



Seychelles Experience with Budgetary Support for Adaptation and Disaster Risk Management



Budgetary Support

- Supports national development strategies – in particular **institutional reforms and public policies**
- **Supports country ownership** – gaps in institutional, legal or capacity frameworks
- Resources become part of Government's **own budget and procedures** – less detrimental to domestic accountability than project aid
- **More predictable aid flows** - multi-annual commitments support long term donor engagement
- Used as leverage – **jointly agreed conditionality** allows countries to progress on agreed standards; avoids different signals from donors
- Can be **general or sector-specific** (e.g. focus on resilience)

1. Cat-DDO

- Approved in 2013 after cyclone Fellen (US\$7 million)
- Deferred catastrophe loan – can be drawn upon in aftermath of a natural disaster to address immediate needs
- Renewable every 3 years (up to 15 years total)
- Conditional upon maintenance of sound disaster risk management and risk reduction
- Prior actions agreed in Seychelles – DRM Act; adoption of natural risk information database;
- Post disaster framework focused on building back better, emergency coordination, risk transfer and insurance

2. Debt Swap Initiative

- Completed March 2016
- Buy-back of USD 21.4 million debt (100% of maturities due to Paris Club creditors to mid-2022)
- Nature Conservancy gave low interest loan and helped Government secure USD 5 million in private conservation foundations grants for the buy-back
- Government will repay same amount of debt bought back at concessional terms to new Seychelles Conservation and Climate Adaptation Trust (SEYCCAT).
- SEYCCAT will use cash flow to fund **critical marine conservation and climate change adaptation**
- Payments owed to Paris Club debtors will instead remain in the country and will be directed to SEYCCAT.

3. Blue Economy and Blue Bond

(under development)

- A mechanism for **sustainable economic development focusing on ocean-based economy**
- Currently working on a **blue economy national roadmap** –for economic diversification, food security, high value jobs and protection and sustainable use of marine resources
- Plans to mobilise additional resources from international capital markets through a '**Blue Bond**' of **USD 15 million**
- **Expected guarantees from the WB and GEF and financial advice from Prince Charles Charities** international sustainability unit
- The proceeds to be used as grants for fisheries management planning and loans for local investment in **sustainable fisheries and protection of ocean resources**