

Quarterly Project Progress Report

UNDP/GEF Implementing the Strategic Action Programme for the Yellow Sea Large Marine Ecosystem: Restoring Ecosystem Goods and Services and Consolidation of a Long-term Regional Environmental Governance Framework
[April 18, 2017]



China

Basic Project Information

UNDP Award ID	00074724
UNDP Project ID	00087001
Reporting Period	1 January 2017 – 31 March 2017
Participating UN agencies	UNOPS
Implementing Partners/ National collaborating agencies	State Oceanic Administration of China, and Ministry of Ocean and Fisheries of RO Korea
International collaborating agencies	
Cost-sharing third parties	
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Project website	www.yellowseapartnership.org

Executive Summary

The Project is fully ready for inception at the first quarter and all documents have been prepared for review and agree to by the Interim Commission Council, including the inception report, AWP 2017, Overall project budget (2014-2019), Procurement plan 2017, Terms of reference of YSLME Interim Commission and subsidiary bodies, and PMO staff, TORs of each Regional Working Group (RWG), and Chairpersons of each RWG and TORs. These achievements were made possible with getting on board the three remaining staff from March 1 to 24, 2017 and their efficient delivery of services. On January 23-24, PMO organized a preparatory meeting for project inception, having agreed to make recommendations to the Interim Commission Council on the proposed workplan for 2017-2019, including a focus of conservation efforts on migratory mammals, migratory waterbirds, Yellow Sea Cold Water Mass and fish spawning and nursery sites which is relevant to the CPD Objectives. By end of March 31, a total of 66 entities from China and RO Korea are identified as existing and new partners, including 4 ministries and 6 provincial government partners, 1 local government, 5 regional partners, 8 universities, 15 academic institutions and universities, and 27 NGOs. The target of the project it to have collaborative agreements with 40 of these entities in implementation of the SAP. For communication, the PMO has produced and printed 300 copies of 12-page project brochure for ease of communication with stakeholders about the project. Yet an important milestone event, the project Inception Workshop, was unable to be conducted on March 27-29 as planned.

For the Project to proceed smoothly, the following recommendations are proposed for consideration:

- *Respect to processes of project and national internal process and new ideas and views of newly participating individuals should be promoted in this YSLME Phase II Project to ensure successful warming up and sustainable collaboration between collaboration countries and partners.*
- *For implementation efficiency and quality assurance, UNDP GEF and CO should consider changing its position of 10% cap as management fee and fully engage UNOPS in implementation of the YSLME Phase II Project as it is highly likely that SOA may disinclose to take the implementing partner role.*

For details of the two recommendations, please refer to the sections on management recommendation.

1. Project Implementation Status and Progress Report (Report against AWP)

1.1 Outcome & Output Progress Report

UNDP China CPD Indicator(s)

Indicator Description	Progress Report
UNDAF/CPD Outcome 2) More people enjoy a cleaner, healthier environment as a result of improved environmental protection and sustainable green growth. UNDAF Indicator 2.3: Number of hectares of land covered by protected area measures	

**Country Program Document for
China 2016-2020**

Output 2.1: China's actions on climate change mitigation, biodiversity and chemicals across sectors are scaled up, funded and implemented.

Indicator 2.1.3: Extend to which adopted regulations, ordinances and standards bring about stronger biodiversity protection

Baseline (2015): Not adequately (1)
Target (2020): Largely (4)

Output 2.2: Regulatory and capacity barriers for the sustained and widespread adoption of environmentally sustainable strategy implementation identified and taken up/committed to remove by the Government

Indicator 2.2.2: Number of barriers inhibiting the implementation of the multi-lateral environmental agreements in China

Baseline technical barriers (2015): 9
Baseline capacity barriers (2015): 61
Baseline institutional barriers (2015): 32
Baseline regulatory barriers (2015): 22

Output 2.4: Preparedness systems in place to effectively reduce risks, prevent crisis and enhance resilience at all levels of government and community

Indicator 2.4.1: Number of early warning systems for major natural hazards (e.g., geophysical and climate-induced hazards) and man-made crisis

Baseline (2015): 1 Target (2020): 3

Indicator 2.4.2: Percentage of people at risk of major natural hazards and

On January 23-24, China and RO Korea had a preparatory meeting for project inception agreeing to make recommendations to the Interim Commission Council to focus conservation efforts of biodiversity on mammals, migratory waterbirds, Yellow Sea Cold Water Mass and fish spawning and nursery sites. The countries also agreed to adopt YSLME Biodiversity Conservation Plan, YSLME Marine Protected Area (MPA) Network and conduct of annual MPA Forum. It is expected that ten MPAs will be established by the two countries in accordance to the YSLME Strategic Action Program (SAP)

man-made crisis that are covered by multi-hazard preparedness plans	
Baseline (2015): 10% Target (2020): 20%	

UNDP SP Indicator(s)

Indicator Description	Progress Report
<p>UNDP Strategic Plan 2014-2017: Outcome 2: citizen expectations for voice, development, the rule of law and accountability are met by stronger systems of democratic governance</p> <p>Primary Outcome: Output 2.5: Legal and regulatory frameworks, policies and institutions enabled to ensure the conservation, sustainable use, and access and benefit sharing of natural resources, biodiversity and ecosystems, in line with international conventions and national legislation.</p> <p>Output indicator 2.5.3: number of countries implementing national and sub-national plans to protect and restore the health, productivity and resilience of oceans and marine ecosystems</p> <p>UNDP Strategic Plan Secondary Outcome: Output 2.4: Frameworks and dialogue processes engaged for effective and transparent engagement of civil society in national development</p>	<p><i>Technical team of China and RO Korea agreed to make recommendations to the Interim Commission Council to focus conservation efforts of biodiversity on mammals, migratory waterbirds, Yellow Sea Cold Water Mass and fish spawning and nursery sites. The countries also agreed to adopt YSLME Biodiversity Conservation Plan, YSLME Marine Protected Area (MPA) Network and conduct of annual MPA Forum.</i></p>

Project Outcome/Output Indicator(s)

Indicator Description	Progress Report
<p>1. Ensuring Sustainable Regional and National Cooperation for Ecosystem-Based Management</p> <p>Indicator 1.1: Status of YSLME Commission and subsidiary bodies at regional level</p>	<p><i>TORs of the Interim Commission Council and its subsidiaries bodies, Rules of procedure of the Interim Commission Council, as well as the TORs of all PMO Staff are updated for adoption by the Interim Commission Council. During the YSLME SAP implementation stage, the Interim Commission will serve as the mechanism for discussing and agreeing to the final structure and details of the permanent Commission.</i></p>

<p>Indicator 1.2: Status of Inter-Ministerial Coordinating Committee (IMCC)</p> <p>Indicator 1.3: Number of the YS Partners in support of YSLME SAP;</p> <p>Indicator 1.4: Status of recognition and compliance to regional and international treaties and agreements</p> <p>Indicator 1.5: Agreement on the financial arrangement for the YSLME Commission</p>	<p><i>By end of March 31, a total of 66 entities from China and RO Korea are identified as existing and new partners, including 4 ministries and 6 provincial government partners, 1 local government, 5 regional partners, 8 universities, 15 academic institutions and universities, and 27 NGOs. The target of the project is to have collaborative agreements with 40 of these entities in implementation of the SAP.</i></p>
<p>2. Improving Ecosystem Carrying Capacity with Respect to Provisioning Services</p> <p>Indicator 2.1: Number of fishing boats decommissioned from the fleet in YSLME waters</p> <p>Indicator 2.2: Status of major commercially important fish stock from restocking and habitat improvement</p> <p>Indicator 2.3: Level of pollutant discharge from mariculture operations</p>	<p><i>China has set the national targets to reduce 20,000 fishing boats with a total capacity of 1.5 million kW and reduce fish landings by 15 percent during 13th FYP. Specific fishing boat reduction target for Yellow Sea is under development. Recent field visit found early April that with the gradual reduction of subsidy to fishing boats, there are interests among fishermen to register for the fishing boat buy-back scheme. In Weihai alone, over 1,000 boats will be bought back by local government in 2017, and nearly 4,000 applicants have already registered for participation in the program.</i></p>
<p>3. Improving Ecosystem Carrying Capacity with respect to Regulating and Cultural Services</p> <p>Indicator 3.1: Level of pollutant discharges particularly Nitrogen in YSLME tributaries</p> <p>Indicator 3.2: Types of technologies applied for pollution reduction</p> <p>Indicator 3.3: Status of legal and regulatory process to control pollution</p> <p>Indicator 3.4: Status of the control of marine litter at selected locations</p>	
<p>4. Improving Ecosystem Carrying Capacity with respect to Supporting Services</p> <p>Indicator 4.1: Areas of critical habitats;</p> <p>Indicator 4.2: level of ecological</p>	

<p>connectivity in expansion of the Yellow Sea MPA system.</p> <p>Indicator 4.3: Status of incorporation of adaptive management of climate change regional strategies and in ICM plans for selected coastal communities</p> <p>Indicator 4.4: Status of Regional Monitoring Network for application of ECBM</p>	<p><i>On January 23-24, China and RO Korea had a preparatory meeting for project inception agreeing to make recommendations to the Interim Commission Council to focus conservation efforts of biodiversity on mammals, migratory waterbirds, Yellow Sea Cold Water Mass and fish spawning and nursery sites. The countries also agreed to adopt YSLME Biodiversity Conservation Plan, YSLME Marine Protected Area (MPA) Network and conduct of annual MPA Forum. The first site, Rudong Xiaoyangkou, was identified as a site to be established into an MPA, a staging site along the eastern line of EAAF, habitat for spoon-billed sandpiper, a critically endangered species under IUCN. In a survey, 143 spoon-billed sandpipers were recorded, accounting for about 40% of the global population of the species. Ten threatened species of water birds and 32 species of water birds whose population has reached 1% of global population are also recorded in Rudong Mudflat.</i></p>
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1.1 Activity Implementation Status Report

<p><i>In addition to the above progress, the following activities have been undertaken:</i></p> <p><i>1, PMO is now fully staffed, with Environment Officer on board on March 1, 2017, Administrative/MIS/Finance Assistant on March 3 and Environment Economist on March 24, 2017.</i></p> <p><i>2, the following reports and plans have been prepared by PMO for review and adoption by the Interim Commission Council:</i></p> <ol style="list-style-type: none"> <i>1. AWP 2017-2019;</i> <i>2. AWP 2017;</i> <i>3. Overall project budget (2014-2019)</i> <i>4. Procurement plan 2017;</i> <i>5. Terms of reference of YSLME Interim Commission and subsidiary bodies, and PMO staff</i> <i>6. Membership and TORs of each Regional Working Group (RWG), and Chairpersons of each RWG and TORs;</i> <i>7. Inception report;</i> <p><i>3, software for IT equipment and internet and telephone services are procured for PMO.</i></p> <p><i>4, a new project domain was secured as www.yellowseapartnership.org, as the original domain name www.yslme.org was already taken.</i></p>

2. Finance Management

Please mark with **red** the 'Accumulated Quarterly Delivery Rate' box (Accumulated Expenditure/ Accumulated Budget) if the delivery rate is under 60%. For delivery rate ranging from 60% to 85%, please mark with **yellow**. For delivery rate in the range of 85% - 100%, please mark with **green**. Comments must be provided for delivery rates of outputs marked with red and yellow texts. The content of comment should cover reasons for low delivery rate and action plans for catching up.

Output	Annual Budget	Accumulated Expenditure	Quarterly Budget (USD)	Quarterly Expenditure (USD)	Accumulated Annual Delivery Rate%	Comments
1. Sustainable Regional and National Cooperation for Ecosystem-Based Management	408,050	45,903		45,903	11%	* Project Inception workshop * ICA & LICA Fee
2. Improved Ecosystem Carrying Capacity with respect to provisioning services	412,370	-		-		
3. Improved Ecosystem Carrying Capacity with respect to regulating and cultural services	433,700	-		-		
4. Improved Ecosystem Carrying Capacity with respect to supporting services	672,700	-		-		
5. Project Management Cost	103,200	42,757		42,757	41%	* Project Inception workshop * Office equipment
Total	\$2,030,020	\$88,661		\$88,661	4%	

3. Project Management and Oversight

3.1 Risk Log Status Update

#	Description	Status	Management Response
1	External risks stem from the geopolitical situation and may result in one or more countries either not participating or participating only partially	<i>no change</i>	<i>N/A</i>
2	Potential partners unwilling to make formal commitments	<i>no change</i>	<i>N/A</i>
3	Stakeholders unwilling to participate	<i>Reducing</i>	<i>N/A</i>
4	Governments unwilling to actively engage the NGO community	<i>Reducing</i>	<i>N/A</i>
5	Government Ministries/departments unwilling to share development and management plans	<i>Reducing</i>	<i>N/A</i>
6	Government policy changes, making boat buyback a low priority.	<i>Reducing</i>	<i>N/A</i>
7	Difficulties in negotiating the joint fisheries stock assessment, causes delay or cancellation	<i>no change</i>	<i>N/A</i>
8	Mariculture enterprises unwilling to adopt integrated multi-trophic aquaculture (IMTA) in place of monoculture	<i>no change</i>	<i>N/A</i>
9	Possible risk of non-compliance by polluting enterprises	<i>Reducing</i>	<i>N/A</i>
10	New techniques for pollution reduction not widely adopted	<i>no change</i>	<i>N/A</i>
11	National, Provincial and Local Governments continue to encourage land reclamation.	<i>Reducing</i>	<i>N/A</i>
12	Provincial and local governments may not agree to the establishment of new MPAs	<i>no change</i>	<i>N/A</i>

3.2 Communication and advocacy

❖ *The Project has produced and printed 300 copies of project brochure for ease of communication with stakeholders about the project. The 12-page brochure, both with maps, photos and graphs, contains context of YSLME, background and objectives, project components*

and linkage with YSLME SAP targets, organization framework and partnerships. It also illustrate the eight key transboundary environment challenges identified in the transboundary diagnostic analysis (TDA), and targets and actions as contained in the YSLME SAP.

3.3 Management Recommendations

- ❖ ***Respect to processes of project and national internal process and new ideas and views of newly participating individuals should be promoted in this YSLME Phase II Project to ensure successful warming up and sustainable collaboration between collaboration countries and partners.*** As a collaborative arrangement between China, RO Korea and DPR Korea supported by UNDP and GEF in the past 20 year for only one phase of a GEF International Water Project, exercise of respect of national internal processes by collaborative partners in the process of TDA and SAP, and SAP implementation is of critical importance. This will make sure turn-over of national focal points in the project will not lead to hasty decisions made by partners without adequate understanding of this complex and long-time project, conduct of risk analysis and assessment of the benefits out of the participation. The concept of ecosystem-based management in large marine ecosystems is also a new topic for many of the practioners in environmental management. Many of the officials, experts and staff involved in the first phase have either landed new job opportunities or already moved to new areas of assignments. Naturally inadequacy of knowledge about the second phase of the Project necessitates time for all stakeholders to be on the same page of project issues, concepts, responses, developments, and plans. In this sense, PMO, UNDP and UNOPS should fully understand this complexity and take lead in showing utmost respect to ideas, remarks, suggestions of all players in the project while at the same time without compromising the agreed targets and actions as contained in the YSLME SAP as well as results agreed in the project results framework. While the project progress might move slow, exercise of respect to project decision making process and procedure is of critical importance to avoid a situation of lack of endorsement of PMO initiative by countries. In this regard, close consultation and seeking guidance from UNDP GEF and CO should be made by PMO in the course of project implementation and progress.
- ❖ ***UNDP GEF and CO should consider to change its position of 10% cap as management fee and to engage UNOPS in implementation of the YSLME Phase II Project as it is highly likely that SOA may disincline to take the implementing partner role.*** Project management arrangement is clarified in the Project Document and in the MOU between UNDP and UNOPS. In the section on Management Arrangements of the Project Document, SOA is recognized for having successfully implemented national UNDP-GEF projects in China with satisfactory implementation records as a national implementing partner and therefore will be engaged in the implementation of activities in this project. The Project Document made it clear that the scope of activities and the corresponding budget will be determined and approved by the Project Board within the first year of project start. The MOU between UNDP and UNOPS confirms that UNOPS will be in charge of hiring and management of PMO staff, international consultants (IICA holders) and project mid-term and terminal evaluators, while implementation of other components of the project will be discussed between UNOPs and SOA. At the Workshop on Project Revision held in UNDP CO on September 17-18, 2015, UNOPS Cluster Manager reaffirmed that UNOPS could subcontract SOA for project management in line with UNOPS standard procedures. Yet when UNOPS and PMO discussed management arrangement with SOA, the initial reaction is that PMO should manage the project similar to the arrangement in the first phase rather than engaging SOA in the management arrangement, an attitude differing with the document it signed. With the change of lead department in SOA, PMO was not given any response on its position on management arrangement. If finally SOA disinclines to take the implementation role, then UNDP needs to revise the MOU with UNOPS which might involve consultation and legal review by both agencies which might take quite

some time. In the sense, preparing earlier rather than waiting for SOA's response may be an unavoidable solution. This said, PMO will work closely with SOA to pursue implementation by SOA.

3.4 New opportunities/Initiatives



3.5 Engagement of target groups



4. Annex:

4.1 Project Budget Balance (PBB) Report

GEF Outcome/Atlas Activity	Implementing Agent	Fund ID	Donor Name	Atlas Budgetary Account Code	ATLAS Budget Description	2017	2017 Expenditure	2017 Balances
1. Sustainable Regional and National Cooperation for Ecosystem-Based Management	UNOPS	62000	GEF	71100	ICA fee		-	-
				71200	International ICA	74,000	(38,594)	35,406
				71300	Local ICA	25,500	(1,665)	23,835
				71600	Travel	124,850	(5,628)	119,222
				72100	Contractual Services	138,000	-	138,000
				73600	direct charges		-	-
				74200	Printing and Publications	3,400	-	3,400
				75100	F&A		-	-
				75700	Conference organizing service	42,300	-	42,300
				76100	realized gains		-	-
				78000			(15)	(15)
79000			-	-				
Total Costs for Component 1						\$ 408,050	(45,903)	362,147
2. Improved Ecosystem Carrying Capacity with respect to provisioning services	UNOPS	62000	GEF	71200	International ICA	98,000	-	98,000
				71300	Local ICA	13,000	-	13,000
				71600	Travel	79,400	-	79,400
				72100	Contractual Services	188,000	-	188,000
				72200	Equipment and Furniture	20,000	-	20,000
				73600	direct charges	-	-	-
				74200	Printing and Publications	-	-	-
				75100	F&A	-	-	-
				75700	Conference organizing service	13,970	-	13,970
Total Costs of Component 2						412,370	-	412,370
3. Improved Ecosystem Carrying Capacity with respect to regulating and cultural services	UNOPS	62000	GEF	71200	International ICA	172,000	-	172,000
				71300	Local ICA	12,000	-	12,000
				71600	Travel	33,500	-	33,500
				72100	Contractual Services	210,500	-	210,500
				73600	direct charges	-	-	-
				74200	Printing and Publications	-	-	-
				75100	F&A	-	-	-
75700	Conference organizing service	5,700	-	5,700				
Total Costs of Component 3						433,700	-	433,700
4. Improved Ecosystem Carrying Capacity with respect to supporting services	UNOPS	62000	GEF	71200	International ICA	220,000	-	220,000
				71300	Local ICA	19,000	-	19,000
				71600	Travel	115,000	-	115,000
				72100	Contractual Services	278,000	-	278,000
				73600	direct charges	-	-	-
				74200	Printing and Publications	16,500	-	16,500
				75100	F&A	-	-	-
75700	Conference organizing service	24,200	-	24,200				
Total Costs of Component 4						672,700	-	672,700
5. Project Management Cost	UNOPS	62000	GEF	71200	International ICA	13,000	(1,644)	11,356
				71300	Local ICA	40,000	(3,886)	36,114
				71600	Travel		(9,139)	(9,139)
				72200	Equipment and Furniture (Automobile) [1]	15,000	(12,497)	2,503
				72300	Fuel of vehicles	1,000	-	1,000
				72400	Printers, Communication, Postage/freight	15,000	(14,695)	305
				72500	Office supplies	5,000	-	5,000
				72600	equipment		-	-
				72700	hospitality		-	-
				72800	Information Technology Equipment	-	-	-
				73100	Premises costs, Operation cost	12,000	-	12,000
				73400	Vehicle maintenance. & repair	-	-	-
				73600	direct charges	-	-	-
				74200	Printing and Publications	1,000	-	1,000
				74500	Vehicle insurances & Bank charges	900	-	900
				74700	Vehicles parking	300	-	300
				75100	F&A		-	-
				75700	workshops		-	-
				76100	realized gains		-	-
77000	engagement services		(934)	(934)				
78000	realized loss		37	37				
79000	F&A		-	-				
Total Costs of Project Management						\$ 103,200	(42,757)	\$ 60,443
Subtotal: Component 1-4 and Project Management						\$2,030,020	\$ (88,661)	\$1,941,359

