REQUEST FOR CEO ENDORSEMENT
PROJECT TYPE: FULL-SIZED PROJECT
TYPE OF TRUST FUND: GEF TRUST FUND
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PART I: PROJECT INFORMATION

Project Title: Implementation of the Yellow Sea LME Strategic Action Programme for Adaptive Ecosystem-Based Management			
Country(ies):	China (with RO Korea fully self-financing)	GEF Project ID[1]:	4343
GEF Agency(ies):	UNDP(select)(select)	GEF Agency Project ID:	4552
Other Executing Partner(s):	UNOPS	Submission Date: Re-submission Date: Re-submission Date:	23 October 2013 22 November 2013 6 January 2014
GEF Focal Area (s):	International Waters	Project Duration (Months)	48
Name of parent program (if applicable): For SFM/REDD+ ☐ For SGP ☐ For PPP ☐	Reducing Pollution and Rebuilding Degraded Marine Resources in the East Asian Seas through Implementation of Intergovernmental Agreements and Catalyzed Investments	Agency Fee ($):	680,619

A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK[2]

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount ($)	Co- Financing ($)
IW-2	Outcome 2.1: Implementation of agreed Strategic Action Programmes (SAPs) incorporates ecosystem-based approaches to management of LMEs, ICM principles, and policy/legal/ institutional reforms into national/local plans	Output 2.1. National and local policy/ legal/institutional reforms adopted/	GEFTF	7,184,430	212,981,766
	Outcome 2.2: Institutions for joint ecosystem-based and adaptive management for LMEs and local ICM frameworks demonstrate sustainability	Output 2.2. Agreed commitments to sustainable ICM and LME cooperation frameworks			
	Outcome 2.3: Innovative solutions implemented for reduced pollution, rebuilding or protecting fish stocks with rights-based management,	Output 2.3: Types of technologies and measures implemented in local demonstrations and investments			

[1] Project ID number will be assigned by GEFSEC.
[2] Refer to the Focal Area Results Framework and LDCF/SCCF Framework when completing Table A.

	ICM, habitat (blue forest) restoration/ conservation, and port management and produce measureable results	Output 2.4: Enhanced capacity for issues of climatic variability andchange			
			Sub-Total	7,184,431	212,981,766
			Project Management Cost	378,000	12,500,000
			Total Project Cost	7,562,430	225,481,766

B. PROJECT FRAMEWORK

Project Objective:						
Project Component	**Grant Type**	**Expected Outcomes**	**Expected Outputs**	**Trust Fund**	**Indicative Grant Amount ($)**	**Indicative Co Financing ($)**
1. Ensuring Sustainable Regional and National Cooperation for Ecosystem-Based Management	TA	1.1 Regional governance structure, the YSLME Commission established, operational and sustained 1.2. Improved inter-sectoral coordination and collaboration at the national level 1.3 Wider participation in SAP implementation fostered through capacity building and public awareness	1.1.1 Regional agreement to establish the YSLME Commission, Management Science and Technical Panel (MSTP) and Regional Working Groups (RWGs); national and regional policies drafted and implemented 1.2.1 National level agreements regarding ecosystem-based management actions, policies, regulations and standards promulgated, as appropriate 1.3.1 Agreements with partners on overall environment cooperation and management, relevant fishery management, marine habitat conservation and pollution reduction, at both national and regional levels; cross sector partnerships established and operational. 1.3.2 National public awareness in support of YSLME SAP achieved; data and information collected; jointly managed databases; publicly accessible information for implementing management plans at the regional, national and local levels 1.3.3 Transfer of lessons, experiences and best practices between local demonstration sites 1.3.4 Training of at least 10 stakeholder groups on public participation on relevant management actions, in particular on fishery management, marine	GEF	1,970,043	2,482,508

			habitat conservation and economic assessment			
		1.4 Improved compliance with regional and international treaties, agreements and guidelines	1.4.1 Enhanced national and regional legal instruments to comply with regional & global treaties, agreements and guidelines			
		1.5 Sustainable financing for regional collaboration on ecosystem-based management secured based on cost-efficient and eologically-effective actions	1.5.1 Periodic economic assessments of costs and ecological effectiveness 1.5.2 Sustainable financing agreed; at least 150% increase in government financing for regional collaboration			
2. Improving Ecosystem Carrying Capacity with Respect to Provisioning Services	TA	2.1 Recovery of depleted fish stocks as shown by increasing mean trophic level	2.1.1 Reduction of fishing by around 10% in demonstration sites through e.g. boat buy-back scheme over the duration of the project 2.1.2 Provision of alternative livelihoods to fisher folks taking into account the contribution of women	GEF	1,437,606	18,820,886
		2.2 Enhanced fish stocks through restocking and habitat improvement	2.2.1 Science-based management of fisheries and mariculture			
		2.3 Enhanced and sustainable mariculture production by increasing productivity per unit area as a means to ease pressure on capture fisheries	2.3.1 Widespread practice of sustainable mariculture, where appropriate increasing productivity by up to 10% 2.3.2 Adoption of integrated multi-trophic aquaculture (IMTA) where appropriate			
3. Improving Ecosystem Carrying Capacity with Respect to Regulating and Cultural Services	TA	3.1 Improved Ecosystem health through reductions in pollutant (e.g., N) discharge from land-based sources	3.1.1Reduced pollutant levels by enforcement and control in demonstration sites 3.1.2Enhanced data and information regarding sources and sinks of contaminants	GEF	1,155,411	171,861,785
		3.2 Wider application of pollution-reduction techniques piloted at the demonstration sites	3.2.1New and innovative techniques for pollution reduction (e.g. artificial wetlands) applied at demonstration sites			
		3.3. Strengthened	3.3.1Strengthened legal instruments			

		legal and regulatory process to control pollution 3.4 Marine litter controlled at selected locations	and better regulatory processes to control pollution 3.4.1Procedures in place to control and remove marine litter at demonstration sites			
4. Improving Ecosystem Carrying Capacity with Respect to Supporting Services	TA	4.1 Maintenance of current habitats and the monitoring and mitigation of the impacts of reclamation 4.2 MPA network strengthened in the Yellow Sea 4.3 Adaptive management mainstreamed to enhance the resilience of the YSLME and reduce the vulnerability of coastal communities to climate change impacts on ecosystem processes and other threats identified in the TDA and SAP 4.4. Application of Ecosystem-based Community Management (EBCM) in risk management plans to address climate variability and coastal disasters	4.1.1 Agreement at all levels to implement the relevant management actions.avoid new coastal zone reclamation projects 4.2.1 MPA networks strengthened in the YSLME 4.3.1 Regional strategies adopted and goals agreed; site-based Integrated Coastal Management(ICM) plans enhancing climate resilience in place for selected sites in YSLME; conservation areas and habitats for migratory species identified 4.4.1 Public awareness of Yellow Sea environmental problems enhanced; strong local support for and awareness of demonstration activities 4.4.2 Established monitoring network; regular basin-wide assessments; enhanced information exchange; periodic scenarios of ecosystem change; allocation of 1% of project budget for IWLEARN activities	GEF	2,621,370	19,816,587
			Sub-Total		7,184,430	212,981,766
			Project management Cost (PMC)[3]		378,000	12,500,000
			Total project costs		7,562,430	225,481,766

C. SOURCES OF CONFIRMED COFINANCING FOR THE PROJECT BY SOURCE AND BY NAME $)

Pls include letters confirming cofinancing for the project with this form

Sources of Co-financing	Name of Co-financier (source)	Type of Co-financing	CofinancingAmount ($)

[3] PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

National Government	China	Grant	9,812,480
		In-kind	82,842,580
National Government	RO Korea	Grant	16,973,332
		In-kind	112,361,374
GEF Agency	UNDP	Grant	1,692,000
Others	WWF	Grant	1,800,000
		Total Co-financing	225,481,766

D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY[1]

GEF AGENCY	TYPE OF TRUST FUND	FOCAL AREA	Country name/Global	(in $)		
				Grant amount (a)	Agency Fee (b)[2]	Total c=a+b
UNDP	GEF TF	International Water	China	7,562,430	680,619	8,243,049
Total Grant Resources				7,562,430	680,619	8,243,049

[1] In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table. PMC amount from Table B should be included proportionately to the focal area amount in this table.
[2] Indicate fees related to this project.

F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

COMPONENT	GRANT AMOUNT ($)	COFINANCING ($)	Project Total ($)
International Consultants	3,149,213	0	3,149,213
National/Local Consultants	531,113	44,843,799	45,374,912

G. DOES THE PROJECT INCLUDE A "NON-GRANT" INSTRUMENT? (select)

(If non-grant instruments are used, provide in Annex D and indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF/NPIF Trust Fund).

NOT APPLICABLE

PART II: PROJECT JUSTIFICATION

A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF[4]

A.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NCSA, NIPs, PRSPs, NPFE, Biennial Update Reports, etc.

NA

A.2 GEF focal area and/or fund(s) strategies, eligibility criteria and priorities.

NA

A.3 The GEF agency's comparative advantage:

NA

A.4 The baseline project and the problems that it seeks to address:

NA

A.5 Incremental / Additional cost reasoning: describe the incremental (GEF Trust Fund/NPIF) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF/NPIF financing and the associated global environmental benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:

NA

A.6 Risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and measures that address these risks:

Risks are described in further detail below.

Description of Risk	Impact (I)& Probability (P)	Mitigating Measures / Management Responses
Impact (I): has 4 levels with 1 means low impact, and 4 as high impact Probability (P): has 4 levels with 1 means low impact, and 4 as high impact		
External risks stem from the geopolitical situation and may result in one or more countries either not participating or participating only partially	Potential impacts on inter-governmental regional co-operation P = 2 I = 3	Potential countermeasures are beyond the competency of project management
Potential partners unwilling to make formal commitments	Potential impacts on SAP implementation P = 2 I = 2	Careful negotiation by PMO
Stakeholders unwilling to participate	Potential impacts on NSAP implementation P = 1 I = 3	PMO to encourage stakeholders to participate
Governments unwilling to actively engage the NGO community	Potential limitation of stakeholder engagement P = 3 I = 2	PMO to encourage governments to engage NGOs in SAP implementation
Government	Weak national co-ordination: unlikely	PMO to discuss and encourage sharing

[4] For questions A.1 – A.7 in Part II, if there are no changes since PIF and if not specifically requested in the review sheet at PIF stage, then no need to respond, please enter 'NA' after the respective question

Ministries/departments unwilling to share development and management plans	given the history of prior collaboration P = 1 I = 2	of data and information at all levels
Government policy changes, making boat buyback a low priority.	This is unlikely to arise in China and ROK P = 1 I = 4	Potential countermeasures are beyond the competency of project management
Difficulties in negotiating the joint fisheries stock assessment, causes delay or cancellation	low probability due to past success. P = 2 I = 2	PMO to allow sufficient lead time for negotiations
Mariculture enterprises unwilling to adopt integrated multi-trophic aquaculture (IMTA) in place of monoculture	this is considered of low probability due to current efforts in introducing IMTA P = 2 I = 4	PMO and NCs to publicise the outcomes of prior demonstrations and assist with technical support where necessary
Possible risk of non-compliance by polluting enterprises	considered a moderate risk in China P = 3 I = 3	National Co-ordinators to track situation continuously and seek assistance from PMO if situation beyond their competence to address
New techniques for pollution reduction not widely adopted	Pollution reduction targets not met P = 2 I = 3	PMO and NCs to publicise the outcomes of the demonstration
National, Provincial and Local Governments continue to encourage land reclamation.	This is considered a moderately high risk without strong project intervention P = 4 I = 3	PMO and NCs to continue publicising the environmentally damaging effects of land reclamation
Provincial and local governments may not agree to the establishment of new MPAs	Impacts on effectiveness of the MPA network P = 2 I = 3	PMO and NCs to provide evidence of cost effectiveness of MPA network establishment

A.7 Coordination with other relevant GEF financed initiatives

NA

B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:

B.1 Describe how the stakeholders will be engaged in project implementation.

The central governments of the two participating countries are the most important stakeholders since the project seek to establish and strengthen the regional governance regime with respect to the protection and conservation of the Yellow Sea's ecosystem. The role of each of the central government of the participating countries has been important in the past in promoting regional approaches.

Below the central governments are the Provincial and Municipal Governments that have jurisdiction over various aspects of coastal land and water uses planning, licensing and enforcing local regulations and standards. These government entities are significant stakeholders with the power and authority to control and regulate the actions of both public and private sector enterprises operating in the coastal zone.

The coastal communities are stakeholders that derive benefit both directly and indirectly from the various services of the coastal ecosystems (e.g. agriculture, mariculture, tourism and for subsistence. At the same time these communities are affected by ecosystem changes occurring as a result of both their own actions and those of others. For example small-scale tourism businesses or mariculture operations that depend on the quality of the marine environment can be adversely impacted by red tides and harmful algal blooms that cause mass mortality of marine organisms and human health problems. During the first UNDP/GEF YSLME project, the Rongcheng Fisheries Association and a

number of commercial mariculture companies in Sanggou Bay in China and the Fisheries Co-operative of ROK have been involved in workshops, publicity campaigns, protection of seagrass beds and the conducting of SAP demonstration activities.

Several international organisations have supported regional governance. UNDP has actively participated in the regional governance mechanisms while UNEP has been involved through the Regional Seas Programme in general, and NOWPAP in particular; the IMO through the operation of the various earlier phases of PEMSEA, and the implementation of ballast water demonstration project in Dalian. The existing partnerships and MOU between the first project of YSLME and PEMSEA is to develop and facilitate the necessary cooperation and coordination between the two projects in the context of the UNDP/GEF East Asian Seas (EAS) Program Framework Document (PFD). The existing MOU with PEMSEA will be renewed as it has been given the task of coordinating the EAS Program and also because of the complementary approaches and activities in the Yellow Sea. The MOUs with other international organizations and projects, e.g. UNEP NOWPAP, IOC/WESTPAC, WWF, Wetland International will be reviewed and renewed accordingly, if appropriate. These organizations are usually invited and participate during the Project Steering Committee Meetings during the first phase of the project. This provided the venue for discussing opportunities for collaboration and coordination that emerge during project implementation. The project will continue the practice and will, at the same time, be opportunistic during implementation. The project will work closely with IWLEARN by allocating 1% of project budget on exchanging experiences and lessons learned, including set up an international training for IMTA in the project component 2, the experiences sharing on ecosystem assessments in the project component 3, the sharing experiences on application of the regional algorithm on chlorophyll-a in the project component 4, and the updating & maintaining project's homepage in the project component 5.

The scientific and academic communities have participated at both the regional and national levels. They have participated in conducting regional analyses during the first project and in providing scientific and technical advice to the political decision makers represented on the Project Steering Committee. It is anticipated that these institutions and individuals will continue to provide such functions in the implementation of the second Yellow Sea project and in providing advice to the Yellow Sea Large Marine Ecosystem Commission when established.

Other stakeholders including parliamentary organisations, international NGOs such as WWF and local ones together with private sector groups such as mariculture associations have participated in the regional governance less actively than other stakeholder groups to date. In the ROK, NGOs such as Birds Korea; Citizens Institute for Environmental Studies, the Eco-horizon Institute, Korea Marine Rescue Center, Shihwa Lake Saver, and the PGA Wetlands Ecology Institute, and in China the Global Village of Beijing, have undertaken activities during the first project under the small grants programme. Incorporation of stakeholders into the various decision-making systems related to marine resource management, coastal zone management, pollution management and other aspects of SAP implementation is encouraged. At the national level coordination is also desirable between scientists, managers, fishermen, farmers, and government officers. During the project implementation, the relevant stakeholders of the project will approach the UNDP Small Grant Project to assist in on-the-ground activities of the SAP implementation to ensure maximum benefits to the participating countries.

Securing the participation of all the coastal countries and relevant stakeholders in the regional governance while necessary will be an enormous task. Capacity building of some stakeholder groups particularly local NGOs and governments will be required before they are in a position to fully participate in the regional governance and management decision making. It is anticipated that involvement of both the NGO community and private sector enterprises will build on the successes of the first project and the range of organisations will be expanded to include industries, small and medium sized enterprises and tourism operators.

In order to enhance overall effectiveness of SAP implementation, strengthening partnerships with

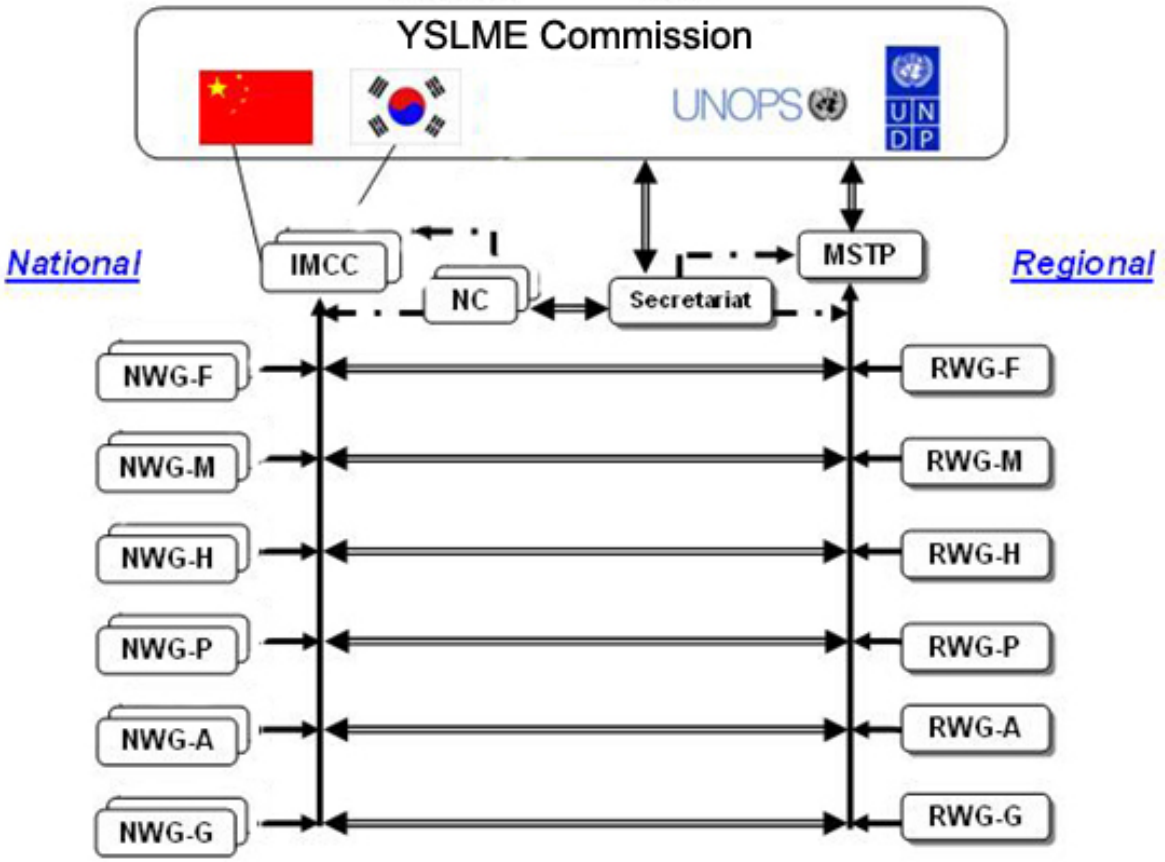
existing regional cooperative institutions is necessary including, but not limited to bilateral co-operation mechanisms such as the Joint Committee on Environmental Cooperation, the Joint Fisheries Commission, China-Korea Joint Ocean Research Center and further strengthening the current Yellow Sea Partnership.

This project marks the second stage of GEF financial support to the Yellow Sea. It also marks a change in focus and a change in the stakeholder mix of the project itself. By focusing on the problems of depleted fisheries and conservation of biodiversity, this project places more emphasis on sustainable development. It also recognizes the critical importance of regional governance where the most important stakeholder groups are the Ministries responsible for: Foreign Affairs, Maritime Affairs, the Environment/Natural Resources, and fisheries in each country.

The major government stakeholder institutions in each country are listed below.

People's Republic of China
Ministry of Foreign Affairs
Ministry of Finance
State Oceanic Administration
Ministry of Environment Protection
Ministry of Communication
Ministry of Agriculture
Provincial and Municipal Governments
Republic of Korea
Ministry of Foreign Affairs
Ministry of Ocean and Fishery
Ministry of Agriculture, Food, and Rural Affairs
Ministry of Environment
Ministry of Unification

Figure 1 shows the indicative structure of the Commission. This will be finalized through the project.



It is anticipated that the Commission will meet annually and will serve as the supreme body responsible for joint policy development, implementation of the SAP and oversight of the UNDP-GEF project execution. The Management, Science and Technical Panel (MSTP) will also meet annually and the Regional Working Groups (RWGs) will meet as required to execute their responsibilities as defined by the Commission. The reports of all meetings will be made publicly available through the Yellow Sea Large Marine Ecosystem website. The website will also serve as a repository for regional environmental data and information and will be interactive, allowing partners to up-load data and information as appropriate.

The Commission will be serviced by a professional secretariat with responsibility for: preparing annual summaries of costs and draft budgets for the subsequent year, advising on the cost effectiveness of the operation of the Commission, its subsidiary bodies and its Secretariat, providing technical assistance and advice to the National Project Coordinators (NPCs) as required.

B.2 Describe the socio-economic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund/NPIF) or adaptation benefits (LDCF/SCCF):

Five large coastal cities with tens of millions of inhabitants border the sea: Qingdao, Dalian and Shanghai in the People's Republic of China (PRC); Seoul/Incheon in the Republic of Korea (ROK),

and Pyongyang/Nampo in the Democratic People's Republic of Korea (DPRK). This population relies on the Yellow Sea LME's ecosystem carrying capacity" to provide such services as: provision of capture fisheries resources (in excess of two million tonnes per year) and mariculture (14 million tonnes per year), the support of wildlife; provision of bathing beaches and tourism, and its capacity to absorb nutrients and other pollutants. Commercial use of the living marine resources of the Yellow Sea dates back several centuries. The introduction of the bottom trawl in the early twentieth century has intensified capture fisheries. This resulted in the rapid loss of economically important species such as the red sea bream by the 1930s. Fishing effort had increased threefold between the 1960s and early 1980s during which time the proportion of demersal species such as small and large yellow croakers, hair tail, flatfish and cod declined by more than 40% in terms of biomass.

About 100 species including cephalopods and crustaceans are commercially harvested but most species are not abundant. Only 23 species exceed 10,000 metric tonnes which account for 40 to 60 percent of the total landings per annum. During the 1950's and early 1960s the dominant species were the small yellow croaker, and hair tail with mean body length of the catch exceeding 20cm. Pacific herring, chub and Spanish mackerel became dominant in the 1970s and the mean body length of the catch had declined to 12 cm. In the 1980s smaller bodied, fast growing and short lived species such as the anchovy and scaled sardine dominated the catch with a consequent decline in the quality of the fisheries resources. Recently, even catches of anchovy have declined and have been replaced by sand lance species.

In 1978, China used an area of 148,000 ha for mariculture and had expanded to 540,000 ha by 1997. The yield of flesh from bivalves in 1978 was 200,000 metric tonnes or 44% of the mariculture yield, in 1997 this had risen to 300,000 metric tonnes. Scallops, sea cucumbers and mussels dominate production in China while the dominant species in ROK are oysters, 20% of production and mussels,6% of production. A variety of other species including abalone, short-necked clam, hard clam, ark and pen shells and hen calms are cultivated in various areas of both countries.

Seaweeds are an important crop in the Yellow Sea but some of the species such as *Pelvetiasiliquosa* (deer horn seaweed) which was historically exported in large quantities from ROK to China have declined in abundance and been replaced by other species. The most important cultivated seaweed in China is the brown alga, *Laminaria japonica*, introduced from Japan. This is now grown in more than 3,000 hectares with a production of 10,000 dry tonnes per year. Half of this is consumed directly and half is used in the production of alginates.

The semi-enclosed nature of the Yellow Sea and the rapid economic development of the surrounding area have resulted in an increasingly polluted and over-exploited sea. This large marine ecosystem (LME) faces major transboundary problems. These are: 1) a dramatic increase in fisheries landings that has grown from 400,000 metric tonnes to 2.3 million metric tonnes in the past 20 years; 2) increasing discharge of pollutants; 3) changes to ecosystem structure and function leading to an increase in jellyfish and harmful algal blooms; and 4) 40% loss of coastal wetlands from reclamation and conversion projects representing a major loss of habitat for many species resulting in a significant degradation of biological diversity. On top of these immediate threats are the potential impacts of climate change and sea level rise, in particular, changes in basin circulation and the extent of the Yellow Sea "warm pool".

Critical to the achievement of the long term development and environmental goals is the development of a strong capacity for ecosystem based management of the Yellow Sea and its associated resources. A substantial proportion of the project's activities are directed towards achieving this capacity.

The YSLME SAP has defined the tangible management targets, e.g. reducing up to 30% fishing boats, reducing 10% nutrient discharge every 5 years, and sustainable mariculture. The successful implementation of the management actions to achieve these targets will definitely assist in the recovery of fishery resources, sustainable provision of healthy food and living environment to the

large population living in the coastal areas of the Yellow Sea.

With wide participation of all stakeholder, including school student to the parliamentary members as shown in the first phase of the project, the SAP implementation will certainly provide useful example to the coastal communities and wider audience that sustainable development is not only possible, but will provide more benefits. Gender issue will be well covered. Involvement of women in the project design and implementation has been a good practice in the first phase of the project, including involvement of women parliamentary members, scientists, governmental officials, NGOs experts, etc. The good practice will be continued and enlarged in the implementation of YSLME SAP. The Yellow Sea Partnership will be used as major mechanism to coordinate and cooperate with the all members.

B.3 Explain how cost-effectiveness is reflected in the project design:

This is a GEF project for which UNDP is the Implementing Agency and UNOPS the Executing Agency. Financial management of the GEF grant is the responsibility of UNOPS. It will manage the funds in accordance with UNOPS financial rules and regulations, monitor expenditures and maintain fiscal oversight of all expenditures. Activities in ROK will be financed through the national budget and funds will be managed in accordance with the ROK financial rules and regulations.

This project represents the implementation of the SAP that has already been endorsed by the countries. The formulation of the SAP proceeded from a scientifically driven TDA following the GEF processes. The SAP identified the targets for the Yellow Sea by the year 2020. More importantly, in the context of cost-effectiveness, the SAP outlined the roadmap and the corresponding technical and governance actions to achieve the targets while describing the indicators of management actions. These actions proceeded from the analysis of options and therefore meet the criteria of cost-effectiveness in delivering of the SAP targets.

Cost-effectiveness may also be measured by the project management costs that represent 5% of total project budget and matched by substantial co-financing and parallel financial contribution from the countries. Costs associated with the management and disbursement of country co-financing are assumed by the countries and institutions concerned. The project will produce substantial outcomes that have high economic and environmental values. Recovering the fishery stock and sustainable mariculture will recover the fishery resources for human uses. With an estimated US $10.8 billion co-financing and parallel-financing support provided by the governments of the participating countries, the project will provide more economic and environmental benefits to the people living in the coastal areas of the Yellow Sea.

The objectives of the project would not be achieved without support of GEF as all the activities are based on the joint efforts of participating countries. For instance, reduction of fishing effort and fishing boats need to take actions in all the coastal countries. Unilateral actions could result in an inequitable access to fishery resources such that no country would be willing to proceed without agreement on the kind of action to be undertaken by all countries. GEF involvement will ensure the effective implementation from all the coastal countries.

The cooperative efforts and actions will ensure the cost effectiveness of the joint activities. Recovery of fish stock in the Yellow Sea needs the joint surveys and assessment of fish stock. Collaborative regional fish stock assessment will certainly save costs compared to similar activities carried out by individual countries.

Strategic sustainability has already been greatly enhanced with the approval of the Yellow Sea SAP, which effectively demonstrates that the countries are committed to long term environmental objectives and are willing to begin the process of SAP implementation. Linkages between the SAP and each country's NSAP will form a crucial element of the Project's sustainability strategy. Furthermore, the implementation of the NSAPs can be seen as an indicator of real commitment by the

participating countries.

A more lasting indicator of sustainability will be Yellow Sea countries commitment to financing a long-term YSLME Commission. This could be achieved with China and ROK having provided bridge financing for the operation of the PMO following completion of the first project and commencement of the SAP Implementation Project as was mentioned in section A.4 where mention was made of ROK cash support.

Institutional Sustainability: The preliminary investments in developing the SAP and TDA were designed as planning processes that would be sustained beyond the life of the project. The Inter-Ministry Co-ordination Committee established under the first project in China and ROK will be maintained and strengthened during the second phase project in order for these Committees to play a seminal role in the functioning of the YSLME Commission once established. The proposed regional and national bodies that will form part of the Interim Commission represent a continuation of bodies and functions tried and tested during the first project. It is anticipated that once the YSLME Commission is legally established these bodies will continue to exist.

Financial Sustainability: The main indicator of financial sustainability will be the extent to which the countries themselves undertake the financing of the YSLME Commission. This project will engage the countries in a dialogue to reach an agreement on future financing of SAP implementation once the project is completed. China and ROK have expressed their willingness to make substantial financial inputs to address the environmental problems of the Yellow Sea as evidence by the extent of co-financing approved by each of these countries to this project.

Social Sustainability: Active involvement of stakeholders in as many aspects of the Project as possible is an important factor of overall project success. The Project will especially promote broad stakeholder involvement in the preparation of legislative changes as this sector will have the most widespread and long lasting impact on residents of the Yellow Sea.

C. DESCRIBE THE BUDGETED M& E PLAN:

The project will be monitored through the following M& E activities. The M& E budget is provided in the table below.

Project start: A Project Inception Workshop will be held within the first 3 months of project starting with those with assigned roles in the project organisation structure, primarily the participating countries, UNDP China and UNDP/GEF at the Asia-Pacific Regional Centre (and UNDP HQ as appropriate) and key partners. The Inception Workshop is crucial to building ownership for the project results and to plan the first year annual work plan. An Inception Workshop report is a key reference document and must be prepared and shared with participants at least two weeks before the Inception Workshop to formalize various agreements and plans to be decided during the meeting.

The Inception Workshop should address a number of key issues including:

a) Assist all partners to fully understand and take ownership of the project. Detail the roles, support services and complementary responsibilities of UNDP/GEF RTA, UNDP CO/PPRR, UNOPS and PMO staff vis à vis the project team. Discuss the roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff will be discussed again as needed.
b) Based on the project results framework and the relevant GEF Tracking Tool, if appropriate, finalize the first annual work plan. Review and agree on the indicators, targets and their

means of verification, and recheck assumptions and risks. Establish mid-term targets against which the project can be evaluated during the mid-term review process.

c) Provide a detailed overview of reporting, monitoring and evaluation (M&E) requirements. The Monitoring and Evaluation work plan and budget should be agreed to and scheduled.
d) Discuss financial reporting procedures and obligations, and arrangements for annual audit.

The first Project Board meeting will be held back-to-back with the Inception Workshop. Among the important actions of the RSC is to discuss and approve the roles and responsibilities of all project organisation structures and the first Annual Work Plan and Budget.

Quarterly:

- Quarterly Progress Report (QPR) should be provided by PMO to report the quarterly progress.
- Progress made shall be monitored in the UNDP Enhanced Results Based Management Platform.
- Based on the initial risk analysis submitted, the risk log shall be regularly updated in ATLAS. Risks become critical when the impact and probability are high. Note that for UNDP GEF projects, all financial risks associated with financial instruments such as revolving funds, microfinance schemes, or capitalization of ESCOs are automatically classified as critical on the basis of their innovative nature (high impact and uncertainty due to no previous experience justifies classification as critical).
- Based on the information recorded in Atlas, a Project Progress Reports (PPR) can be generated in the Executive Snapshot.
- Other ATLAS logs can be used to monitor issues, lessons learned etc. The use of these functions is a key indicator in the UNDP Executive Balanced Scorecard.

Annually: Annual Progress Reports /Project Implementation Review (APR/PIR): The PIR is prepared to monitor progress made since project start and in particular for the previous reporting period (30 June to 1 July), APR is calendar year based report. The APR/PIR combines both UNDP and GEF reporting requirements. The APR/PIR includes, but is not limited to, reporting on the following:

- Progress made toward project objectives and project outcomes - each with indicators, baseline data and end-of-project targets (cumulative)
- Project outputs delivered per project outcome (annual)
- Lesson learned/good practice
- AWP and other expenditure reports
- Risk and adaptive management
- ATLAS Quarterly Project Report (QPR)
- Portfolio level indicators (i.e. GEF focal area tracking tools) are used by most focal areas on an annual basis as well.

Periodic Monitoring through site visits: UNDP China, UNDP/GEF RTA and the Project PMO may conduct visits to project sites based on the agreed schedule in the project's Inception Report/Annual Work Plan to assess first hand project progress. Other members of the Project Board may also join these visits. A Field Visit Report/BTOR will be prepared by the RTA and/or CO and the Project PMO to be circulated no less than one month after the visit to the project team and Project Board members.

Mid-term of project cycle: The project will undergo an independent Mid-Term Review at the mid-point of project implementation. The Mid-Term Review will determine progress being made toward the achievement of outcomes. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's

term. The organisation, terms of reference and timing of the mid-term review will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-term review will be prepared by the UNDP CO based on consultation with the Project Management Office, UNDP-GEF and UNOPS. The management response will be prepared by PMO and the review will be uploaded to UNDP corporate systems, in particular the UNDP Evaluation Office Evaluation Resource Center (ERC). The relevant GEF Focal Area Tracking Tools will also be completed during the mid-term review cycle.

End of Project: An independent Final Evaluation will take place six months prior to the final Project Board meeting and will be undertaken in accordance with UNDP and GEF guidance. The final evaluation will focus on the delivery of the project's results as initially planned (and as corrected after the mid-term evaluation, if any such correction took place). The final evaluation will look at impact and sustainability of results, including contribution to capacity development and the achievement of global environmental benefits/goals. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from the Project Management Office and UNDP-GEF. The Terminal Evaluation should also provide recommendations for follow-up activities and requires a management response prepared by PMO, which should be uploaded to PIMS and to the UNDP Evaluation Office Evaluation Resource Center (ERC). The relevant GEF Focal Area Tracking Tools will also be completed during the final evaluation.

During the last three months, the project team will prepare the Project Terminal Report. This comprehensive report will summarize the results achieved (objectives, outcomes, outputs), lessons learned, problems met and areas where results may not have been achieved. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replication of the project's results.

Learning and knowledge sharing: Results from the project will be disseminated within and beyond the project intervention zone through existing information sharing networks and forums. The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation though lessons learned. The project will identify, analyze, and share lessons learned that might be beneficial in the design and implementation of similar future projects. Finally, there will be a two-way flow of information between this project and other projects of a similar focus.

M& E work plan and budget

Type of M&E activity	***Responsible Parties***	***Budget US$*** *Excluding project team staff time*	***Time frame***
Inception Workshop and Report	▪ *Project Manager* ▪ *UNDP CO, UNDP GEF*	*Indicative cost: 20,000*	*Within first three months of project start up*
Measurement of Means of Verification of project results.	▪ *UNDP GEF RTA/Project Manager will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members.*	*To be finalized in Inception Phase and Workshop. Indicative cost 45,000*	*Start, mid and end of project (during evaluation cycle) and annually when required.*
Measurement of Means of Verification for Project Progress on output and implementation	▪ *Oversight by Project Manager* ▪ *Project team*	*To be determined as part of the Annual Work Plan's preparation. Indicative cost 3,000 (annually, total 12,000*	*Annually prior to ARR/PIR and to the definition of annual work plans*
APR/PIR	▪ *Project manager and team* ▪ *UNDP CO*	*None*	*Annually*

Type of M&E activity	*Responsible Parties*	***Budget US$*** *Excluding project team staff time*	*Time frame*
	▪ *UNDP RTA* ▪ *UNOPS (financial)*		
Periodic status/ progress reports	▪ *Project manager and team*	*None*	*Quarterly*
Mid-term Evaluation	▪ *Project manager and team* ▪ *UNOPS* ▪ *UNDP CO* ▪ *UNDP RTA* ▪ *External Consultants (i.e. evaluation team)*	*Indicative cost: 45,000*	*At the mid-point of project implementation.*
Final Evaluation	▪ *Project manager and team,* ▪ *UNOPS* ▪ *UNDP CO* ▪ *UNDP RTA* ▪ *External Consultants (i.e. evaluation team)*	*Indicative cost : 45,000*	*At least three months before the end of project implementation*
Project Terminal Report	▪ *Project manager and team* ▪ *UNDP CO* ▪ *local consultant*	*0*	*At least three months before the end of the project*
Lessons Learned	▪ *Project manager and team* ▪ *UNDP RTA(suggested formats for documenting best practices, etc)*	*Cost :10,000 (average 2,500 per year)*	*Annually*
Audit	▪ *UNOPS* ▪ *UNDP CO* ▪ *Project manager and team*	*$5,000 x 4 yrs = 20,000*	*Yearly*
Visits to field sites	▪ *UNDP CO* ▪ *UNDP RTA(as appropriate)* ▪ *Government representatives*	*For GEF supported projects, paid from IA fees and operational budget*	*Yearly*
TOTAL indicative COST *Excluding project team staff time and UNDP staff and travel expenses*		*US$ 197,000*	

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the Operational Focal Point endorsement letter(s) with this form. For SGP, use this OFP endorsement letter)

NAME	POSITION	MINISTRY	DATE *(MM/DD/YYYY)*
Jiandi YE	GEF Operational Focal Point for China	Ministry of Finance, China	19 November 2012

THE LETTER OF ENDORSEMENT IS ATTACHED

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for CEO endorsement/approval of project.

Agency Coordinator, Agency name	**Signature**	**Date** ***(Month, day, year)***	**Project Contact Person**	**Telephone**	**Email Address**
Adriana Dinu, UNDP-GEF Executive Coordinator and Director a.i.		6 January 2014	Jose Erezo Padilla	+662 304 9100 ext 2730	jose.padilla@undp.org

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found)**.**

This project will contribute to achieving the following Country Programme Outcome as defined in CPAP or CPD: China: Enhanced national capacity at all levels in managing, adapting, and mitigating climate change, and environmental sustainability and cleaner renewable energy promoted,
Country Programme Outcome Indicators: Strengthened co-ordination mechanism set up among national and international partners for effective management of biodiversity for mainstreaming biodiversity into planning and investment processes; biodiversity conservation in protected areas; biodiversity conservation in production landscapes.
Primary applicable Key Environment and Sustainable Development Key Result Area (same as that on the cover page, circle one): 1. Mainstreaming environment and energy OR2. Catalyzing environmental finance OR 3. Promote climate change adaptation OR 4. Expanding access to environmental and energy services for the poor.
Applicable GEF Strategic Objective and Program: International Waters Strategic Priority 1; and Strategic Priority 2
Applicable GEF Expected Outcomes: **COMPONENT 1. Ensuring sustainable regional and national co-operation for ecosystem based management, based on strengthened institutional structures, and improved knowledge for decision making** **OUTCOMES:** 1.1 Regional Governance structure- the YSLME Commission established and functional based on: strengthened partnerships & regional coordination; wider stakeholder participation and enhanced public awareness**.** 1.2 Improved inter-sector coordination and collaboration at the national level, based on more effective IMCCs; 1.3 Wider participation in SAP implementation fostered through capacity building and public awareness based on: strengthened Yellow Sea partnership and wider stakeholder participation; improved environmental awareness; enhanced capacity to implement ecosystem-based management. 1.4 Improved compliance with regional and international treaties, agreements and guidelines 1.5 Sustainable financing for regional collaboration on ecosystem-based management secured based on cost-efficient and ecologically-effective actions **COMPONENT 2. Improving Ecosystem Carrying Capacity with respect to provisioning services** **OUTCOMES:** 2.1 Recovery of depleted fish stocks as shown by increasing mean trophic level 2.2 Enhanced fish stocks through restocking and habitat improvement 2.3 Enhanced and sustainable mariculture production by increasing productivity per unit area as a means to ease pressure on capture fisheries **COMPONENT 3. Improving Ecosystem Carrying Capacity with respect to regulating and cultural services** **OUTCOMES:** 3.1 Ecosystem health improved through reductions in pollutant discharges(e.g. nutrients)from land-based sources 3.2 Wider application of pollution-reduction techniques piloted at demonstration sites 3.3 Strengthened legal and regulatory processes to control pollution 3.4 Marine litter controlled at selected locations

COMPONENT 4. Improving Ecosystem Carrying Capacity with respect to supporting services
OUTCOMES:

4.1 Maintenance of current habitats and the monitoring and mitigation of the impacts of reclamation.

4.2 MPA network strengthened in the Yellow Sea

4.3 Adaptive management mainstreamed to enhance the resilience of the YSLME and reduce the vulnerability of coastal communities to climate change impacts on ecosystem processes and other threats identified in the TDA and SAP

4.4 Application of Ecosystem-based Community Management (EBCM) in preparing risk management plans to address climate variability and coastal disasters

Applicable GEF Outcome Indicators:						
Components	**Outcomes**	**Indicator**	**Baseline**	**Targets End of Project**	**Source of verification**	**Risks and Assumptions**
1. Sustainable Regional and National Cooperation for Ecosystem-Based Management	1.1 Regional governance structure, the YSLME Commission established, operational and sustained	Status of YSLME Commission and subsidiary bodies at regional level	*Ad hoc* regional co-ordination through the YSLME Regional Project Steering Committee and weak cross sector management at the national level	All the Terms of Reference for the YSLME Commission and Subsidiary Bodies) approved by all participating country Governments Functioning YSLME Commission	Meeting reports; Government approvals issued by the competent national authorities	External risks stem from the geopolitical situation and may result in one or more countries either not participating or participating only partially
	1.2. Improved inter-sector coordination and collaboration at national levelbased on more effective IMCCs;	Status of Inter-Ministerial Coordinating Committee (IMCC)	Sector management has been the normal arrangements with limited inter-sector or inter-ministerial interactions; where coordination was done, it was on a case by case such as fishery management activities	Participation of the following Ministries in the IMCC will include but not limited to the following: Ministry of Foreign Affairs, Ministry of Finance, relevant department or ministry of ocean & fishery. Two meetings of IMCC every year and functioning coordination	meeting reports; Joint management decisions	Reorganization on the governmental agencies; it would be relatively stable during the 2nd phase.
	1.3 Wider participation in SAP implementation fostered through capacity building and public awareness	Number of the YS Partnerships; Number of activities on capacity building and public awareness; Number of participants in capacity building	20 members of the Yellow Sea Partnership	Number of partnerships: 40 Number of capacity building activities: 25 Number of public awareness initiatives: 15 Number of participants	Signed Partnership agreements; Active stakeholder participation in regional and national implementation of the SAP and NSAPs	The partnership become YSLME's responsibility; All partners should be encourage to take more responsibilities

Applicable GEF Outcome Indicators:						
Components	**Outcomes**	**Indicator**	**Baseline**	**Targets End of Project**	**Source of verification**	**Risks and Assumptions**
		activities		in capacity building activities: about 200		
	1.4 Improved compliance with regional and international treaties, agreements and guidelines	Status of recognition and compliance to regional and international treaties and agreements	Regional and international treaties and agreements are recognized by China, but not fully compliant.	Better compliance of the relevant regional and international treaties and agreement e.g. UNCLOS, The 1972 Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, CBD, Ramsar, The FAO Code of Conduct for Responsible Fisheries, and the bilateral agreements between China & ROK on environment protection and fisheries	Regional Guidelines for implementing the FAO Code of Conduct; Domestic legislation amended to meet international standards	Government Ministries/departments unwilling to share development and management plans, unlikely given the history of collaboration established during the phase 1 project
	1.5 Sustainable financing for regional collaboration on ecosystem-based management secured based on cost-efficient & ecologically effective actions	Agreement on the financial arrangement for the YSLME Commission	YSLME Commission does not exist at start of project	Financing agreement between and among countries agreed to fully support YSLME for at least 5 years.	Letters of commitment: Agreement of YSLME Commission	Internal & external financial situation do not allow sufficient investment into the marine environment
2. Improving Ecosystem Carrying Capacity with	2.1 Recovery of depleted fish stocks as shown by increasing mean trophic level	Number of fishing boats decommissioned from the fleet in	About 1.2 million fishing boats	Fishing boat numbers substantially reduced by 10%, in line with the 2020 target of 30%	Government reports of boats decommissioned	Government policy changes, making boat buyback a low priority. This is unlikely to

Applicable GEF Outcome Indicators:						
Components	**Outcomes**	**Indicator**	**Baseline**	**Targets End of Project**	**Source of verification**	**Risks and Assumptions**
Respect to Provisioning Services		YSLME waters		reduction		happen
	2.2 Enhanced stocks through restocking and habitat improvement	Status of major commercially important fish stock from restocking and habitat improvement	Effectiveness of restocking and habitat protection not evaluated	Measurable improvement (5%)in standing stock and catch per unit effort; Future management decisions on restocking based on effectiveness	Published reports of evaluations by the RWG-F	Difficulties in negotiating the cruises, causes delay or cancellation low probability due to past success in their organisation
	2.3 Enhanced and sustainable mariculture production by increasing productivity per unit area as a means to ease pressure on capture fisheries	Type of mariculture production technology Level of pollutant discharge from mariculture operations	Declining quality of mariculture products Declining quantity of production per unit area from mariculture Environmental impacts of mariculture not evaluated	Reduction of contaminants caused by mariculture production(5% reduction in the demo sites) Measurable increase(5% increase in the demo sites) in mariculture production per unit area Discharge of nutrient and other discharges from mariculture installations reduce 5%	Reviews of production data published by the RWG-M; Reviews of discharge data published by the RWG-M	Mariculture enterprises unwilling to adopt IMTA in place of monoculture, this is considered of low probability
3. Improving Ecosystem Carrying Capacity with respect to Regulating and	3.1 Ecosystem health improved through reductions in pollutant (e.g., Nutrient) discharge from land-based sources	Level of pollutant discharges particularly Nitrogen in YSLME tributaries	Discharge reductions do not meet the regional target	5% reductions in N discharges every 5 years	Monitoring reports and data published on the project website	Possible risk of non-compliance by polluting enterprises, considered a moderate risk

Applicable GEF Outcome Indicators:						
Components	**Outcomes**	**Indicator**	**Baseline**	**Targets End of Project**	**Source of verification**	**Risks and Assumptions**
Cultural Services	3.2 Application of artificial wetlands to reduce the pollution discharge at the demonstration sites	Types of technologies applied for pollution reduction	Some innovations such as man-made wetlands are being undertaken nationally but without regional coordination or dissemination of results	Successful demonstration of use of artificial wetlands in pollution control in 1 sites and replicated in about 2 coastal municipalities and local government units	Published reports on effectiveness of artificial wetlands in reducing nutrients	New techniques not widely adopted considered a moderate risk if publicising the outcomes of the demonstration sites is inadequate
	3.3. Strengthened legal and regulatory process to control pollution	Status of legal and regulatory process to control pollution	Weak legal and regulatory framework to control pollution in provinces bordering the YSLME	Develop evaluation tools, in the first year, to assist in harmonizing national and provincial legislation to improve coastal water quality in Shandong, Jiangsu and Liaoning provinces	National and provincial statutes	Harmonization of legislation may take longer time than the project period
	3.4 Marine litter controlled at selected locations	Status of the control of marine litter at selected locations	Due to a lack of appreciation of the problem little action is currently being undertaken	Regional Guidelines on control of marine litter based on those initiated by NOWPAP produced and adopted for use in the Yellow Sea; Established regional data base in the first year, and significant reduction in the quantities of marine litter at selected beach locations	Published guidelines; Data and information contained in RWG-P reports available via the project website	There would be unwillingness to publically identify the sources of marine litter

Applicable GEF Outcome Indicators:						
Components	**Outcomes**	**Indicator**	**Baseline**	**Targets End of Project**	**Source of verification**	**Risks and Assumptions**
4. Improving Ecosystem Carrying Capacity with respect to Supporting Services	4.1 Maintenance of current habitats and the monitoring and mitigation of the impacts of reclamation	Areas of critical habitats; Status of mitigation of reclamation impacts	Coastal habitats critical to maintaining ecosystem services continue to be converted or reclaimed unchecked	Areas of critical habitats maintained at current level. Increase 3% total areas as MPAs. Impacts of reclamation prepared in 2 demo sites	Reports of the meetings of the RWG-H. Biennial state of the environment reviews	Provincial and Local Governments continue to encourage land reclamation. This is considered a moderately high risk.
	4.2 Stronger regional MPA network established and functioning	level of ecological connectivity in expansion of the Yellow Sea MPA system.	the planned expansion of the MPA system currently does not take into account ecological connectivity	the planned expansion of the MPA system currently does take into account ecological connectivity (measured by use of developed connectivity tool kit or other means)	Published GAP analysis for MPA network; Numbers of stakeholder groups represented in meetings or engaged as sub-contractors/partners in execution of SAP related activities	Provincial and local governments may not agree to the establishment of new MPAs
	4.3 Adaptive management mainstreamed to enhance the resilience of the YSLME and reduce the vulnerability of coastal communities to climate change impacts on ecosystem processes &other threats identified in the TDA and SAP	Status of incorporation of adaptive management of climate change in regional strategies and in ICM plans for selected coastal communities	Inadequate considerations are being given to the impacts of climate change	CC adaptation strategies incorporated in regional strategies such as YSCWM and plankton communities ICM plans in coastal communities incorporate CC adaptation to improve climate resilience	Demonstration project reports on the impacts of climate change; Provision of management measures facing to the challenges	Lacking of scientific understanding of the impacts of climate change on marine ecosystem

Applicable GEF Outcome Indicators:						
Components	**Outcomes**	**Indicator**	**Baseline**	**Targets End of Project**	**Source of verification**	**Risks and Assumptions**
	4.4. Application of Ecosystem-based Community Management (EBCM) in risk management plans to address climate variability and coastal disasters	Status of Regional Monitoring Network for application of ECBM	National Monitoring will continue without regional linkages and harmonisation making regional analyses difficult or impossible	Agreed number of cruises & parameters for the regional monitoring network established and data shared regionally via the project web site. Regular LME-wide assessments; enhanced information exchange; periodic scenarios of ecosystem change	Monitoring data reported to RWGs and lodged on project website; models developed and published; regional forecasts and scenarios of future conditions published.	Data & information on relevant monitoring and research will not be fully opened & shared.

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

Following comments have been received from the GEF Secretariat, STAP; and the GEF Council members on the YSLME document. Necessary actions have been taken to meet the requirements of the reviewers. The detailed responses are listed hereafter.

1. COMMENTS FROM THE GEF SECRETARIAT:

None expected at CEO endorsement.

2. COMMENTS FROM STAP

STAP's Comment 1: *STAP welcomes this proposal to implement the Strategic Action Programme (SAP) for the Yellow Sea, Large Marine Ecosystem (YSLME) building upon the completed TDA/SAP work of the predecessor project (GEF ID 790). The SAP contains a well-structured set of targets and indicators and from a scientific and technical perspective provides a sound baseline for follow up SAP implementation.*

Response to the STAP's Comment 1: The implementation of YSLME SAP has been designed following the scientific and technical baselines as mentioned in the STAP review comments. The major activities are designed to achieve the tangible targets set in the YSLME SAP.

STAP's Comment 2: *STAP understands that the present project is designed to enable implementation of the SAP and also to deliver at least part of the expected results of SAP implementation, for example a 10% reduction in the fishing boat fleet over the project lifetime compared to expected reduction of 25-30% until 2020. STAP acknowledges that the project also responds to key points in the terminal evaluation of the predecessor project which recommended that "The ecosystem-based management approach should continue to be developed, with clear guidelines for implementation, so that all stakeholders can be fully involved. The importance of ecosystem services and ECC needs be further explained, in particular in economic and human well-being terms "Component 1 addresses this comment in general, but it is expected that the project document for CEO endorsement will elaborate on this topic.*

Response to the STAP's Comment 2:STAP has had correct understanding on the achievements of the project to the management targets set by the YSLME SAP. The example provided in the STAP's comments presented exact situation of the project design. In the Project Document the following text has been included:

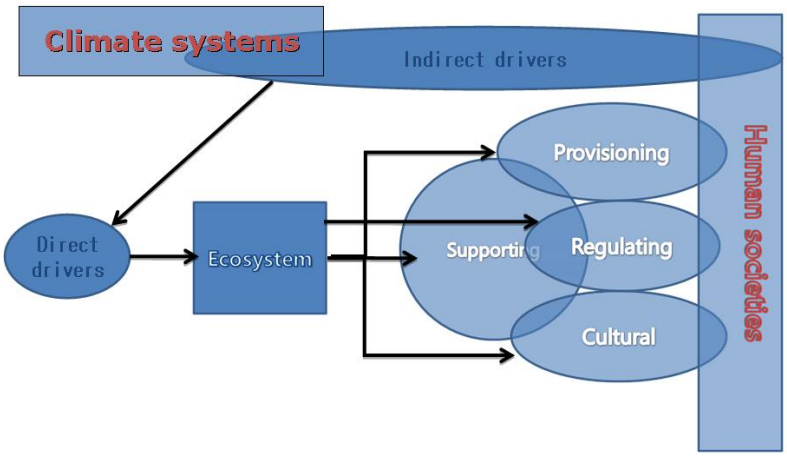
Output 2.1.1 Reduction of fishing by around 10% in demonstration sites through e.g. boat buy-back scheme over the duration of the project.

Regarding the comments on the ecosystem-based management, the ecosystem-based approach and the concept of the ecosystem carrying capacity (ECC) has been well developed not only in the Component 1, but also in the Component 2 and 3. It was also taken into consideration in the Component 4. For better understanding of all the stakeholders on the approach and the concept, the following texts have been included in the project document with the relevant figure:

Outcome 4.4 Application of Ecosystem-based Community Management (EBCM) in preparing risk management plans to address climate variability and coastal disasters

The capacity of an ecosystem to provide its services or the sum of all the ecosystem services it can provide (ECC)will be determined by various interdependent ecological processes, which in turn are determined by ecosystem configuration and state.

The future management of the Yellow Sea ecosystem therefore should be designed and executed as an adaptive, learning-based process that applies the principles of scientific management methods. The ultimate target of ecosystem-based management should be to sustain ECC of the Yellow Sea ecosystem. This requires management actions based on long-term scientific research and adaptive strategies.



The relevant actions have also been included in the Component 4 to have better understanding of all the stakeholders of the project on the ecosystem-based approach and the concept of ECC.

STAP's Comment 3: *STAP recommends that within the forthcoming full project development that even greater emphasis on integration of governance, guidance and socio-economic analysis is applied within Component 2, to ensure that displaced fishermen are effectively guided and monitored in the transition from capture fisheries to aquaculture and mariculture. Such analysis is important to maximize wider community acceptance of the interventions and to reduce the risk that this displacement does not merely result in fishermen replacement within capture fisheries by uninformed fishermen from within the same communities (or those distant from them).*

Response to the STAP's Comment 3: The recommendation was well taken and incorporated into the project activities. The following texts have been prepared in the Project Document:

Output 2.1.2 Provision of alternative livelihoods to fisher folks taking into account the contribution of women

Following the actions on boat buy-back, extensive efforts need to be carried out in providing alternative livelihoods, suitable for the affected local communities. Necessary trainings on the alternative livelihoods will be organised. During the implementation of the project activities, full consideration will be given to the participation of women in the implementation following the GEF's Policy on Gender Mainstreaming. As the fishing industry has its special characteristics, the gender issue is critical to the success of the activities. The productive capacities of women will be tapped to compensate for the shortfall in fishing income for families that have been or will be affected by the vessel buy-back.

The planned actions will include: assessment of possible alternative livelihoods and technical training for displaced fishermen; introduction of small loan scheme and tax free incentives for alternative livelihoods. Based on the national and local conditions, necessary surveys will be carried out to identify the possible and feasible alternative livelihood for the fishing communities

after buying back the fishing boats. These possible alternative livelihoods would include mariculture, tourism and small businesses.

STAP's Comment 4: *In section B6, the project proposal identifies a number of related initiatives. The terminal evaluation for the predecessor project recommended stronger links to the Partnership for Environmental Management of the Seas of East Asia (PEMSEA) during a second phase of the YSLME Project. It recommended that "the YSLME Project, in its second phase, considers using a partnership/MOU with PEMSEA to function within PEMSEA's political framework. "STAP notes that the existing country buy-in for PEMSEA's scientific and technical work may be a significant advantage if YSLME SAP implementation is linked in, thus increasing likely impact. STAP refers project proponents to recommendations of STAP screen for the project GEF ID 4936 with respect to governance that are largely applicable for this project also.*

Response to the STAP's Comment 4: The cooperation and coordination between PEMSEA and YSLME have been well considered, and the extensive discussions were made during the Special Meeting the YSLME PSC, with representatives from PEMSEA, YSLME and UNDP/GEF. The following texts were agreed and incorporated into the Project Document:

> *Reviewing the existing partnerships and MOU between the first project of YSLME and PEMSEA to develop and facilitate the necessary co-operation and co-ordination between the two projects in the context of the EAS PFD*

More importantly, the SDS SEA Scaling-up project that will be implemented by PEMSEA Resource Facility will take on the coordination role for the entire East Asian Seas Program under which these two projects come under. Specific details for program coordination will be included in the SDS SEA Scaling-Up project that is currently being formulated as of July 2013.

STAP's Comment 5: *It is recommended that the full project brief explore how the SAP implementation and the regional collaborative frameworks that are built can address greater cooperation with the Democratic People's Republic of Korea in the project considering the support by DPRK at the time of SAP endorsement in December 2009. Cooperation on the YSLME can act as a lever to further cooperation in the region providing regional and global benefits. In this context the brief should also address the sustainability of the YSLME Commission within broader regional cooperative frameworks.*

Response to the STAP's Comment 5: The recommendation was fully considered and necessary arrangements to involve DPR Korea, as self-financing observer in the initial stage of the project, were made in the implementation of the YSLME SAP. Whenever the geopolitical situation in the region allows, the full regional cooperation will be taken as priority action.

It should be noted that the initial project design included the full participation of the DPR Korea, and the official endorsement was received from the country for the YSLME PIF. DPR Korea has also officially supported the YSLME TDA and SAP prepared by the first phase of the project. However due to the geopolitical constraints in the region, it is not possible to involve DPR Korea as full member of the project at this stage. Following extensive discussions, DPR Korea agreed to participate in the project as self-financed observer. Other project stakeholders, including China, RO Korea, UNDP and UNOPS, agreed the relevant arrangement during a PSC meeting. Whenever the political situation allows, the YSLME project will take all necessary actions to enhance the regional cooperation with all the coastal countries in the Yellow Sea.

3. COMMENTS FROM THE GEF COUNCIL MEMBERS

Germany's Comments

Germany requests that the following requirements are taken into account during the design of the final project proposal; in addition, Germany requests that the Secretariat sends draft final project documents for Council review four weeks prior to CEO endorsement:

The proposed project aims to achieve an adaptive ecosystem-based management of the Yellow Sea Large Marine Ecosystem by rebuilding degraded marine resources and reducing pollution. We seek clarification on the reduction of nitrogen pollution by 10% and the reduction of fishing pressure through e.g. vessel payback schemes. The assumption seems unrealistic, unless based on Government communication. We ask for the provision of the sources of these assumptions in the final project document.

Response to the Germany's Comment: During the preparation of the SAP for the Yellow Sea, there were extensive discussions and communications with the governments of all the coastal countries, including China, RO Korea and DPR Korea. The regional management targets have been very carefully reviewed by the experts of the participating countries, based on the existing and emerging national programmes and/or projects. During the approval process of the regional SAP, the relevant ministries in each participating country have been fully consulted through the Inter-Ministry Coordinating Committee (IMCC).

The following text has been added in the Project Document:

> *The management targets listed in the SAP, e.g. reducing 30% fishing boats and reducing 10% nutrient discharge every 5 years, were based on the current national plans approved by the participating countries' respective governments. In the case of China, the National 12th 5-year Plan has the same management targets. RO Korea has a similar national plan. The Plans were reviewed by regional experts and the national and provincial governments based on realistic implementation considerations. During the first project, demonstration projects were implemented to study the usefulness and effectiveness of the management actions. Results from the demonstration activities will input into the implementation of the proposed project.*

USA's Comments

We agree with the STAP evaluation that this appears to be a well thought-out project, with appropriate acknowledgement of relevant stakeholders, especially the State Oceanic Administration. We also concur with STAP that further acknowledgement and determination of mitigation actions would be an area for improvement.

•The YSLME has shown considerable success in the transboundary and multi-state implementation of ecosystem-based approaches to the management of the shared environment and associated resources in the region.

Response to the USA's Comment: The encouragement of USA is highly appreciated. These comments have been addressed in the Project Document. The details can be found in the earlier section dealt with the comments from STAP. As indicated in the Project Document, a Regional Monitoring Network will be established during the project. The impacts of mitigation actions will be determined with accurate scientific and technical information. Moreover, with the establishment of the YSLME Commission, it is anticipated that more effective regional co-operation will be beneficial to all the coastal countries in the region.

ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS[5]

A. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES FINANCING STATUS IN THE TABLE BELOW:

N/A. This project did not request the PPG.

PPG Grant Approved at PIF:			
Project Preparation Activities Implemented	***GEF/LDCF/SCCF/NPIF Amount($)***		
	Budgeted Amount	***Amount Spent To date***	***Amount Committed***
Total	0	0	0

[5] If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities.

ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used)

Provide a calendar of expected reflows to the GEF/LDCF/SCCF/NPIF Trust Fund or to your Agency (and/or revolving fund that will be set up)

N/A