GEF-6 GEF SECRETARIAT REVIEW FOR FULL-SIZED/MEDIUM-SIZED PROJECTS
THE GEF/LDCF/SCCF TRUST FUND

GEF ID:	**9250**		
Country/Region:	**Seychelles**		
Project Title:	**Third South West Indian Ocean Fisheries Governance and Shared Growth Project SWIOFish3**		
GEF Agency:	**World Bank**	GEF Agency Project ID:	**155642 (World Bank)**
Type of Trust Fund:	**GEF Trust Fund**	GEF Focal Area (s):	**Multi Focal Area**
GEF-6 Focal Area/ LDCF/SCCF Objective (s):		**BD-1 Program 2; IW-2 Program 3;**	
Anticipated Financing PPG:	**$136,986**	Project Grant:	**$5,292,110**
Co-financing:	**$22,000,000**	Total Project Cost:	**$27,292,110**
PIF Approval:		Council Approval/Expected:	
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	**Astrid Hillers**	Agency Contact Person:	**Gayatri Kanungo**

PIF Review

Review Criteria	Questions	Secretariat Comment	Agency Response
Project Consistency	1. Is the project aligned with the relevant GEF strategic objectives and results framework?[1]	August 7, 2015. Not sufficiently aligned as presented. IW finance is designated to multi-country projects. We recognize that this project is part of a SOP and it involves IOC and possibly the regional fisheries commission SWIOFC (while the regional cooperation as described would need further explanation -see comments under design below). It was also communicated by the team	August 25, 2015. The Government endorsed the use of STAR BD resources to the project, and the IW amount has been adjusted to match the STAR BD amount.

[1] For BD projects: has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track the project's contribution toward achieving the Aichi Target(s)?

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		earlier that country commitment to a combined national and regional effort was supported by endorsing STAR resources matching IW resources. With the combination of this in mind an exception would be viable to match STAR with IW resources as long as other comments are addressed. Please provide endorsement for STAR resources and adjust the IW amount accordingly once endorsement is received. September 17, 2015. The country have endorsed the use of BD resources, which IW will then match 1:1 in this case. Component 1 speaks to regional activities, please do at time of endorsement elaborate on the aspects of regional cooperation facilitated by the project, while also include specificity on activities that will support/foster such cooperation.	
	2. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions?	August 7, 2015. Yes, the project is consistent with Seychelles national priorities.	
Project Design	3. Does the PIF sufficiently indicate the drivers[2] of global environmental degradation, issues of sustainability,	August 7, 2015. Please amend. A large part of the NGI logic is based on addressing economic incentives to	August 25, 2015. Only part of the NGI logic is based on addressing economic incentives to avoid catch of juvenile tuna.

[2] Need not apply to LDCF/SCCF projects.

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	market transformation, scaling, and innovation?	avoid catch of juvenile Tuna. It is not clear from the proposal how the project is addressing this. Please provide additional information. Specifically, please explain the business model that would allow recipients of the revolving fund to pay back the fund. September 17, 2015: Addressed, by explaining that most of the investments will not be directly targeting the juvenile catch, but that some of the funds in the revolving fund will be made available for development/implementation of such gear.	Most of the NGI logic targets reducing the carbon and water footprint of the fisheries sector, as well as reducing its waste. We have nonetheless amended the Annex 3 to provide more information related to the selective fishing practices and the fish sorting facilities and practices. We have also amended Annex 3 to describe, for each eligible investment type, the business model that would allow recipients of the revolving fund to pay back the fund.
	4. Is the project designed with sound incremental reasoning?	August 7, 2015. Please improve the explanation of incrementally for IW finance and link to IW GEBs (note: BD/LD/CC STAR comments may be added once resubmitted including STAR). Specifically, the description on what will be achieved in terms of increased regional cooperation needs to be better detailed. With regard to tuna fisheries, please also discuss the link to the activities supported under the ABNJ program. September 17, 2015: Please at time of Endorsement provide much stronger and detailed description of the activities that will support the	August 25, 2015. The incrementality of BD and IW finance and the link to BD and IW GEBs have been detailed in section III.B.3 (paragraph 34). The link with the ABNJ program is now discussed under paragraph 19.

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		regional cooperation. The link to Tuna fisheries in the ABNJ program have been mentioned, but these interlinkages needs to be much more developed during the project preparation.	
	5. Are the components in Table B sound and sufficiently clear and appropriate to achieve project objectives and the GEBs?	August 7, 2015. Component 1: The description on what will be achieved in terms of increased regional cooperation needs to be better detailed. Please more provide more detail beyond the sharing of lessons and experiences. With regard to tuna fisheries, please also discuss the link to the activities supported under the ABNJ program. Component 1 regional IDA grant: as this is designated 'regional' can you confirm that this is new regional IDA for Seychelles (in addition to previous for SWIOFish 1) Component 2: - Para 26 describes the activities to be funded by STAR resources, yet there are no STAR endorsement (in LOE) or STAR allocation in the GEF datasheet. - para 27: while these are all good activities overall, please give a clearer idea what this project is likely to achieve. The description of possible	Component 1 will entirely be financed by a new Regional IDA grant (additional to the one under SWIOfish1) and not by resources from the GEF. At this stage, it is too early to provide more details, but the project design will be further refined during preparation. Component 2: - Para 26 (now paragraph 23): the STAR endorsement is now provided in the LOE and the datasheet has been amended accordingly. - Para 27 (now paragraph 23): we have provided more details on the activities to be supported and removed some activities that now fall outside of the scope of the project. The IW amount matches the STAR amount. Component3: - We have corrected the amounts accordingly. The revolving fund ties to CC, BD and IW GEBs. We have amended III.B.3 and Annex 3 to better describe these links, and we provide the related GEB for each of the envisaged eligible investments. We clarified further the link between selective gears and practices and sorting facilities on the one side, and the reduction of the pressure on

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		focus is vast and ranging from pollution reduction, to fisheries management, to MSP, etc. Please also note comment given under (1) re. IW eligibility and amount. Component 3: - Funds: the amount in the write-up (page 8) is larger then the amount in the datasheet. It is not clear how the described revolving fund sufficiently ties to IW GEBs to make this fund eligible under the IW focal area. Specifically, it is not clear how fish sorting systems that allow for marketing of by-catch reduces fishing pressure on tuna -as the key species- and/or how the NGI finance provides economic incentives to avoid catch of juvenile tuna. In terms of aquaculture, during project design please add criteria to assure sustainability. Non-grant elements - The request for a loan of 40 years tenor and 0.25% is consistent with the GEF Non-grant pilot for a loan to a public government. But the description of how the World Bank would administer the loan to the Government of Seychelles is not clear. Please clarify. - A letter of request from the	the stocks and the deterrence of by-catch (including juvenile) on the other side. We will continue to work with the government and the private sector during preparation to ensure that such investments, if they are to be financed by the revolving fund, have clear and direct impacts on enhancing the health and sustainability of marine ecosystems. The support to aquaculture will not use resources from the GEF but from IBRD. It will follow the strict World Bank requirements in terms of environmental safeguards that aim at ensuring the sustainability of the investments. Non-grant elements - We clarified in Annex 3 how the World Bank would administer the loan to the Government of Seychelles. - We did receive such a letter of request and have provided it with the package. We are also attaching it to this updated package. - We have clarified these aspects in Annex 3. - We have clarified the potential collateral requirements for the revolving fund in Annex 3. Depending on the specificities of the borrower and keeping in mind the innovative nature of the revolving fund, collateral could be in the form of personal guarantees provided by the borrower; the fund taking a first position lien on fixed assets and

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		Government that it will accept the loan will be required. This usually comes from the Ministry of Finance. Has the World Bank already received such a request? If so, please share it. If not, when would it be available? - The description of the revolving fund and the relationship to the public loan are not clear. Please clarify if the Government of Seychelles will accept the GEF/World Bank loan and then on-lend to the Development Bank of Seychelles. If so, at what terms? - Please clarify what terms the revolving fund will be made available and the business model for maintenance of the revolving fund over time in view of potential losses. - We often see requirements that private sector recipients of revolving fund loans provide strong equity investment in order to be eligible for the loans, sometimes as much as 20-30% of the investment. What types of requirements are being examined for this project? - A public loan from for a single country would be more competitive under the non-grant pilot if the country also provided a strong indication of support through allocation of STAR resources. Please clarify if STAR resources will be added to the project.	property; and/or liens on inventories, receivables, fixed assets, and other assets of the borrower. - The country allocated $2.7 million of STAR resources to the project (excluding agency fees). The updated package reflects this aspect. - The project design would allow for a scaled-down design but a capitalization of less than $10 million would greatly limit the number of projects financed in parallel to a point where its overall impact would be significantly diminished.

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		- The resources from the non-grant pilot are very limited, and the full amount requested of $15 million may not be available. Please clarify if the project design would allow for a scaled-down loan at a lower amount. What is the lowest amount under which the project no longer becomes feasible? September 17, 2015: Addressed from IW side. Component 3 and non-grant elements - The response indicates that revolving fund will be paid back in major part by return on investment for carbon and water efficiency investments, with some elements related to reducing juvenile catch. The response is adequate and describes alignment with multiple focal area objectives, including CC. Comment cleared. Benefits in terms of GHG emissions reductions should be estimated during project preparation. - Clarified in Annex 3. Comment cleared. - Letter received. Commented cleared. - Clarified in Annex 3. Comment cleared. - Clarified in Annex 3. Comment cleared. - STAR resources are committed. Comment cleared.	

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		- Scaling is possible; agency requests no lower than $10 million in non-grant. Comment cleared. Component 2. As requested, language regarding the creation of new Marine Protected Areas and the development of management plans. Comment cleared.	
	6. Are socio-economic aspects, including relevant gender elements, indigenous people, and CSOs considered?	August 7, 2015. The concept discusses the rational for providing better access to credit for the private sector. Project design would need to address in much more detail the ecosystems benefits and monetize them, as well as the benefits to local, artisanal fishing communities, and pay attention to gender dimension both for NGI (revolving fund) and other/grant elements. September 17, 2015. Response is adequate and issue will be addressed during project preparation. Comment cleared.	August 25, 2015. We note this recommendation and will integrate it in project design. A monetization of the ecosystems benefit of the entire project will be conducted during the cost-benefit analysis. We will pay attention to the artisanal fishing and the gender dimensions.
Availability of Resources	7. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• The STAR allocation?	August 7, 2015. STAR resources are not being listed, but according to current utilization Seychelles would have USD 4.9 million un-utilized BD, plus other STAR resources.	August 25, 2015. Seychelles endorsed $3 million of STAR BD for the project (including agency fee).

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		September 17, 2015. An endorsement letter in the amount of $2.7miillon from the OFP accessing the BD STAR allocation has been received. The IW funding level will be set to match this amount.	
	• The focal area allocation?	August 7, 2015. Pending eligibility, IW GEF 6 funds have sufficient funds available. September 17, 2015: IW will be able to support this project with $2.7 mio	
	• The LDCF under the principle of equitable access		
	• The SCCF (Adaptation or Technology Transfer)?		
	• Focal area set-aside?		
Recommendations	8. Is the PIF being recommended for clearance and PPG (if additional amount beyond the norm) justified?	August 7, 2015. Not at this point. Please address the comments listed above. We would be happy to discuss with your team directly to accelerate and support revisions. September 17, 2015: Not at this time. Most comments cleared but a few issues remain to be discussed. Specifically address the comments in box 3 regarding juvenile fish. In addition, financial review has raised the following questions: a) The Government of Seychelles is pursuing multiple innovative financial approaches, including potentially issuing bonds to cover fisheries	

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		management. We need to understand better which innovative financial mechanism is the priority for the Seychelles and where the GEF can provide the most added value. b) Revolving loans are common in fisheries and have a poor track record because of poor credit of borrowers and high transaction costs. Please clarify the risks associated with this approach. c) The capacity of the Development Bank of Seychelles is not well documented. Please document the capacity to administer the revolving fund with clarity, fairness, and sustainability. September 17 2015: The project is technically cleared. Please make sure to address following issues before QER: 1) For the expansion of Marine Protected Areas, please ensure that the MPAs need to be established in areas of known Biodiversity value. Since these MPAs should be set in support of the management of fisheries, reasoning on the importance of the location of the new protected areas to the fisheries would be necessary. Please also include the	

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		number of MPAs to be created, and a map with their location. 2) Provide much stronger and detailed description of the activities that will support the regional cooperation. The link to Tuna fisheries in the ABNJ program have been mentioned, but these interlinkages needs to be much more developed during the project preparation. 5) Specific investment criteria for selection of beneficiaries requires careful development to ensure not only viable investments and met social safeguards, but ensure against anti-competitive investments. March 14, 2016: Official comments were sent by GEF at PCN review which was held on February 24, 2016. These comments and agency responses are captured in PMIS in the response matrix submitted to together with the resubmission of the PCN/PID on March 2, 2016. According to the GEF-WB harmonization procedures these comments at PCN stage are reflecting the formal GEF review process and supersede the previous upstream reviews in conjunction with NGI finance reflected above in the	

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		review sheet. For NGI: The team has responded to the comment at the PCN meeting to delete the NGI resources due to limitations of NGI fund availability. From GEFSec side we would like to reiterate our previous comment/recommendation to consider discussing with the government the use of GEF STAR (non-IW) resources to support the establishment of the revolving fund partially or in total. Based on our information there may be additional STAR resources available at the present point. Please also note that the government remains in discussion with the GEFCEO on possible avenues to support the operationalization of the Seychelles Blue Bond. For IW: The team has adequately responded to the comments provided at PCN stage. By endorsement, please expand the section of GEBs supported by the project. While the project uses IDA grant to support regional cooperation on fisheries (component 1) and GEF IW resources for improving	

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		sustainable levels of fisheries (component 3) this is a blended project which overall supports both regional cooperation and national action on sustainable fisheries management both resulting in IW relevant GEBs. For BD: The location of the new Marine Protected Areas needs to be fully justified at CEO Endorsement. Ensure that these locations are considered "Key Biodiversity Areas" (KBAs) using the state of the art criteria for considering KBAs in the marine environments. Recommendation: The PIF is recommended for technical clearance.	
Review Date	Review	August 07, 2015	
	Additional Review (as necessary)	September 03, 2015	
	Additional Review (as necessary)	September 17, 2015	

CEO endorsement Review			
Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
Project Design and Financing	1. If there are any changes from that presented in the PIF, have justifications been provided?		
	2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?		
	3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?		
	4. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience)		
	5. Is co-financing confirmed and evidence provided?		
	6. Are relevant tracking tools completed?		
	7. *Only for Non-Grant Instrument:* Has a reflow calendar been presented?		
	8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?		
	9. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?		

CEO endorsement Review			
Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
	10. Does the project have descriptions of a knowledge management plan?		
Agency Responses	11. Has the Agency adequately responded to comments at the PIF[3] stage from:		
	• GEFSEC		
	• STAP		
	• GEF Council		
	• Convention Secretariat		
Recommendation	12. Is CEO endorsement recommended?		
Review Date	Review		
	Additional Review (as necessary)		
	Additional Review (as necessary)		

[3] If it is a child project under a program, assess if the components of the child project align with the program criteria set for selection of child projects.