

A Sea Change in the Indian Ocean

SEYCHELLES' TRANSFORMATIONAL DEBT-FOR-ADAPTATION BUY-BACK



Seychelles is an archipelago nation of 115 islands in the Western Indian Ocean about 1,000 miles off the coast of East Africa and north of Madagascar. Seychelles is 99% ocean.

It's "Blue Economy" is based on tuna and tourism, which, along with its low-lying island geography, makes its people and economy particularly vulnerable to the threats of climate change. Island countries, such as Seychelles, and coastal nations the world over are bracing for threats already underway—more severe storms and rising sea levels are battering coastal areas that attract important tourist dollars to their economies; warmer ocean temperatures are bleaching coral reefs and diminishing fish stocks; and increasing ocean acidity from rising carbon levels are destroying reefs that not only buffer the force of storms but also provide vital nurseries for numerous marine species.

The Nature Conservancy, with the leadership support of Oceans 5, a collaborative of philanthropists dedicated to conserving the world's oceans, is acting to mobilize a \$30 million (USD) debt buy-back for the government of the Seychelles in exchange for their commitment to increase formal marine protection from less than 1% to 30% of their territorial waters, an area equal to 400,000 sq km. In addition, half of this area (200,000 sq km and 15% of territorial waters) will be designated as replenishment or "no-take" zones designed to protect fish breeding sites and the area's rich biological diversity. This project will result in the Indian Ocean's second largest marine reserve, improving protection for the island nation's marine resources and securing resources that fuel its thriving tuna and tourism sectors. The effort will also serve as a model for island and coastal nations worldwide to recast development goals and marine area management plans.

THE NATURE CONSERVANCY'S GLOBAL REACH

For nearly 30 years the Conservancy has been joining with governments, communities and others across the globe to create marine multi-use plans through a process that convenes key stakeholders – representatives from fishing, energy, tourism, government, conservation – to collectively develop a coordinated plan for sustainable use and management of shared marine resources. Countries like Australia and the United Kingdom have used this multi-stakeholder approach to better plan for the use of their marine resources and optimize the sustainable development of those resources.

As a leader in the science and practice of marine conservation and restoration with deep financial expertise, we provide decision-support tools, such as marine spatial planning and marine protected area network design; we also provide the financial expertise to help make debt swaps happen.

DEFINING THE OPPORTUNITY FOR CLIMATE ADAPTATION— SEYCHELLES DEBT RESTRUCTURE

President James Michel and the Environment, Finance and Foreign Affairs Ministries of Seychelles strongly support this project, showing the political will necessary to make this debt buy-back successful, and in the process provide a model for other at-risk island countries. Under the proposed transaction, \$30 million in public debt would be purchased in exchange for the government of Seychelles making marine conservation and climate adaptation commitments, and establishing a permanent trust fund endowment.

Seychelles will need \$8 million in grant funds and \$23 million in impact capital to make this project successful. Oceans 5 already stepped forward with an initial investment of half a million dollars to support the marine spatial planning effort, the completion of the buy-back and the design of the permanent trust fund. Over the next 20 years, the debt buy-back will create a funding stream of approximately \$500,000 per year to pay for the implementation of climate change adaptation projects on the ground.



WHAT THE SEYCHELLES CLIMATE ADAPTATION DEBT BUY-BACK WILL ACCOMPLISH

Marine Spatial Planning. The Nature Conservancy is facilitating a process, sponsored by Seychelles government, to develop and implement a marine multi-use plan across its territorial waters by 2015. The plan aims to conserve natural resources, improve climate change adaptation and increase food, energy and economic security.

Replenishment “no-take” zones. More than 400,000 square kilometers of new marine management areas will be established with up to half of those classified as “replenishment zones” to help protect important tuna feeding grounds, and therefore Seychelles’ tuna industry, which is so critical to its economy.

Coastal protection. Seychelles will restore coral reefs and mangroves, which will buffer sea level rise and the force of increasing, severe storms. It also will develop and reform coastal zone management, secure fisheries, and marine policy and regulatory protection to cope with climate change.

Socio-economic benefits. The project will help lessen declines in fisheries production, which harm fishing and tourism-dependent livelihoods; lessen the vulnerability of coastal communities to increased erosion, flooding and sea level rise; and provide alternative livelihood opportunities in coastal management.

Permanent trust fund. The Conservancy and the Seychelles government are establishing the Seychelles’ Conservation & Climate Adaptation Trust (SeyCCAT), which will purchase and restructure the debt and manage the endowment. SeyCCAT also will be responsible for distributing the proceeds of the debt buy-back annually, through a transparent process, to government and non-governmental organizations.

By investing in the Seychelles’ marine spatial planning process, its climate adaptation policies and a sustainable source of financing for conservation, the Conservancy will help create demonstration projects that can be adapted to other sites in the Western Indian Ocean region and beyond. That is the Conservancy’s goal for every on-the-ground project we do—to create replicable models that help solve similar challenges in other places around the world.