



# Blue Bond: The Seychelles Experience

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# What is a Blue Bond?

“A debt instrument issued by governments, development banks or others to raise capital from impact investors to finance marine and ocean-based projects that have positive environmental, economic and climate benefits.”

**The World Bank**

# Why did the Seychelles issue a Blue Bond?

Seychelles is a small island developing State (SIDS) dependent on its marine natural resources to derive its economic prosperity

We depend on the ocean for;

- Employment in the Fisheries & tourism industry.
- The Food we eat
- Recreational Activities

In recent years, there have been a decline in the fish stocks & marine resources linked to;

- Overexploitation of fisheries resources
- Environmental Pollution (eg. Global Warming & Climate change)

As a result the Blue bond was issued with the aim of helping the country transition towards a more sustainable fisheries and the development of the Blue Economy

# The Seychelles Blue Bond

Issued 29 October 2018, through private placement with three impact investors based in the United States; Calvert Impact Capital, Nuveen & Prudential.

**Amount:** USD 15 million

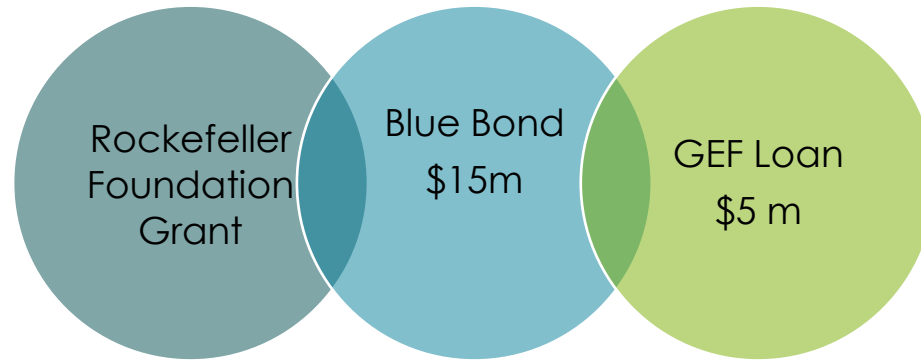
**Maturity:** 10 years

**Interest:** 6.5% coupon.

**Repayment:** Equal repayments in 2026, 2027 & 2028

**Guarantee:** IBRD Partial guarantee of USD 5 million

# Structure of the Blue Bond



## Global Environment Facility (GEF) Concessional Loan

**Amount:** USD 5 million  
**Maturity:** 40 years  
**Grace period:** 10 years  
**Interest:** 0.25%

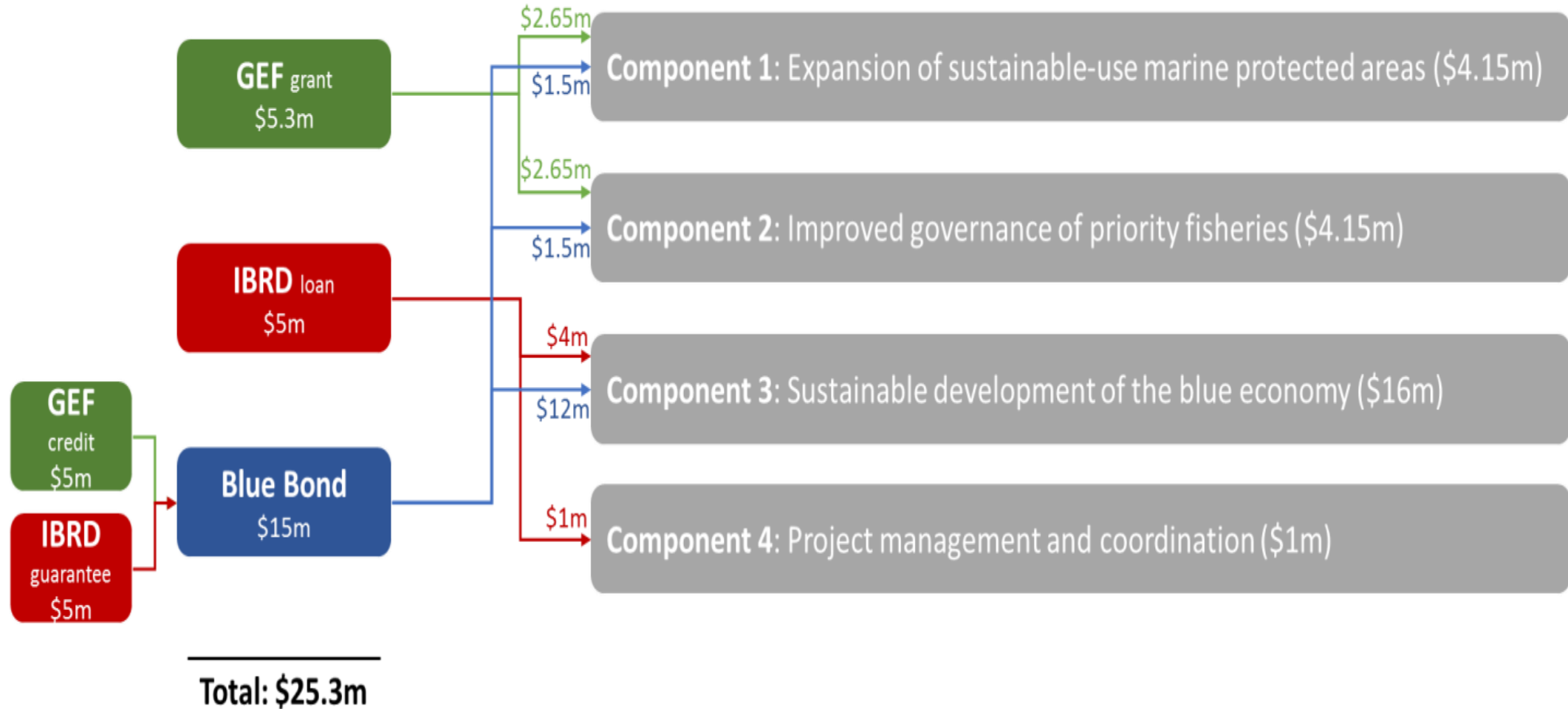
To subsidize costs of the bond by reducing the interest rate from 6.5% to an effective rate of 2.8%.

## Rockefeller Foundation Grant USD 425,000

- To assist with the transaction costs for the Bond (eg. Legal fees)

# The Financing structure

- The Blue Bond is an integral part of the 'Blue finance' initiative



# 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 environmental protection.
3. Development of the Blue Economy through Sustainable use of marine resources
4. In the long term preserve the livelihood of the Seychellois people



# Use of the Proceed

- Expansion of sustainable-use marine protected areas (i.e. to increase the protected areas to 30% by 2020).
- improved governance of priority fisheries
- Project management and coordination
- Promotion of sustainable practices
- Fisheries management planning
- Education awareness programs
- Stock rebuilding
- Refitting fishing vessels

# Have the Blue Bond achieved its objectives?

- The early indicators are very positive;
  - the blue bond was successfully issued and the plans are on track
  - it has raised awareness on the critical role of ocean & marine resources and the overall global need for environmental protection.
  - Local Companies have shown a lot of interest in making use of new investment opportunities provided through the blue bond.
  - Last December Seychelles achieved its target to designate 30% of its marine protected areas
- The long term results will be judged by future generation!

# Our advice?

- All countries are unique, they have various strengths, face different challenges, what worked for the Seychelles might not work the same way for all other countries. Countries need to tailor such bonds according to their own needs and context.
- To increase the likelihood of the success, it is recommended that a Blue Bond be issued as part of broader environmental protection or sustainable development programmes.
- Governments have to prove their commitments to the “Blue Economy” agenda.

Thank You!