

Fostering Economic
Diversification- Blue/Green Development and Innovative Finance and the Role of
Public/Private Partnerships,



LES

EMERGING PRIORITIES

Economic Diversification

Increased value chain

Product diversification

Import substitutions

SEYCHELLES' EXPERIENCE IN ACCESSING NEW FINANCIAL RESOURCES

2 specific products have been used by Seychelles

Debt for Nature swap

Blue Bond

DEBT SWAPS

Issues: The low-lying geography of Seychelles, a nation of 115 islands in the Western Indian Ocean, makes its people and economy particularly vulnerable to the impacts of climate change. Increased storm frequency, rising sea levels and coral bleaching from warm ocean temperatures threatens vital pillars of Seychelles' economy: tourism and tuna fisheries.

Commitments: Seychelles has committed to the creation of 400,000 square kilometers of new marine protected areas (MPAs) – the second largest such network in the Indian Ocean – to improve resiliency of coastal ecosystems. To create a sustainable source of funding for managing this network of MPAs, the Government of Seychelles has reached a landmark agreement with its Paris Club creditors and the Government of South Africa that results in a \$30M (USD) debt swap. The deal, which was designed by The Nature Conservancy, enables Seychelles to redirect a portion of their current debt payments to fund naturebased solutions to climate change.

DESIGN OF THE DEBT SWAPS

This debt-for-climate-

DESIGN OF THE DEBT SWAPS

Debt service payments will fund three distinct streams: one to repay impact investors, one to capitalize SeyCCAT's endowment, and one to fund work on the ground that advances marine and coastal conservation, including strategies for ecosystem-based climate adaptation and disaster risk reduction.

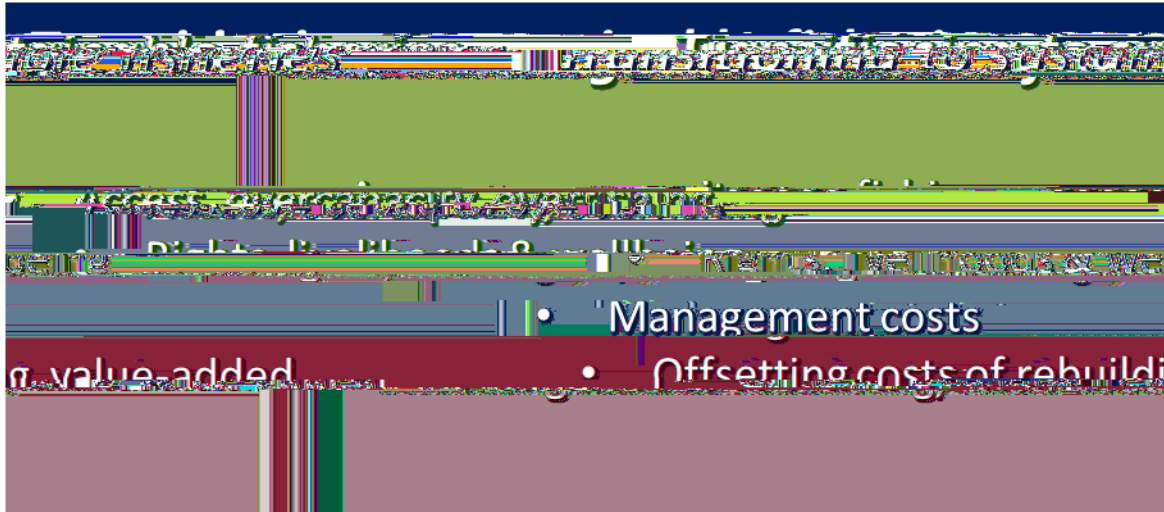
The estimated amount to be invested in these conservation activities and the endowment through the debt swap is \$13 million, with nearly 70 percent of this payable in local currency rather than hard currency, averting the extra cost of conversion.

In addition, the period for debt payment will be extended from eight years to 20 years, reducing the government's annual debt service by over \$2 million annually, freeing up funds for other needs of the citizens of Seychelles.

BLUE BOND

Like

BLUE BOND



WHAT WHERE THE EXPECTED BENEFITS?

1. Secure Private Sector financing that will help attract further public-private sector partnerships or investments that will benefit the Blue Economy Sector.

2. Raise awareness on the critical role of ocean & marine resources and the overall global need for

HOW IS THE PROJECT PROGRESSING?

Grants, SeyCCAT

5 calls, 29 projects, \$1.13 m committed, e.g.

Biodiversity assessments

Rock oyster farm feasibility

BE entrepreneurship development

Loans, DBS

5 applications, 8 expressions of interest, e.g.

Bycatch value added

Cold chain services

Tuna processing for high grade products

SWIOFish3

57% disbursed, 34 activities complete, 35 ongoing, e.g.

MPA management plans

First co-managed fishery

Value chains prioritised for investment



WHAT LESSONS HAVE BEEN LEARNT?

IS THERE POTENTIAL FOR SCALING AND REPLICABILITY?

Scaling and replicability

Blended financing – Government, civil society and business investing in a transition to sustainable fisheries

Strong framework, intermediary institutions and ambition – links to other national initiatives helped secure investment

Creation of country-specific 'blue' eligibility criteria in lieu of agreed international principles for blue bonds

Bond size small but large relative to fishery/conservation financing scales – transformative for sectors

Private placement – reduced risks, better for small bond size

Credit enhancement features essential in reducing cost and risk given country experience in accessing capital markets

Market pricing key to replicability – market financial return to investors, not concessionary



IMMEDIATE STEPS TO REMEDY THE IMPACTS OF COVID 19

WAY FORWARD

A multidimensional vulnerability index has the potential to ensure truly inclusive sustainable development.

MVI can have a threefold effect;

Debt level- adoption of MVI can potentially lead to a review in debt level.



Thank
you!