

Seychelles Blue Bond: *Blended Finance for Transitioning to Sustainable Fisheries*



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Fisheries major pillar of our Economy, but is the sector 'blue'?

- Seychelles is a large ocean state and its economy is highly dependent on the ocean.
- Fisheries is one of the main pillars of the economy.
- Yet, the industry faces many challenges:

Open access, weak rights



Poor governance



Overcapacity



Overfishing



Reforms needed for a transition to sustainable fisheries

- GoS launched world first sovereign Blue Bond in October 2018 to finance the transition to the sustainable management of its small scale artisanal fishery: Mahe Plateau trap and line fishery Co-management Plan.
- Seychelles Blue Bond was within the framework of the SWIOFish3 project that aimed to improve management of marine areas and fisheries in targeted zones and strengthen fisheries value chains in Seychelles.
- SWIOFish3 was supported by the World Bank and GEF.
- It ended in June 2024.



Blue Bond overview

- What is a Blue Bond?

A blue bond is an innovative financial instrument used to raise financing from capital market investors for projects that support the sustainable use of ocean resources.



Blue Bond



The Seychelles Model

THE WORLD'S FIRST SOVEREIGN BLUE BOND

SUPPORTED BY WORLD BANK PARTIAL GUARANTEE AND GEF CONCESSIONAL LOAN

INVESTORS

Calvert Impact Capital • Nuveen • Prudential

GOVERNMENT OF SEYCHELLES

\$3 MILLION BLUE GRANTS FUND

managed by The Seychelles Conservation and Climate Adaptation Trust (SeyCCAT)

\$12 MILLION BLUE INVESTMENT FUND

managed by Development Bank of Seychelles (DBS)

Blue Bond Investors: Our Partners

Blue Bond
(\$15 m)



Republic of
Seychelles

Prudential Financial, Inc

"Sustainable access to food sources, such as fisheries in the Seychelles, can have a transformative impact on communities, providing both sustenance and an opportunity for individuals to achieve financial stability. Prudential shares the long-term vision of the World Bank to make the Blue Bond a model for future investments to preserve the sustainability of water resources for generations to come." **Andrea Kaufman, vice president**

Calvert Impact Capital

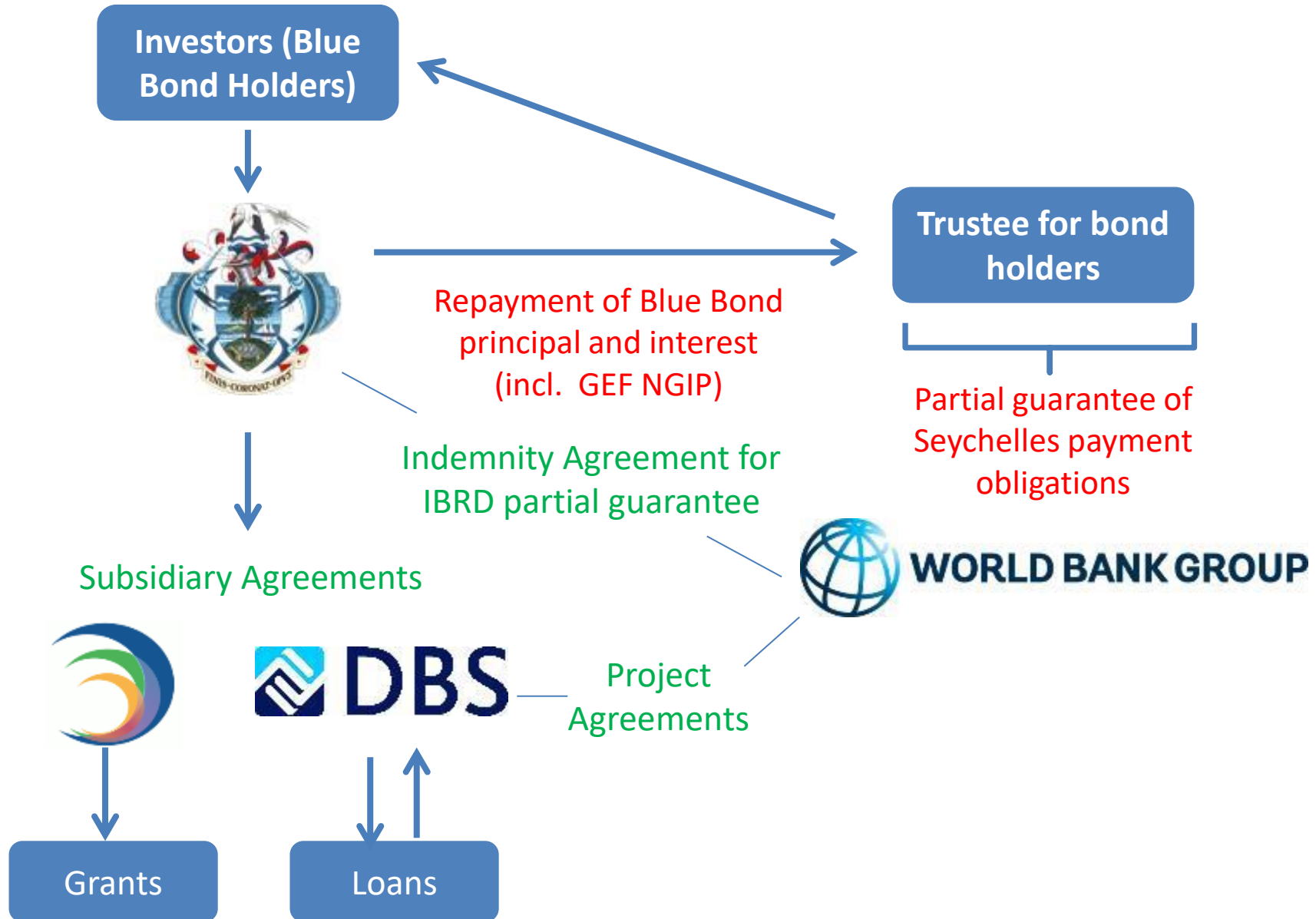
'The blue bond demonstrates the potential for capital markets to scale sustainable oceans solutions that expertly align marine conservation and economic opportunity. The oceans finance market is quite promising, but the need for capital to address threats to the health of our ocean is increasingly urgent. The blue bond sets a great example of the type of bold leadership from governments and financing from public and private sectors that we need more of'.

Jenn Pryce, CEO

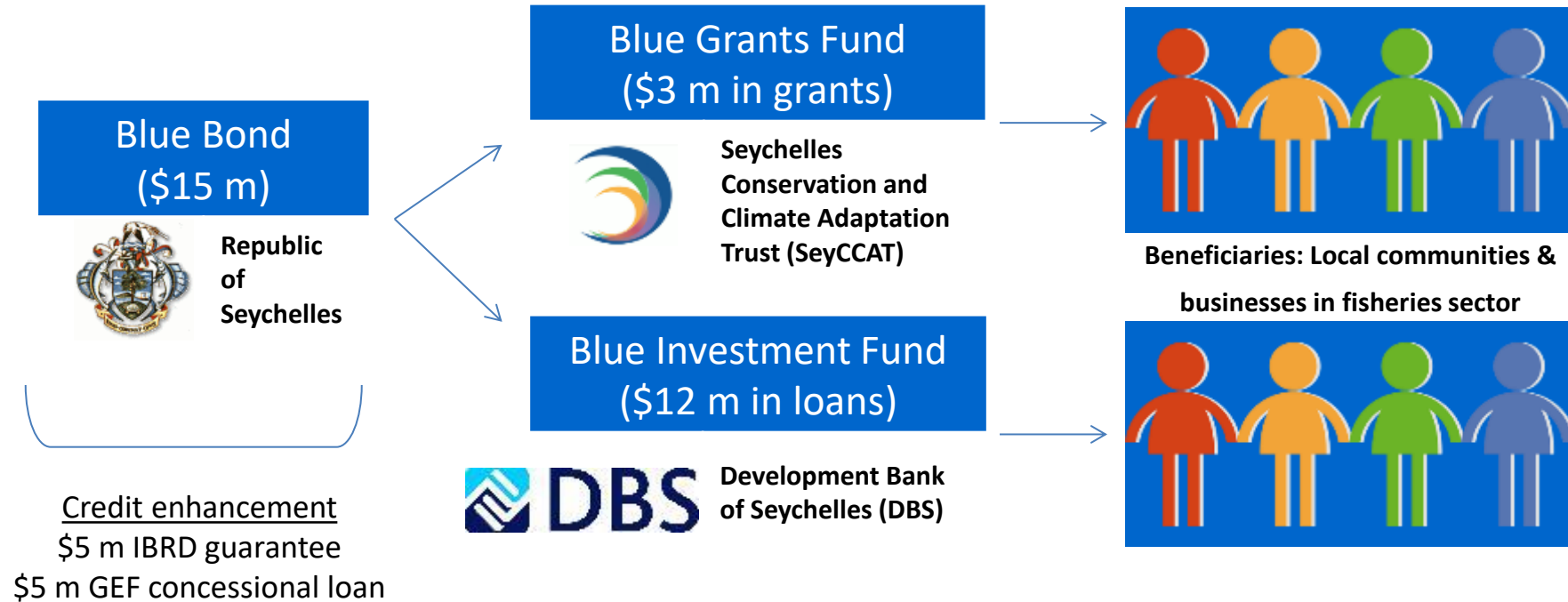
Nuveen

"Supporting the sustainable development of blue economies such as the Seychelles aligns with our view that investing with a responsible approach is both prudent and financially rewarding in the long-term. We hope this transaction will serve as a template paving the way for creative impact investment solutions in the future," said **Stephen M. Liberatore, managing director**

Blue Bond Structure & Flow of Funds



Blue Bond: Innovative finance for a transition to sustainable fisheries



Provides financing for marine and ocean-related activities that contribute to the transition to sustainable fisheries.

The two funds were designed to complement each other.

Blue Grants Fund



- BGF is a flagship grant program of SeyCCAT, funded by a \$5.6 million debt-for-nature swap and \$3 million from the Seychelles sovereign blue bond.
- Each BGF cycle begins with SeyCCAT announcing the strategic objectives that project proposals must align with to be eligible for funding.
 - Small Grant: up to SCR 100,000
 - Medium Grant: between SCR 100,000 and SCR 1,000,000
 - Large Grant: between SCR 1,000,000 and SCR 2,000,000

SeyCCAT Strategic Objectives



SO1	Support new and existing marine and coastal protected areas and sustainable zones
SO2	Empowering the fisheries sector with robust science and knowhow to improve governance, sustainability, value and market options.
SO3	Promote the rehabilitation of marine and coastal habitats and ecosystems that have been degraded by local and global impacts
SO4	Develop and implement risk reduction and social resilience plan to adapt to the effects of climate change
SO5	Trial and nurture appropriate business models to secure the sustainable development of Seychelles Blue Economy

Blue Bond proceeds finances only 3 of 5 SeyCCAT SOs.
They are SO1, SO2 and SO5.

Blue Investment Fund



- The BIF is a loan scheme that offers affordable long-term financing to businesses that participate in the value chain of sustainable fisheries and help build commercial infrastructure for the fisheries sector in Seychelles.

Loan amount	Min. US\$10,000 - max. US\$3 million paid in SCR equivalent
Interest rate	4% per annum
Loan	Up to 15 years
Loan coverage	up 90% of the project costs; 10% personal contribution
Collateral	Accepting lease as collateral at 1:1.25 rate

Blue Investment Fund



Type	Code	Eligible activities
Scientific services	AA	Business enterprises that provide scientific support to the fisheries sector including services related to fisheries research, management planning and fisheries monitoring (including vessel monitoring systems)
	AB	Businesses that provide food technology and laboratory analytical services for seafood product research, development, and labelling
Logistical services	AC	Businesses that provide offloading, storage, and delivery services to improve cold chain management including cargo handling services
	AD	Enterprises that provide sorting and refreezing facilities as an ancillary service to processors and exporters of bycatch
	AE	Enterprises that provide fleet and crew management services
	AF	Business enterprises that provide packaging, distribution, marketing, and sales services
Processing	AG	Businesses developing new facilities, or rehabilitating existing facilities, that are engaged in primary or secondary fish processing for eligible value chains
	AH	Enterprises investing in processes and technology to improve waste and energy efficiency
	AI	Existing businesses that plan to upgrade existing processing facilities for HACCP or EU certification to improve market options
Market access	AJ	Industry-led investments in fishery improvement projects and assessment for internationally recognised certification schemes (e.g., Marine Stewardship Council)
	AK	Enterprises providing services in market research, brand building, strategy development and sector intelligence
	AL	Specialised technologies for accessing markets such as electronic sales and auction platforms
Commercial aquaculture	AM	Commercial production of finfish, bivalves, echinoids, and prawns by businesses licensed under the Fisheries (Aquaculture) Regulations, 2020 (S.I. 160 of 2020) on allocated land, inshore and offshore zones for aquaculture purposes.
	AN	Commercial hatcheries and nurseries for commercial production of finfish, bivalves, echinoids, and prawns by businesses licensed under the Fisheries (Aquaculture) Regulations, 2020 (S.I. 160 of 2020) on allocated land, inshore and offshore zones for aquaculture purposes.

Status of Blue Bond

- Since 2018, Blue Bond proceeds funded 48 BGF projects.
- These include R&D, education & awareness, capacity building, value chain & market research and business model development & planning.
- All of which are contributing to the sustainable use of marine protected areas network, strengthening fisheries management in the Seychelles and the sustainable development of the blue economy.
- In addition, 2 blue loans have been approved, 1 to be disbursed soon and 2 are currently being processed.
- SWIOFish3 funded a blanket ESIA for fish processing area at zone 14, Ile Du Port to facilitate potential investors to apply for the BIF.
- The blue bond proceeds have enabled civil societies, business communities and individuals to mobilize funds and support projects at a scale never been done before in Seychelles.
- This means that solutions for challenges/issues are being identified by wider range of stakeholders.

Thank you