



# Innovative Finance Seychelles' experience

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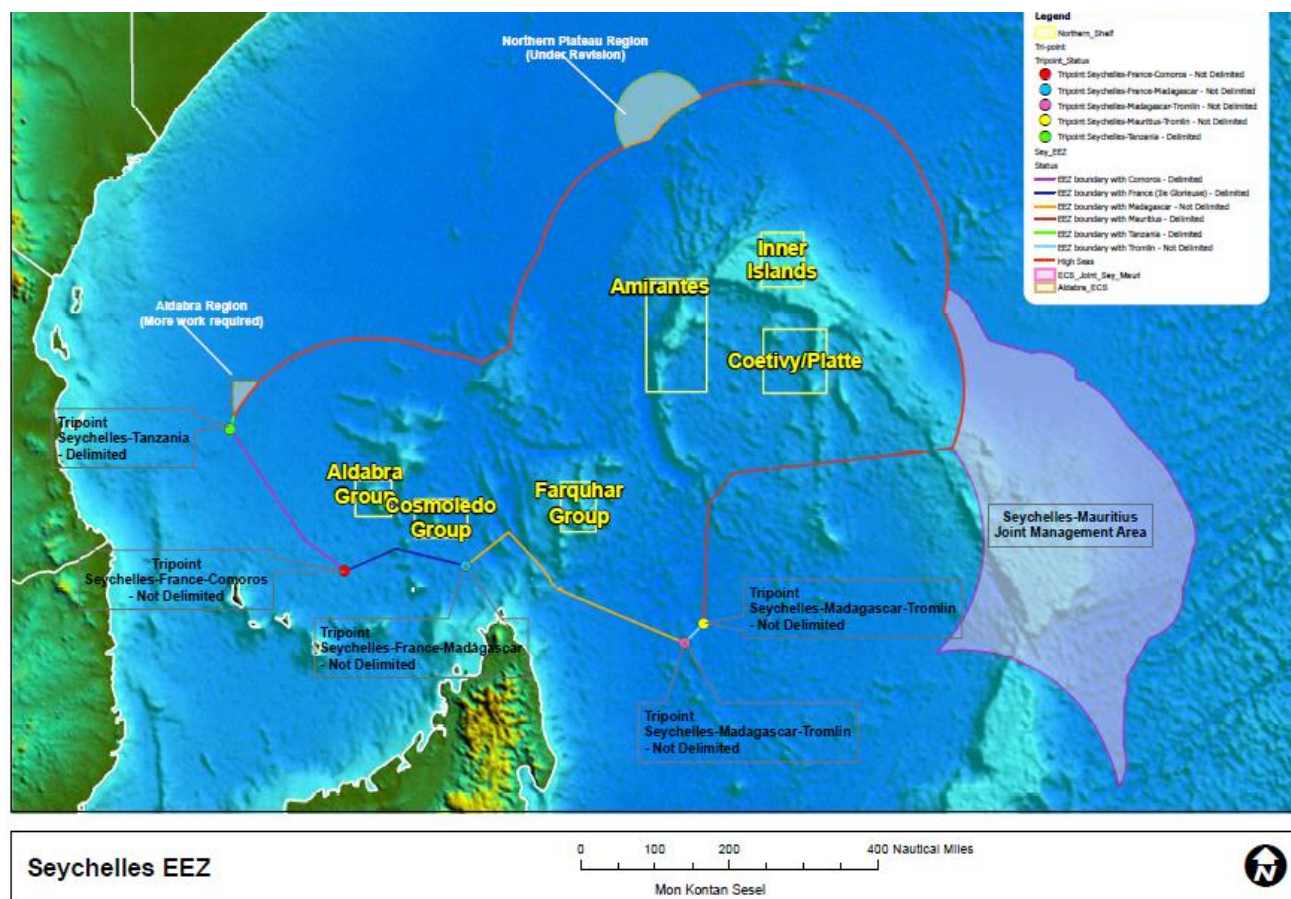




# Why innovative finance?

- Attracting new streams of investment
- Changing mindsets
  - Investment community: SD makes business sense
  - Development community: Diversification, Domestic capital (SDG17)
- Why Seychelles?
  - High income country (eligibility for public funding sources)
  - Financing the blue economy (SDG)
  - Leadership and vision





EEZ 1.37 million km<sup>2</sup>  
93,000 pop





# Seychelles Debt Swap for conservation and climate Change Adaptation

## Financial architecture

- **\$22 M of sovereign debt restructuring**, via the Paris Club
- **Blend grants & impact capital** to purchase & restructure foreign debt
- **Domestic obligation Fund** to invest in conservation & adaptation.
- **\$8 M** to fund activities (over 20 years) and **\$6.6 M** endowment capitalized for conservation

## Commitments

- 30% of EEZ in protected areas (400,000 Sq. Km)
- 15% of EEZ in no take fish replenishment zones (200,000 Sq. Km)
- EEZ Marine Spatial Plan to guide allocation of ocean/coastal space





# Blue Bonds for transition to sustainable fisheries

- **Financial architecture**

- **Sovereign bond issuance** to raise up to **US\$15 million** Blue Bond (similar to green bonds) of capital over 10 years
- AAA DFI Guarantee + GEF Non Grant Instruments Programme + purchase by investors
- Implementation through the Seychelles Conservation and Climate Adaptation Trust (SeyCCAT)

- **Commitments**

- Implementation of the Mahe Plateau Demersal Fisheries Management plan
  - Stock rebuilding, harvest control measures, fishing capacity restructure, enhance post harvest value adding
- Synergy with Marine Spatial Plan





## Seychelles Blue Economy investment strategy

- **Seychelles high income country** (GNI per capita)
  - eligibility for public funding sources (concessional funding, Grants)
- **Domestic finance** to Leverage private finance (SDG 17)
  - The Debt Swap for Conservation and Adaptation
  - The Blue Bond for sustainable fisheries
- **Commonwealth Green Finance Facility** New modality for commonwealth small states, inclusion of climate and BE finance streams)
- **Commonwealth Climate Finance Adviser** from the Hub (based in Mauritius)
- **Commonwealth Vulnerability Index**





## Lessons learnt so far....

- **Innovative finance**
  - Tool in the investment strategy tool box for blue economy
- **Challenges for islands**
  - Small economies (GDP, debt ceiling, GDP/Debt ratio fluctuation)
  - Vulnerability (economic, environmental)
  - Affordability and ability to repay
  - Implementation capacity
- **Prerequisites**
  - National commitment and Leadership
  - Specialist financial advice (financial architecture)
  - International Partnerships (eg The Nature Conservancy, Prince Charles Charities, WB GEF)
  - Attractiveness to investors (impact investors, mainstream investors?)
  - Time and timeliness
- **Replicability and scaling up**
  - debt swap/blue bond
  - Attractiveness to investors (eg regional blue bond)

