

Seychelles Blue Bonds

Critical transitions:



Innovation: Sustainability-linked debt

Geographic focus: Seychelles

\$: \$15 million



In 2018, the Republic of Seychelles launched the world’s first sovereign blue bond to finance sustainable fishing practices and marine protection.

The bond benefits from two credit enhancement instruments: a partial guarantee by the World Bank (IBRD) of \$5 million, and a concessional loan of \$5 million from GEF, which partially subsidises the bond’s interest payments from 5.5 to 2.8 percent. The bond was privately placed with three private investors: Nuveen, Prudential and Calvert Impact Capital.¹⁶⁷ The majority of the transaction costs for the bond were covered by the Rockefeller Foundation.¹⁶⁸ Standard Chartered Bank and Bank of New York Mellon assisted in the process and payments.¹⁶⁹

The proceeds will finance the sustainable transition of small-scale fisheries (the Mahe Plateau Demersal Fisheries Management), including the rebuilding of fish stocks, harvest control and complement marine projects. Furthermore, it provides additional funding for the continued development of Seychelles EEZ marine spatial plan, the World Bank SWIOFish 3 project, and the allocation of 30 percent of marine protected areas for Debt Swap for Conservation and Climate Adaptation.¹⁷⁰ Being the first of its kind, the Seychelles’ Blue Bond can serve as a replicable model for other Small Island Developing States, that are seeking to increase the adaptability and resilience of local communities, and protect marine ecosystems.

Stakeholders:

Global Environment Facility (GEF); World Bank; Nuveen; Prudential; Calvert Impact Capital; Standard Chartered Bank; Bank of New York Mellon

Status:

● Operational