

# Scientific and Technical Advisory Panel

The Scientific and Technical Advisory Panel, administered by UNEP, advises the Global Environment Facility  
(Version 5)

## STAP Scientific and Technical screening of the Project Identification Form (PIF)

Date of screening: September 25, 2016  
Screener: Lev Neretin  
Panel member validation by: Douglas Taylor; Jakob Granit  
Consultant(s): Stephen Olsen

### I. PIF Information *(Copied from the PIF)*

| FULL-SIZED PROJECT        | GEF TRUST FUND   |
|---------------------------|--|
| GEF PROJECT ID:           | 9563   |
| PROJECT DURATION:         | 5  |
| COUNTRIES:                | Seychelles   |
| PROJECT TITLE:            | Third South West Indian Ocean Fisheries Governance and Shared Growth Project (SWIOFish3) |
| GEF AGENCIES:             | World Bank   |
| OTHER EXECUTING PARTNERS: | Ministry of Finance, Trade and the Blue Economy  |
| GEF FOCAL AREA:           | Multi Focal Area   |

### II. STAP Advisory Response *(see table below for explanation)*

Based on this PIF screening, STAP's advisory response to the GEF Secretariat and GEF Agency(ies):  
**Minor issues to be considered during project design**

### III. Further guidance from STAP

The present project is an extension to the SWIOFish3 project (GEF ID 9250) and is understood to propose an additional funding mechanism – 'Blue Bonds' to supplement the sinking and endowment funds described in the earlier proposal targeted at management of the Seychelles' sustainable use marine protected areas category and in the implementation of the management plans associated with the priority fisheries of the Mahé Plateau and Praslin plains. The proposed Blue Bonds scheme is the world's first and as stated by the project proponents "has considerable scaling-up potential for Seychelles and for other countries..." The proposal modifies the description of Components 2 and 3 of the earlier project to explain how the proposed Blue Bonds will be used, and updates the reasoning and alternative scenario associated with each Component. The updated reasoning presented within the project proposal is helpful yet still omits to address key design deficits noted by the STAP in its screen of the earlier SWIOFish 3 submission (GEF ID 9250, STAP screen is available at: [goo.gl/wgmC7L](http://goo.gl/wgmC7L)). Some of the key points of STAP's earlier advice, which apply equally to the present proposal, are as follows:

- Component 1 of the project (to be funded using IDA resources) aims to enhance regional cooperation on sustainable management of the maritime territory through the Federation of Regional Artisanal Fisheries, Indian Ocean Commission and other regional institutions. The proposal should provide a synthesis of what these organizations mentioned have accomplished, what is working, what isn't and why. There is a need to explain how support for competitiveness and further investment in the several SWIO regional bodies concerned with fisheries management will be combined into an internally coherent strategy;
- As a consequence, the project as described currently lacks a strategy for overcoming weaknesses and building on successes in the current governance system. Therefore, a baseline governance analysis is strongly recommended during further project development;
- The actions put forward for this third phase of investment need to refer to what has been learned and what has been accomplished at regional level by the earlier SWIOFish1 and SWIOFish2 program work;

- STAP recommends that project proponents support stock assessment efforts for poorly studied commercial fisheries as a part of this project;
  - The project target of improved management of seascapes was reduced from 3 million hectares in the earlier proposal to 2 million hectares but still needs to be justified.
- Specific comments and recommendations related to the current proposal are as follows:
- While fisheries are considered to be under the most pressure from overfishing in the artisanal, recreational and sport fishing sub-sectors ( i.e. primarily for domestic consumption), the project appears to be focused primarily on the needs of the large scale export market, and the full proposal needs to disaggregate the proposed actions directed towards each of the sectors. For example, with respect to the artisanal fishery, the proposal to progressively transition from an open access fishery to a more controlled fishery will clearly have major impacts upon artisanal fishing opportunities. If some form of quota system is introduced as a management option, trading of quotas usually leads to big fishers consolidating their operations by buying out the smaller ones, and so safeguards need to be designed into market reform to ensure equitable access is preserved. Component 3 therefore needs to unpack relationships between market reform, artisanal fisheries and social equity more fully in the full project brief;
  - Regarding the extensions to the MPAs planned, the criteria for their selection needs to be declared, for example non-use MPAs should qualify as Key Biodiversity Areas and the criteria for ‘sustainable use’ MPAs linked to management of fisheries need to be set out clearly;
  - The proponents correctly describe major potential risks associated with issuing Blue Bonds. These risks are often generic for any social impact bond issuance and include three significant and interconnected risks: i) contract design is highly dependent on accurate baselines and counter-factuals; ii) the chosen service intermediary (SeyCCAT in this case) strengths are often untested and would require strong technical and management expertise in addition to financial expertise; and finally, iii) transactions costs, while reduced using a single intermediary, may still be high and would have to be reduced. STAP recommends presenting a detailed mitigation plan addressing these three key risks at the CEO endorsement stage;
  - STAP acknowledges that the project will invest resources into knowledge management, including the regional component and communication (as a knowledge management vehicle). Experiences and lessons learned including capacity building, addressing Blue Bond design and implementation should be disseminated widely amongst the IWLEARN network and globally. STAP also recommends using effective knowledge management strategies at project level as a vehicle for adaptive management applied to SeyCCAT operations. STAP is currently working to prepare guidance in this area which will be presented to the 52nd Meeting of the GEF Council.

| <i>STAP advisory response</i>                                 | <i>Brief explanation of advisory response and action proposed</i>  |
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| <b>1. Concur</b>  | In cases where STAP is satisfied with the scientific and technical quality of the proposal, a simple “Concur” response will be provided; the STAP may flag specific issues that should be pursued rigorously as the proposal is developed into a full project document. At any time during the development of the project, the proponent is invited to approach STAP to consult on the design prior to submission for CEO endorsement.   |
| <b>2. Minor issues to be considered during project design</b> | STAP has identified specific scientific /technical suggestions or opportunities that should be discussed with the project proponent as early as possible during development of the project brief. The proponent may wish to: <ul style="list-style-type: none"> <li>(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised.</li> <li>(ii) Set a review point at an early stage during project development, and possibly agreeing to terms of reference for an independent expert to be appointed to conduct this review.</li> </ul> <p>The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.</p> |
| <b>3. Major issues to be considered during project design</b> | STAP proposes significant improvements or has concerns on the grounds of specified major scientific/technical methodological issues, barriers, or omissions in the project concept. If STAP provides this advisory response, a full explanation would also be provided. The proponent is strongly encouraged to: <ul style="list-style-type: none"> <li>(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised;</li> <li>(ii) Set a review point at an early stage during project development including an independent expert as required.</li> </ul>   |

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|  | <p>The GEF Secretariat may, based on this screening outcome, delay the proposal and refer the proposal back to the proponents with STAP's concerns.</p> <p>The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.</p> |
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