a \$533 million bond.

Backed by nonprofit The Nature Conservancy, the U.S. International Development Finance Corporation and Credit Suisse, the deal provided about \$200 million in debt relief to the Central American country.

### SEYCHELLES (2016)

The Seychelles' debt-for-nature swap took dealmakers almost six years from design to disbursement. First mooted in 2012 the deal saw the Seychelles government buy back \$21.6 million of debt from the Paris Club group of wealthy nations in 2016, financed by a loan from NGO The Nature Conservancy as well as philanthropic grants.

In 2018, Seychelles raised additional funding for conservation by issuing a \$15 million blue bond, backed by a partial credit guarantee from the World Bank.