

Seychelles: Introducing the World's First Sovereign Blue Bond

Highlights

- **A Pioneer in Ocean Finance:** Seychelles issued the world's first sovereign blue bond, through World Bank's SWIOFish3 project, to safeguard its ocean economy.
- **Cost Savings Through the World Bank:** The Bank structured a guarantee and concessional financing, reducing annual borrowing costs by 5%.
- **Driving Global Change:** The first blue bond established a financing model that coastal nations and corporate issuers worldwide have replicated, driving the global blue bond market to \$15.25 billion¹.

Background

Seychelles is a small island country with an economy that is highly dependent on the ocean. After tourism, the fisheries sector is the most important industry, employing about 17% of the population.

The World Bank supported Seychelles' efforts to build a diversified blue economy through a series of South West Indian Ocean Fisheries Governance and Shared Growth Projects (SWIOFish). The projects support countries in the region as they transition their fisheries sectors to sustainable practices, governance, and management. While SWIOFish1 and SWIOFish2 were primarily co-funded by IDA credits, grants and trust funds from Global Environmental Facility, SWIOFish3 was the pioneer in issuance of world's first sovereign blue bond.

Project and Financial Objectives

- Create a model to support Seychelles' blue economy through the capital markets, using an approach similar to the green bond financing.



Fishermen pull nets from the sea on a beach in the tropics with dramatic sky on Mahe Island, Seychelles Adobe Stock, By lucky-photo

- Achieve better financing terms and market access for the project.
- Mobilize and enhance an additional \$15 million needed to support the SWIOFish3 Project

Financial Solution

In October 2018, the Government of Seychelles, with support of the World Bank, issued world's first sovereign blue bond. Blue bonds, a sub-category of green bonds, raise money to benefit ocean and water ecosystems.

The blue bond was supported by a \$5 million partial credit guarantee to lower the cost of borrowing. Proceeds from the bond aimed to pay for marine protection, fishery management and other projects to safeguard the ocean economy that the country depends on. Grants and loans for the individual projects were channeled through the Blue Grants Fund and Blue Investment Fund, managed respectively by the Seychelles' Conservation and Climate Adaptation Trust (SeyCCAT) and the Development Bank of Seychelles (DBS).

Outcomes

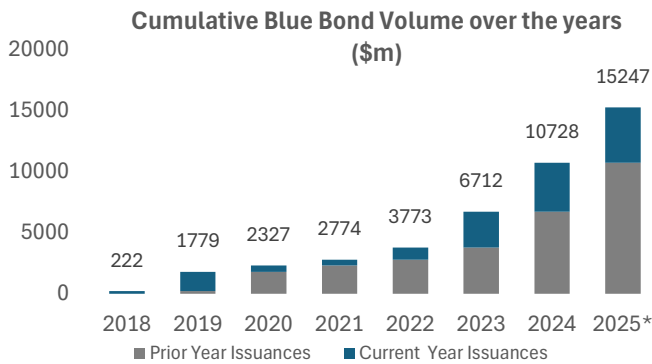
The overall the project outcomes were very positive and far reaching with many targets being

¹ Blue bond market size as of June 10, 2025, Bloomberg and Environmental Finance data
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outperformed, which included the expansion of the management coverage of marine protected areas from 5 million hectares to about 22 million, monitoring and efficiency improvements in the fisheries sector, and expansion of access to domestic finance for fisheries in the Seychelles. At the project close, the IBRD guarantee was not triggered and remains in place until 2028.

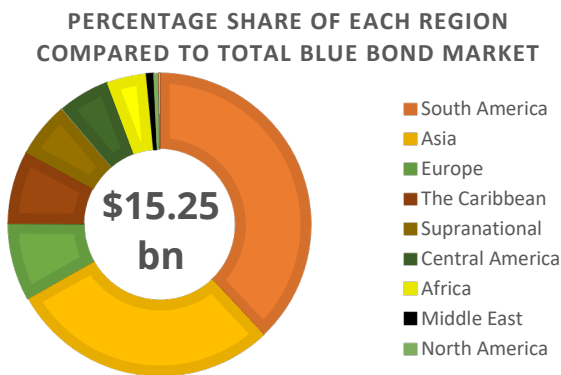
Seychelles inaugural \$15 million blue bond has served as a model for other small island developing states, coastal countries and corporate issuers. As of June 2025, the blue bond market has grown more than 800-fold to reach \$15.25 billion in cumulative issuances. Notably, most of the issuers have been in emerging markets, accounting for \$14.76 billion of the total cumulative issuances.

Figure 1 Blue bond market growth



Source: World Bank based on Environmental Finance Data. Note: Data as of 15 June 2025.

Figure 2 Blue bond issuances by continent



Source: World Bank based on Environmental Finance Data. Note: Data as of 15 June 2025.

World Bank Treasury's Role

- **Structured the blue bond** with a custom ten-year maturity schedule that aligned with project funding needs and Seychelles' liability profile.
- **Integrated a World Bank partial credit guarantee** of \$5 million into the blue bond, which lowered Seychelles' borrowing cost by at least 2.0 % per year.
- **Helped arrange \$5 million in concessional financing** from the Global Environmental Facility (GEF), which further lowered Seychelles' net borrowing cost by over 3%t per year.
- **Secured a donation from the Rockefeller Foundation** to cover most of the transaction costs.
- **Engaged with investment banks** to find a top tier placement agent and a trustee for the blue bond issuance. Standard Chartered Bank and Bank of New York Mellon were brought in to help manage the process and payments.
- **Connected Seychelles with investors** who purchased the blue bond issue: Calvert Impact Capital, Nuveen, and Prudential Investments.

Summary of Financial Terms

Announcement Date	October 29, 2018
Bond Amount	\$15 million
Term	10 years
Private Sector Investors	Calvert Impact Capital, Nuveen, and U.S. Headquartered Prudential Financial, Inc.
IBRD Guarantee	\$5 million
GEF Concessional Financing	\$5 million

Video: [Seychelles Introducing the World's First Sovereign Blue Bond](#)

