

***OPENING REMARKS BY DANNY FAURE, VICE PRESIDENT OF THE REPUBLIC OF SEYCHELLES AT THE OPENING CEREMONY OF THE COMMONWEALTH SMALL STATES BIENNIAL, BARBARONS, MAHE, SEYCHELLES, THURSDAY 12TH MAY 2016***

Excellencies, Ladies and Gentlemen,

Seychelles is delighted to welcome the Commonwealth family to this Small States Biannual meeting.

The Commonwealth has consistently acted as a champion of small states within the international arena. This was emphasized by the establishment of the small states open ended working group at the 2013 Heads of Government Meeting in Colombo, and further underlined by the focus on resilience of small states and adaptation to climate change at last year's meeting in Malta.

The Commonwealth has always created space where the ideas of small states can be advanced.

Our small states forum, thus continues to be of the utmost relevance, and offers a platform through which we can better advocate for our specificities, which for too long have not been recognized within the world's developmental architecture.

Ladies and gentlemen,

In 2015, the adoption of the Sustainable Development Goals and the signing of the Paris Agreement on combatting climate change have created new urgency for a more comprehensive framework to address the needs of small states.

In relation to the SDGs, it is obvious that GDP growth alone will not solve our problems. And yet, most of the existing economic orthodoxy prioritizes measurements around our ability to generate more wealth.

Most multilateral development agencies remain fixated on categories based on GDP per capita which define access to concessional resources.

A recent article published in the Economist questioned the value of this preoccupation on GDP in all sizes of countries.

This obsession can lead to policies that fail to factor in fully the social and environmental consequences of growth strategies.

We need to better measure the performances of our own economies in relation to the Sustainable Development Goals. And similarly we must benchmark international developmental policies against this objectives.

For many years, the Commonwealth has worked with other partners to develop a vulnerability index that can help our countries to better measure their resilience in the face of global shocks- whether they be economic, climatic or environmental.

Seychelles has continued to press for the inclusion of vulnerability criteria in development frameworks. We are encouraged that this is one of the areas that is emerging from the SAMOA pathway on Small Island Developing States, and is also one of the key points that is emerging from the World Bank Small States Forum which Seychelles has had the privilege to chair for the last two years.

Without the adoption of appropriate vulnerability criteria in development frameworks, small states, and small island states, in particular are facing the challenge of climate change with both their hands tied behind their back.

Many critical infrastructure development projects that can help us boost our resilience against climate change are hampered by our inability to leverage affordable financing and our lack of economies of scale.

Many small island developing states are also hampered by large amounts of unsustainable debt.

In the context of Seychelles, investments in renewable energy and in sewerage and drainage infrastructures are of the utmost urgency. As a country that has had to restructure its external debt, we are extremely cautious in taking on new debt unless it is concessional. We have worked hard since 2008 to ensure that we consistently achieve a high primary surplus which has meant that our debt has reduced from 175% of GDP in 2008 to just over 60% today.

Paradoxically, our recent attainment of 'High Income' status as per the categorisations of the World Bank have further limited our access to such finance.

It is essential that small states are able to mobilise appropriate domestic resources and complement them with affordable external financing. And in the case of investments that are essential for climate adaptation, that financing must be either available as grants or as concessional financing.

I look forward to discussions in this forum on how to better mobilise domestic resources within small states, keeping in mind our small tax base, while also ensuring predictability of concessional and grant funding for critical investments that allow us to be climate resilient and achieve the SDGs.

Ladies and Gentlemen,

The Paris Agreement has changed our narrative from one of despair to one of hope.

But as we all know, the finance that goes with the implementation of this agreement is not yet available.

We must maintain the momentum to ensure that appropriate resources are allocated to address this and that they are made accessible to the smallest units- those most vulnerable.

Our own climate vulnerability has been underlined in Seychelles recently by a significant coral bleaching event associated with the El Nino effect that has affected many coastal and island countries. One of our atoll has also been hit a few weeks ago by cyclone 'Fantala' which has caused extensive damage. We are grateful to our partners that are mobilising to help us assess the extent of the damage, and take appropriate measures to ensure that this area of great beauty and biodiversity can bounce back.

The urgency of the threat of climate change means that we must also develop innovative mechanisms that can help us boost our resilience. Seychelles has pioneered one such initiative by agreeing a debt for climate change adaptation swap with the Paris Club of creditors. Under this agreement, with the support of an international NGO, the Nature Conservancy, we have bought back 22 million USD of our debt, benefiting from a further 5% discount in the process. The Government has then created by law, a special trust fund called the Seychelles Climate Change and Adaptation Trust (SEYCCAT) that will hold the debt, and to which Seychelles will continue to service its debt obligations. However, through the creation of an endowment fund which has benefited from donations of USD 5 million, the interest generated by the repayments will be reinvested in climate change adaptation and conservation projects, including through the implementation of landmark marine spatial plan.

This marine spatial plan is part of our development of a Blue Economy-recognising that while our islands may appear as specks on a map, we are custodians of a maritime area that is 1.3 million square kilometres in size.

Unlocking the potential of our blue economy is another area of priority for us as small states to make the most of our comparative advantage. I take this opportunity to express our appreciation to the Commonwealth Secretariat for their ongoing support towards the development of our Blue Economy Roadmap.

For small states to unlock their blue economy potential, we must also be innovative to develop appropriate financing.

All ministers of finance in small states are familiar with the problems of affordable financing for the business and SME sectors. And this difficulty is even more prominent when addressing projects which break the mold and are innovative.

Seychelles is in advanced discussions with the World Bank, the GEF and the African Development Bank for the development of a Blue Bond to better mobilise financing for its blue economy strategy and specific components such as the Mahe Plateau Sustainable Fisheries Plan. Under this management plan, we are aiming to use sustainable practices and branding to add value to our fish products caught by local fisheries entrepreneurs. The branding of these products is under the umbrella of the 'Seychelles Hook and Line Fishermen' led by the Fishermen and Boat Owners Association.

Through a blue bond, we hope to leverage a guarantee from our partner institutions to make the cost of financing the initiative, more long term and sustainable. I take the opportunity to express our appreciation to the International Sustainability Unit, under the patronage of His Royal Highness Prince Charles, that continues to provide us with the technical support in this process.

Ladies and Gentlemen,

Before concluding, I would also like us to reflect on the role of small states within the global financial system. For many small states, the prerogative of economic diversification has led us to develop financial services industries mirrored on peers in the OECD countries with similar legal systems. The recent leaks associated with the Panama Papers raise legitimate questions as to how global financial rules need to be tightened. But let us ensure that we are part of the rule making, and not just the rule taking.

Some countries represented here today have lost correspondent banking relationships because too often the rules around risk assessments are applied selectively, and there is a lack of engagement with small states on their needs in relation to the international financial system.

Let us address these issues by committing to the highest standards possible in terms of exchange of information and anti-money laundering frameworks, while also exchanging best practices to better lead regulation both within our jurisdictions and internationally.

Seychelles has ensured its compliance with the standards on exchange of information and is an early adopter of the Common Reporting Standard on Exchange of Information under the Multilateral Agreement on Exchange of Information and looks forward to initiatives which are aimed at strengthening regulation both in terms of sharing information and anti-money laundering frameworks.

Ladies and Gentlemen,

As Seychellois, when we look at you, our guests from other small states, we see ourselves. We immediately sense that you understand us. That you stand with us on our journey to bring prosperity and happiness to our people.

Let us stand together for the wellbeing and prosperity for all our peoples.

That is what this forum is about,

And that is what the Commonwealth is all about.

I thank you.