Debt-for-development exchanges are an important financing tool for development. They make debt relief more politically and practically attractive to donor countries, and serve the development of recipient countries through the cancellation of external debt and the funding of important development projects. This book commences by chronicling the emergence of debt-for-development exchanges from their forebears, debt–equity exchanges, and analyses why debt for development suffers from very few of the problems that plagued debt–equity. The book also analyses the different types of debt-for-development exchanges and the different ways they have been used by donor nations. The book then explores a range of critical perspectives on exchanges and concludes by considering a wide range of innovative uses for the funds generated by exchanges.

Ross P. Buckley is a Professor of Law at University of New South Wales, a Fellow of the Asian Institute of International Financial Law of the University of Hong Kong and a Fellow of Australia21, a national research organisation. He is the founding series editor of the Global Trade Law Series; series co-editor of the International Banking and Finance Law Series; and founding editor of the 'Overseas Law' column in the Australian Law Journal. He has written or edited eleven books and authored more than 90 book chapters and articles.
Debt-for-Development Exchanges

HISTORY AND NEW APPLICATIONS

Written and edited by

ROSS P. BUCKLEY
Faculty of Law, University of New South Wales
To family and friends. When all is said and done, all we have that matters are family and friends, and along the way all that is best is family and friends. Yet somehow it can be easy to forget to be filled with gratitude for that which gives our lives its greatest richness and meaning.
# Contents

 Acknowledgments

 List of Contributors

 Introduction: A Productive Partnership between Civil Society and the Academy
 Ross P. Buckley

## Part I  Types of Exchanges and Their Development over Time

1. The Early Years: The Evolution of a Technique
   Ross P. Buckley

2. Debt-for-Nature Exchanges
   Ross P. Buckley and Steven Freeland

3. Other Debt-for-Development Exchanges
   Ross P. Buckley

## Part II  Exchanges by Donor Countries

4. United States Debt Exchanges
   Ross P. Buckley and Steven Freeland

5. Italian Exchanges
   Ross P. Buckley

6. German Exchanges
   Ross P. Buckley
7. French Exchanges  
   Ross P. Buckley  
   81

8. Other Donor Nations’ Exchanges  
   Ross P. Buckley  
   86

   Adele Webb and Luke Fletcher  
   93

Part III  Critiques of Exchanges

10. Debt Audits: A Necessary Precondition to Credible Exchanges  
    Julia Roy  
    117

11. How to Deal with Debt Illegitimacy in Relation to Debt Conversion: Reflections on an All-Too-Real Case  
    Jürgen Kaiser  
    128

12. The Human Rights Dimension in Exchanges  
    Gillian Moon  
    138

13. Bangladesh’s Experience with Exchanges: Liability to Potential  
    M. D. Shamsuddoha  
    152

14. The Philippines’ Experience with Exchanges  
    Joffre Balce  
    167

Part IV  Innovative Applications of Exchanges

15. Farmer-Managed Natural Regeneration: A Land Rehabilitation Technique Well Adapted to Funding by Exchanges  
    Tony Rinaudo  
    185

16. Restoring Mangroves in the Philippines  
    Ross P. Buckley  
    199

17. Poverty Reduction through Social Protection: A Potential Form of Debt-for-Development Exchange  
    John Langmore  
    209
Contents

18. Climate Change Adaptation Exchanges: An Exploration of the Possibilities and Risks  
   Philip Ireland  

19. Climate Change and Food Security: Building Resilience by Means of Climate Field Schools  
   Alicia C. Qian and Tanvir A. Uddin  

20. Debt-for-Security Exchanges  
   Ross P. Buckley  

   Emmanuel T. Laryea  

22. Using Debt Exchanges to Enhance Public Accountability to Citizens  
   Bill Walker  

Conclusion  
   Ross P. Buckley  

Index  
   323
My greatest debt is to the Australian Research Council for the Discovery Grant without the funding from which this book would not have been possible: a debt I don’t wish to exchange, in any way. In addition I would like to thank all of the participants at the workshop at the University of New South Wales, Sydney, Australia, in March 2010, especially those who travelled long distances to join us, such as Jürgen Kaiser from Germany and M. D. Shamsuddoha from Bangladesh. I would also, of course, like to express my gratitude to all who have contributed to this book, brief profiles of whom appear in the list of contributors.

Thank you also to the publishers of the following journals for permission to reproduce here edited and adapted portions of the following articles:


And the final thank you, and it is a big one, is to the indefatigable Lara K. Hall, who did much of the research for my early chapters and then managed the editing and compilation of the entire volume. Her contribution was invaluable. Hers is a name to watch out for in the coming years.

Ross P. Buckley
Sydney, October 2010
Contributors

Principal Contributor and Editor

Ross P. Buckley is Professor of International Finance Law at the University of New South Wales in Sydney; founding series editor of the Global Trade Law Series of Kluwer Law International of The Hague; and series co-editor of Kluwer’s International Banking and Finance Law Series. He is a Fellow of the Asian Institute for International Finance Law at the University of Hong Kong. His work focusses on ways to improve the regulation and resilience of the global financial system. He has consulted to government departments in Australia, Indonesia, Vietnam and the United States and to banks and finance houses in Australia and England. Before becoming an academic, he worked as a banking lawyer in Australia, in Hong Kong and on Wall Street.

Other Contributors

Joffre Balce is the Convenor for Macquarie University’s Global Leaders Forum on Developing Countries’ Debt and serves as an advisor for Jubilee Australia and the Association for Good Government. He formerly consulted to former President Corazon Aquino in the areas of co-operative and countryside development and then Vice President Gloria Macapagal-Arroyo for antipoverty socioeconomic development. He headed the Foundation for a Sustainable Society, Inc. (a nongovernmental organisation entrusted with the management of a Swiss–Philippine debt-for-development exchange counterpart fund), the Planning and Research Center of the Philippine Deposit Insurance Corporation and the equities research section of Pryce Securities.

Luke Fletcher has been working with Jubilee Australia in various capacities since 2005, including as National Coordinator from 2005 to 2007. He recently
Contributors

commenced a PhD in politics and international studies at the University of Cambridge as a Gates Scholar.

Steven Freeland is Professor of International Law, University of Western Sydney, and Visiting Professor of International Law, University of Copenhagen.

Philip Ireland works with a range of nongovernmental organisations on development issues and climate change, engaging with research, policy and advocacy in the Australian and international contexts.

Jürgen Kaiser, originally a development education worker of the Protestant Church in Germany, cofounded Erlaßjahr2000 (the Germany Jubilee2000 campaign) in 1997. He has been working on third world debt ever since, temporarily as Financial Flows and Debt Relief Advisor at the United Nations Development Programme (New York).

John Langmore is a Professorial Fellow, School of Social and Political Sciences, University of Melbourne, and formerly an Australian Member of Parliament and Representative of the International Labour Organization to the United Nations in New York.

Emmanuel T. Laryea is a Senior Lecturer in the Law Faculty of Monash University, Australia. He taught at the University of Ghana, Bond University and Lancaster University, England, before joining Monash in 2001.

Gillian Moon is a Senior Lecturer in the School of Law, University of New South Wales, and Director of the Trade, Human Rights and Development Project in the Australian Human Rights Centre, University of New South Wales. She specialises in the intersections between human rights law, international economic law and development policy, her particular interest being the impact of international trade law and foreign investment rules on human rights, inequality and development.

Alicia C. Qian is the holder of the Australian Nuclear Science Technology Organisation (ANSTO) Industry Partner Award for Biological, Earth and Environmental Sciences and works for ANSTO’s Institute of Environmental Research. She also studies law and science at the University of New South Wales.

Tony Rinaudo joined World Vision Australia in 1999 and oversaw projects in a number of African countries. Today he is the Natural Resource Management Advisor at World Vision Australia and in this capacity gives input into agricultural, forestry and environmental projects in a wide range of countries.
where World Vision operates. Rinaudo has 17 years’ field experience in West Africa, where he promoted rapid reforestation methods and diversified food production systems.

**Julia Roy** is a Sessional Lecturer of Ethics in the School of Law and an Associate Lecturer of Business Law in the Australian School of Business at the University of New South Wales. She is a director of Jubilee Australia, and has a professional background in refugee and genocide prevention advocacy and policy. She has represented Australian civil society at the United Nations and nongovernmental forums in New York, Europe, the Asia-Pacific and Australia.

**M. D. Shamsuddoha** is the Chief Executive of a research-based non-governmental organisation, Participatory Research and Development Initiatives (PRDI) in Bangladesh. He is involved with different regional and global networks campaigning for climate and trade justice. Shamsuddoha also represents the government of Bangladesh in the negotiations on climate change at the United Nations Framework on Climate Change.

**Tanvir A. Uddin** is the International Programs Manager at Muslim Aid Australia. He is also a Scientia Scholar Arts/Law student majoring in development studies and economics at the University of New South Wales.

**Bill Walker** is World Vision Australia’s Governance and Citizenship Policy Advisor. A major focus of this role is on developing a social accountability approach, Citizen Voice and Action. Prior to this, he was active in campaigning for debt cancellation from the inception of Jubilee 2000 in 1995 and provided policy advice on various issues of sovereign debt.

**Adele Webb** is the National Coordinator of Jubilee Australia, having worked with the organisation since 2006. Adele has spent time living and working in South Africa, Malawi and the Philippines, and has studied at the University of New South Wales and the University of South Africa in a range of disciplines, including law, history, economics, development and anthropology.