Readiness Proposal

with the Development Bank of Seychelles for the Republic of Seychelles

18 December 2017 | NDA Strengthening & Country Programming
READINESS AND PREPARATORY SUPPORT | PROPOSAL

Executive Summary (in one page)

<table>
<thead>
<tr>
<th>Country (or region)</th>
<th>Seychelles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submission Date</td>
<td>16/02/2017</td>
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NDA or Focal Point

<table>
<thead>
<tr>
<th>Name: Wills Agricole</th>
</tr>
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<tbody>
<tr>
<td>Position: Principal Secretary Energy and Climate Change</td>
</tr>
<tr>
<td>Email: <a href="mailto:w.agricole@meteo.gov.sc">w.agricole@meteo.gov.sc</a> Tel: +248 4670568</td>
</tr>
<tr>
<td>Ministry of Environment, Energy and Climate Change</td>
</tr>
<tr>
<td>P.O Box 445</td>
</tr>
<tr>
<td>Botanical Garden, Mont Fleuri</td>
</tr>
<tr>
<td>Mahe Island, Seychelles</td>
</tr>
</tbody>
</table>

Development Bank Of Seychelles (DBS)

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Readiness Area/s

1. Establishing and strengthening National Designated Authorities
2. Strategic frameworks for engagement with the Fund, including the preparation of country programmes

Request Summary (in 200 words)

The Readiness Programme will assist in the hiring of consultants and procurement of services to build capacity of the coordination and management unit that will have the responsibility of coordinating with the other ministries, NGO’s and stakeholders on the Green Climate Fund, developing the country programmes and developing, in close coordination with accredited entities, pipeline of programmes and project proposals to address the high risk and vulnerabilities of the Seychelles as a small Island Developing State. This support will assist us in mitigating the growing threats from impacts of the Climate variability and Change we face on a day to day basis.

The Readiness Programme will address:

- The design and establishment of a Knowledge Management System to facilitate the proper organization, storage and communication of policy documents and instruments related to Climate Change Financing;
- Develop a Public Awareness Strategy and implementation of related strategy elements;
- Develop operational guidelines (including the no objection procedure) and conduct training of NDA’s staff for the functioning of the NDA as per requirement of the GCF;
- Facilitate consultations with the National Coordination Mechanism and other multi stakeholder groups.

1 Normally we have district level meetings and connection to issue happening within each areas have direct link to minister/PS via representatives of the district such as Members of national assembly/district administrators/individuals etc., and all report to minister to facilitate (with the limited human capacity) better interactions via such consultations. So this will help channel all relevant issue to the appropriate ministry.
It will furthermore allow:

- Development of a country programme that includes the Seychelles development priorities with respect to the Green Climate Fund (the Fund), consistent with the country’s National Climate Change Strategy, INDC’s, and the Fund’s Initial results management framework;
- Identify opportunities to engage the private sector enterprises in line with the Environment management system\(^2\);
- Identify how the GCF can build on and upscale the ongoing work of other development partners in the country, and deliver its support in a manner complementary to the efforts of other partners.

<table>
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<tr>
<th>Anticipated Duration</th>
<th>01/12/2017 – 30/11/2018 (12 months)</th>
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<tr>
<td>Estimated total cost</td>
<td>US$ (300,000)</td>
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\(^2\) We already have a setup of the environmental issue under the ministry of environment and in order to ensure that our natural resources will be available for future generations, strict environmental standards have been put in place to ensure companies act responsibly and are held accountable for their actions. Demonstrating compliance with these standards will not only enhance our image but also show our commitment and contribution to preserving the environment.
SELECTION A: RATIONALE FOR REQUEST

A.1 Background

Seychelles is a developing country under the UNFCCC located north east of Madagascar in the South-west Indian Ocean. It is a Small island developing state (SIDS) and thus the country is recognized as being particularly vulnerable to the impacts of climate change and requires the support of the international community to identify and address such potential climate change impacts. As a high-income nation, Seychelles has significant resources that may be drawn upon to provide a solid base for development including those related to climate change issues. On the other hand, the country also experiences important challenges in managing a sustainable development process. The country’s primary resources include a very agreeable climate, outstanding land and seascapes, extensive areas of high ecological value, an engaging history, democratic governance, a well-educated and healthy population, and significant natural resources (beaches, agricultural lands and fish stocks). While the country’s natural resources were of primary economic importance throughout much of its history, the other resources listed, coupled with the ease of accessibility to Europe, have led to a thriving tourism industry; which is now economically significant but also makes the country even more susceptible to economics shocks resulting from the impacts of climate change that have a high impact on the tourism industry.

Seychelles has worked to secure renewed political commitment not only to the issues of climate change but for sustainable development on a whole. Emphasis has been placed on assessing progress to date and the remaining gaps in implementation of the outcomes of the major summits on sustainable development, and on addressing the new and emerging challenges including those brought about by climate change.

The country has conducted assessments to determine how conferences such as the UNFCCC COPs, and the recently held Rio+20 and other processes have influenced the development agenda. The country has also sought to assess its progress against strategic documents that have been produced from these processes including the Rio Declaration on Environment and Development, Agenda 21, the Millennium Declaration, the Johannesburg Declaration on Sustainable Development and the Monterrey Consensus of the International Conference on Financing for Development and the Doha Declaration on Financing for Development, the Barbados Program of Action for the Sustainable Development of Small Island Developing States, the Mauritius Strategy and the World Charter for Nature.

The results of the assessments so far conclude that most of the SIDS countries, are middle-income, and do not have sufficient access to concessional resources and technical assistance. In the last decade weather-related disasters have also put the countries to the test, with serious implications for the economies of the region. Additionally, with specific reference to climate change, the small size of Seychelles’ economy is a further impediment to its ability to afford necessary mitigation and adaptation technologies on its own. With the GCF funds we have a viable options of adopting such technologies and assist us with climate related programmes to reduce our emission.

However, in an effort to show its commitment to change and to the on-going international process towards the effective management of the issues which develop as a result of climate change and other environmental factors, since the last report to the UNFCCC, the government of Seychelles has completed and passed environmental legislation, an Energy Policy and publicly made a commitment through the UNFCCC's Copenhagen Accord in 2010 to reduce the country’s green-house gas emissions by 21% of its 1990 levels by 2025 and an INDC has been prepared to complement this strategy. The preparation of the Third National Communications will start by 2016 and the emission reduction strategy needed to inform the Government on how to meet this target is being elaborated on in the chapter on mitigation of the INDC.

The Ministry of Environment, Energy and Climate Change has an Environment Trust Fund (ETF) that is the proposed strategy to address the issues of Climate Change while funding Environmental Management. The premise behind the design of the ETF Fund is to create a dedicated and self-sustaining vehicle to resource Environmental Management including Climate Change mitigation and adaptation. The fund will use grants from international agencies to invest in the generation of electricity from renewable energy. The National utility company will enter into an agreement with the power producers to purchase the electricity generated. The funds generated from reduction in fuel imported as a result of more Renewable Energy installation and Energy Efficiency measures may be invested into the implementation of the Environmental Legislation of the Country in general, and in particular to fund small loans to consumers (to assist with adaptation to Climate
Change), as well as in coastal zone management to withstand rise in sea-level. The proceeds will also be used to fund protected areas, pollution management, risk reduction (adaptation), upgrade of the electricity grid, improvement of air quality, reducing flooding, and for NGOs engaged in environment management. The ETF will also be designed to be the vehicle to provide the co-financing for projects and programmes supported by the GEF and the Green Climate Fund.

A.2 Justification for request

The Government of Seychelles has identified Seychelles Sustainable Development Strategy (SSDS) Inter-sectoral Steering Committee of the Energy and Climate Change Department as the NDA for the GCF. These agencies have not functioned as NDA before and although baseline capacity with respect to identifying climate-financing needs of Seychelles exists within the agencies, assistance is required to help the NDA to engage stakeholders in a coordinated manner and provide information on the GCF accurately to a wide range of stakeholders. These stakeholders include Public and private sector, NGO’s, civil society organizations and Community Groups. The assistance required will enable the NDA to provide appropriate support to promote development and submission of the best possible funding proposals (that meet national priorities and GCF criteria) for consideration by the GCF.

Although the NDA is involved with the implementation of programs with other partners, these programs have not been at the scale expected to be achieved through engagement with the GCF. The readiness support provided will assist the NDA in building the technical capacity needed to prepare a Country Program that will require handling larger cross-sectoral projects involving multiple stakeholders and interest groups. The NDA will also be required to coordinate with agencies that have already established their implementation plans and programs. The development of a GCF Country Program will assist in aligning the Seychelles’ engagement with the GCF with existing National, Regional and International strategies and plans. Most importantly the GCF Country program will provide a solid and clear direction for policy makers and the private sector whose cooperation will be critical to successfully delivering on implementation of projects. The Country Program will create buy in and ownership among all the actors that need to collaborate in making these initiatives successful. The readiness support will also assist in identifying and exploring synergies with ongoing initiatives and identifying these and upscale them to make significant impacts to the communities in Seychelles.

SECTION B: SCOPE OF WORK

B.1 Description of activities (Please provide detailed logical framework as an annex. See Annex I for content to build from).

Activity 1: Strengthening the NDA
The NDA will hire consultants and procure services to build the capacity of the Energy and Climate Change Department and the Management Unit that will be responsible for coordinating with other ministries on the Green Climate Fund (the Fund).
Consultants and service providers will assist the NDA in the following tasks:
1. Design and establish a Knowledge Management System to facilitate the proper organization, storage and communication of policy documents and instrument related to Climate Change Financing.
2. Develop a Public Awareness Strategy and implementation of elements including development of a website page, news articles and short posts for social media.
3. Develop operational guidelines for the functioning of the GCF NDA. Train staff of the NDA in the use of these guidelines.
4. Develop and conduct training on operational guidelines related to no objection procedure requirement of the GCF.
5. Facilitate consultations with the National Coordination Mechanism and other multi stakeholder groups.
6. The NDA may also add other activities in accordance with the Fund’s defined resource envelope and scope of work in the Standardised Package for NDA or Focal Strengthening, available at: http://www.gcfund.

Activity 2: Strategic frameworks for engagement with the Fund, including the preparation of country programmes.
The NDA will develop a country programme that includes:
1. Seychelles development priorities with respect to the Green Climate Fund (the Fund) consistent with the country’s National Climate Change Strategy, INDC’s, and the Fund’s Initial results management framework;
2. Hold consultations with public sector stakeholders to confirm priorities. Identify opportunities to engage the private sector enterprises in line with the Environment management system.
3. Identifying potential programmes and projects, including public-private partnerships, consistent with the Fund's Initial investment framework; and
4. Identifying how the GCF can build on and upscale the ongoing work of other development partners in the country, and deliver its support in a manner complementary to the efforts of other partners.
5. The NDA may add other elements to the country programme and will also undertake stakeholder consultations in a manner that is consistent with the Fund’s defined resource envelope and scope of work in the Standardised Package for Country Strategic Frameworks, available at: http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/Scope_of_Work_Package_2_Country_Programme.pdf

See Annex 1 for detailed log frame

B.2 Expected results

At the completion of this program the NDA will have improved its internal processes for consultation and participatory program identification, knowledge management, communication and public awareness as well as processing and approving submission of projects. It will also provide an opportunity for NDA to identify projects that could be scaled up. At the end of the activity, the NDA would have, through a participatory process, developed a Country Program to guide the identification and endorsement of national appropriate programmes and projects that meet the GCF investment framework. The readiness activity will improve visibility of the GCF in Seychelles and may also send a signal of political confidence that Seychelles will take ambitious mitigation and adaptation actions. This will also allow the NDA to be in a better position to promote the development of the pipeline of national projects for GCF and the establishment of a monitoring & evaluation system.

SECTION C: BUDGET (include total cost and share of GCF funding)

Please use the separate budget template provided to detailed relevant line items.

Please refer to the Budget Table presented as an attachment to this proposal template (in a separate Excel file).

Note: please refer to the Fund’s guide on indicative budgets for the standardised packages for activity 1 and activity 2

SECTION D: IMPLEMENTATION PLAN

D.1 Implementation arrangements

The Government of Seychelles has identified DBS as its delivery partner for the readiness programme. DBS will take responsibility, and be part of the management team under the leadership and guidance of the Ministry of Environment, Energy and Climate Change (MEECC), for implementation of the proposed programme including fiduciary management.

The project will be executed by the Ministry of Environment, Energy and Climate Change in coordination with DBS, the GCF Delivery Partner (DP). As the national Executing Entity, MEECC will coordinate the implementation of the project and will be accountable to DBS (as DP) for project execution and for the effective and efficient use of resources. As the DP for this project, DBS will be responsible for overseeing the implementation and evaluation of the project in coordination with the Project Steering Committee (PSC) and the Project Management Unit (PMU), including inter alia M&E reports, a Mid-term Review and a Terminal Evaluation. A Programme Officer (PO) will be responsible for project supervision to ensure consistency with GCF and MEECC policies and procedures. The PO will formally participate in the following: a) Annual Project Steering Committee (PSC) meetings; b) the mid-term and final evaluations; c) the clearance of periodic Progress Reports and Project Implementation Reviews; and d) the technical review of project deliverables. DBS will manage the procurement of all key activities and be responsible for fund management and disbursement to the suppliers/consultants/payments for any workshops and related expenses.
Within the NDA, overall project management for Readiness programme is the responsibility of the Energy and Climate Change Department, who will assign a Project Manager (PM) that will ensure that the readiness programme is progressing as per the log frame, work plan and budget. The PM will be responsible for the project’s financial management and related reporting, while specific responsibilities and activity delegation are described below.

The PM will also be responsible for maintaining political buy-in and support at the highest levels of government. The PM has a coordination role across all committees and units. A Project Coordinator (PC) will have lead responsibility for execution of the project under the Project Management Unit (PMU), and will be responsible for daily implementation of project activities and for the completion of agreed work plans in a timely manner.

The GCF readiness project will have dedicated access to the technical capabilities of the staff within the Energy and Climate Change Department and the Debt Management Unit through the designation of staff to the Project Management Unit (PMU). The composition of the PMU includes the Project Manager, Project Coordinator, administrative assistants and other technical staff – including short-term technical assistance procured through this GCF Readiness Programme as well as Principal staff of the Energy and Climate Change Department. The PMU will meet monthly to report to the Project Manager. Execution of the GCF Readiness Programme will be carried out on the basis of the implementation schedule/work plan to be developed in the Inception stage following review of this Readiness Proposal. The PMU is in charge of designing and implementing the activities in the annual work plans.

As part of the readiness programme management arrangements, the PM reports to the Project Steering Committee (PSC). The function of PSC is to provide oversight for procurement, Institutional arrangements and financial management of the readiness programme as conducted by DBS (the delivery partner). The PSC will also be responsible for approving and circulating financial reports to the Ministry of Finance and other relevant agencies as well as the GCF. The project coordinator will become a member of the Project Management Unit, (PMU) and therefore will be meeting monthly with the project coordinators for the projects being implemented and or executed by the Department.

The readiness program will also benefit from the Technical working group (TWG). The TWG will act as an advisory body to the readiness programme providing high-level guidance, policy input and support, facilitating communication, cooperation and coordination among stakeholders and other project partners. The PSC will be charged to monitor implementation of the project activities according to the approved Work Programs and approve any essential deviations from it if necessary. The PSC will be composed of Principal Secretary of The Environment, Principal Secretary of Energy and Climate Change, Principal Secretary of Agriculture, Principal Secretary of Health, representative from the Ministry of Finance, UNDP, representative from Audit committee and other donor representatives.
D.2 Disbursement and implementation schedule

The funding will be transferred to DBS in three tranches:

- The first disbursement, which amounts to US$ 130,000, will be transferred upon the submission of document(s) from the NDA to the Fund, in form and substance acceptable to the Fund, which includes procurement plan and budget.
- The second tranche of US$ 130,000 will be transferred upon submission of an interim progress report and financial report, in form and substance acceptable to the Fund, including a certified expenditure statement, within 6 months after the start of implementation; and
- The final disbursement of $40,000 will be made upon submission of a completion report and financial report, including an audited expenditure statement within 12 months of the start of implementation.

D.3 Procurement plan

DBS will competitively procure services consistent with the Bank’s procurement policies:

- Consultants and Services will be procured in accordance with the procurement plan
- For items such as venues, catering and travel for stakeholder workshops to be organized, a shopping method will be used to procure such services consistent with the DBS procurement policies.
- Information on the process and the results of procurement to be undertaken will be included in interim progress or completion reports once such procurement has been undertaken and completed.

SECTION E: MONITORING & REPORTING PLAN

The reports to be submitted will be as per what is included in section D.2, and will include reporting against the logical framework included in Annex I.
## SECTION F: RISK & MITIGATION MEASURES

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<thead>
<tr>
<th>Identified Risks</th>
<th>Risk Assessment</th>
<th>Mitigation Measures</th>
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<tbody>
<tr>
<td>Low buy-in from the main stakeholders</td>
<td>Low</td>
<td>Many stakeholders are anxious to implement mitigations and adaptation measures. A communication strategy will be developed at the initial stage of the project and organizations with a long-stand experience in public consultations will be involved.</td>
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<tr>
<td>Difficulties in procuring services from the local companies</td>
<td>The necessary tools may not be available on island and therefore have to be imported; as a result, this can have an impact on project timelines.</td>
<td>A procurement plan prepared at an early stage of the project preparation should mitigate the risk related to delayed procurement of services and goods. To avoid this the ECCD normally have direct procurement of services from overseas.</td>
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<tr>
<td>Human Resources (Consultants)</td>
<td>Lack of experienced consultants is a high risk on an island.</td>
<td>Target Specialists for a short period, within local and or regional professional groups with the specific skills for preparing strategic action plans. This must be carefully budgeted since international consultants are very expensive.</td>
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<tr>
<td>Adverse Public opinion/media intervention</td>
<td>Medium</td>
<td>Engage media to assist with effective public education and awareness.</td>
</tr>
<tr>
<td>Implementation timeframe</td>
<td>Medium</td>
<td>Immediate recruitment of required national and international consultants</td>
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<tr>
<td>Administrative sustainability</td>
<td>Capacity and competence of administrative systems (Low)</td>
<td>Strong administrative systems are already functioning.</td>
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<tr>
<td>Natural catastrophe</td>
<td>Seychelles is prone to storm, natural disaster. The rainfall season is from November - March each year.</td>
<td>There are mitigation procedures in place to ensure that the records of the projects are backed up and stored in a safe place during any natural disaster events. If there are delays that cannot be mitigated the budget for contingency is therefore important in this regard.</td>
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<tr>
<td>Poor project governance and accountability</td>
<td>Low</td>
<td>Established reporting and monitoring framework in place and fully functioning</td>
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