



China: Biodiversity Management in the Coastal Area of China's South Sea (BMCACSS) (UNDP)

Operational Program: 2,8 (Biodiversity,International Waters)

GEF Secretariat Review:

Financing (millions): \$0.32 *Total (millions):* \$0.32 1193

Summary

The objective of this project is to protect globally significant marine and coastal biodiversity along China's subtropical and tropical southeast coast between its border with Vietnam and latitude 28 N, corresponding with the border of Fujian and Zhejiang provinces.

Expected Project Outputs: The proposed PDF B will assist China in selecting 4-6 project sites representing different coastal and marine ecosystems, undertaking biological and socio-economic assessments, quantifying threats to biodiversity, and designing a GEF alternative strategy to protect the biodiversity at the sites. The GEF full project will ensure the protection of biodiversity conservation at the project sites by incorporating conservation activities into an integrated coastal zone management framework. Based on this approach, the sites will serve as models for institutionalizing biodiversity conservation into coastal zone management throughout south east China.

Project Duration (months): 0

Basic Project Data

Project GEF ID:

<i>Staff</i>		<i>Processing Status</i>	<i>Date</i>
Program Manager	Lusigi	Processing Stage	
Implementing Agency	UNDP	Concept Pipeline Discussion	1/18/00
Regional Coordinator	Carolina Serpell	PDF A - Agency Approval	
Executing Agency	National Government	PDF B - CEO Approval	1/18/00
		Bilateral Project Review Meeting	1/18/00
		Work Program Submission and Approv	
		CEO Endorsement	
		Agency Approval	
		Project Completion	

Cost Summary

Cost Item	Years	Amount (USD'000)
<u>Preparation</u>		
- PDF A		
- PDF B		\$0.32
- PDF C		
<u>Project Allocation</u>		
- Executing Agency Fees and Costs		\$0.00
- Project Management Costs		\$0.00
- Other Incremental Costs		\$0.00

Completeness of Documentation

Focal Point..... Budget..... Logical Framework.....
 STAP Review..... Increment Cost..... Length.....
 Disclosure of Administration Cost..... Complete Cover Sheet....

1. Country Ownership

Country Eligibility

China is a signatory of the CBD.

Evidence of Country Ownership/Country-Drivenness

The project is proposed by the Government of China and will be executed by the China Government State Oceanic Administration (SOA).

2. Program and Policy Conformity

Portfolio Balance

Integrated Coastal Zone Management is a CBD and GEF priority and the project fills a needed gap within the GEF biodiversity portfolio.

Program Conformity

The Project is in conformity with objectives of the Operational Program #2 on Coastal, Marine and Fresh water Ecosystems.

Replicability

Based on the proposed approach, the project sites will serve as models for institutionalizing biodiversity conservation into coastal zone management throughout south east China.

Potential Global Environmental Benefits of Project

The high species diversity in China is associated with high levels of endemism which makes these areas globally important as has been demonstrated through their use for medicinal purposes.

Sustainability

China has the capacity to sustain the activities being proposed under the project.

Baseline Course of Action

China has taken specific steps to conserve marine biodiversity. This includes the establishment of 5 national, 10 provincial and about 30 county reserves along the South China Sea coast. However Chins's biodiversrity action plan points out the inadequacy and capacity of this network in effectively conserving these ecological systems.

Alternative Action Supported by project

The project seeks to institutionalize integrated coastal zone management and a full participatory approach to biodiversity conservation both of which are relatively new in China.

Conformity with GEF Public Involvement Policy

The project proposal states that preparation will make use of a "full participatory approach" and that "site based conservation activities will be implemented through local government agencies, based on consultations with local communities" (p. 1). Consistent with this statement, the preparation activities that will be funded include further consultations prior to final site selection of 4 to 6 sites, development of participatory approaches (p. 6), and conduct of consultations to be included in a Participation Plan (p. 7) and supplemented with information from a Social Feasibility Study (p. 7-8), including training of SOA personnel on how to engage in participatory management. In all, these activities comprise some \$0.18 m of the PDF-B budget, or some 56% of the GEF amount (see p. 11). It is also noted that the final sites will be "endorsed" by the local communities, through their

local leaders (p. 7). It would be good practice to identify the full range of stakeholders to be consulted, especially women's groups (if applicable) and the private sector. It is not clear if any of the potential sites would have ethnic or indigenous populations, but this would be worth exploring given the high rates of in-migration mentioned in several sites in the annex. Additionally, it may be suggested that the social feasibility study could have a component on conflict resolution if there is a highly diverse population, including information on number of affected people.

Private Sector Involvement

The project will largely be implemented by public agencies.

3. Appropriateness of GEF Financing

Incremental Cost

This should be well articulated in the full project document.

Appropriateness of Financial Modality Proposed

Co-funding has not yet been identified. It is hoped that this will be secured during full project development at the PDF B stage.

Financial Sustainability of the GEF-Funded Activity

The full project should address the issue of financial sustainability in a comprehensive way. This is important for project sustainability in the long term.

Absorptive Capability

China has the capacity to handle the proposed scale of funding for this project although no cofinancing has been yet identified.

Cost Effectiveness

This cannot be determined from the present proposal but the importance of biodiversity to be conserved would seem to justify GEF intervention at the foreseen level of funding.

4. Coordination with Other Institutions

Collaboration

Following issues raised at the last bilateral meeting, there has been extensive consultation with other partners in the area and collaboration with other activities in the area has been initiated through these consultations.

Complementarity with Ongoing Activities

This project could be complementary although at the present moment there is some possible duplication with other proposed GEF activities in the area. Please see secretariat comment below.

Following bilateral discussions in January, 2000 there has been consultation between UNDP and other agencies working in this area and complementarity of this project with the other proposed and ongoing activities has now been elaborated.

5. Responsiveness to Comments and Evaluations

Core Commitments

Not yet confirmed as the government has not indicated its level of funding. It is hoped that this will happen during development of the full project.

Linkages

This should be better documented as there is some amount of duplication with other proposed activities in the area. Following the January, 2000 bilaterals, this issue has been clarified and these linkages will be well defined in the full project document.

Consultation and Coordination

More consultation is needed to address the issues raised by the secretariat. These have now been done following the January, 2000 bilaterals.

Consistency w/previous upstream consultations, project preparation work, and processing conditions

This concept needs more work to respond to observations made by the secretariat. The current document takes into consideration the issues raised at the bilateral discussions in January, 2000.

Monitoring & evaluation: Minimum GEF Standards, ME plan, proposed indicators, lessons from PIRs and Project Lessons Study

To be developed during project preparation.

Indicators

Not yet in place but a pre requisite before project presentation.

Implementing Agencies' Comments

The following comments have been received from the World Bank. Have reviewed the PDF- B and have the following comments. The PDF is well written and well thought out but extremely ambitious since it deals with ICZM issues along a densely populated and overexploited coastline.

1. China's coastal and marine biodiversity is indeed under severe threat, compounded by coastal development, industrialisation, on-shore pollution sources and drastic overfishing and overharvesting of other marine resources. Marine and coastal ecosystems and sites are especially vulnerable to threats from outside their immediate boundaries and it is hard to see how China's biodiversity at several of the proposed sites can be conserved without massive investments to address pollution and drastic changes in policy restricting coastal habitat conversion and overharvesting. The annex lists major threats for most of the proposed sites. Other than improving management at a few protected area sites e.g. Mai Po marshes, it is hard to see how the proposed project can be successful except within the context of an ambitious and fully resourced ICZM project (such resources still seem to need to be identified).
2. There are already several GEF initiatives relating to China's seas - it would be helpful to have a more explicit description of their linkages and an evaluation of lessons learned and progress made in their implementation.
3. No reference is made to the substantial ADB identification and preparation of a marine protected area project focussing on Hainan, which probably has the richest marine biodiversity in China. No sites from Hainan are listed - is it expected that there will be another GEF/ADB project dealing with these sites.
4. Site-based activities - many of the proposed sites are not protected areas and are facing major threats - unless other baseline projects will be addressing these root causes of biodiversity loss it is hard to see how GEF investment will curtail further biodiversity loss. To make an impact would require much more than stakeholder consultations but some drastic changes in local development planning patterns and changes in local, regional and national fisheries and agricultural policies (conversion of habitats for mariculture, shrimp ponds). The PDF

makes no reference to how the project could impact on these issues.

5. China as a sink for marine resources. China as a major consumer of fish and other marine resources is acting as a 'drain' on marine resources from the whole Asian region. Harvesting of marine resources is impacting not just on domestic waters but throughout the whole SE Asian region e.g. the live fish trade. It is worrying that the Chinese consumption of wildlife and marine resources is increasing and has now expanded way beyond traditional foodstuffs. From a global perspective getting a change in these consumption patterns (through improved education, change in regulations, enforcement) might be even more valuable in protecting rare and endangered species and their habitats than investing in limited activities at a few sites on the Chinese mainland.

STAP Review

Not applicable at this stage.

Council members' Comments

Not yet applicable at this stage.

Technical Assurances

Convention Secretariat

The following comment was received from the CBD Secretariat and should be taken into account appropriately. The proposal is generally well written, in a comprehensive and clear way. Its main merit lays in the principal objective of the proposed activities, namely “to design a project that will serve to demonstrate models to integrate biodiversity conservation in ICZM [integrated coastal zone management].” In this regard, the proposal attempts to address the following provisions contained in selected paragraphs of decision II/10:

1. in paragraph 2, COP encourages the use of integrated marine and coastal area management as the most suitable framework for addressing human impacts on marine and coastal biological diversity and for promoting conservation and sustainable use of this biodiversity;
2. in paragraph 3, COP encourages Parties to establish and/or strengthen, where appropriate, institutional, administrative, and legislative arrangements for the development of integrated management of marine and coastal ecosystems, plans and strategies for marine and coastal areas, and their integration within national development plans;
3. furthermore, the proposal reflects the provisions in section (iii) of Annex I to the decision, in which COP encourages Parties to undertake and exchange information on demonstration projects as practical examples of integrated marine and coastal area management;
4. finally, the criteria described in the proposal for the purpose of identifying demonstration sites also reflect relevant sectoral activities (which in the proposal go under the term of “different suites of threats”) that, according to section (iii) of Annex I to decision II/10, constitute crucial components of integrated marine and coastal area management. The criteria identified in the proposal also take into account marine and coastal protected areas that include critical habitats for living marine resources - the latter being an important criterion for the selection of marine and coastal protected areas, within the framework of integrated marine and coastal area management (re. decision II/10, Annex I, section (iv)).

However, it is also felt that the detailed objectives of the proposal (page 5) only partially reflect the operational objectives identified in programme element 1 on integrated marine and coastal area management (IMCAM) of the work programme for the implementation of decision II/10 (The Work Programme is contained in the annex to decision IV/5 of COP). Three operational objectives are identified within the programme element, of which two are directly relevant to the proposal: ‘Promoting the development and implementation of IMCAM at the local, national and regional level’ (operational objective 1.2); and ‘Developing guidelines for ecosystem evaluation and assessment (including indicators)’ (operational objective 1.3). Each of the operational objectives is to be met through a series of specific activities.

Essentially, the proposal reflects the policy guidance by COP with regard to IMCAM, as contained in relevant sections of decision II/10, but does not reflect well enough the operational provisions for the implementation of the above-mentioned policy guidance.

Therefore, the section of the proposal entitled "Project Objectives and Activities" could be reformulated in the course of implementing this PDF project in order to reflect as much as possible the above-mentioned operational objectives of the CBD work programme in the area of conservation and sustainable use of marine and coastal biological diversity and the corresponding activities (details can be found at <http://www.biodiv.org/cop4/FinalRep/decisions/5.html>). This would allow the project to achieve not only integration of biological diversity within ICZM (as stated in the proposal), but also to use ICZM as a powerful tool to manage sectoral activities in a way that is consistent with the three objectives of the Convention.

In doing so, the project would respond to the call by COP to Parties to implement activities aimed at the conservation and sustainable use of marine and coastal biological diversity, consistently with the policy guidance contained in decision II/10 and the operational provisions contained in decision IV/5.

Other Technical Comments

GEF has a sensitive political situation in the South China Sea with a completed IW project brief agreed by all S. China Sea countries except China focusing on coastal management with China blocking the project for 2 work programs now. Perhaps, their wish might be to have GEF funding for a single country biodi coast project instead of working with their neighbors jointly in the same area. China did provide an endorsement of the S. China Sea IW Block B, so the late political maneuvering was not expected according to the IA. This Block B includes an important transboundary area with Vietnam that is key for the IW project. The coastal assessments to be conducted would seem similar to those to be conducted under the IW project. In addition, the same executing agency in China(SOA) is the executing agency for the IW project within China.

Even more intriguing is that the other executing agency(Hong Kong University) tried to submit to GEFSEC earlier a competing IW proposal for the S. China Sea that would involve them in an important role. It is conceivable that they now are trying the biodiversity focal area to compete with the transboundary IW project. They would be key beneficiaries through contracts for their research capabilities as is noted on p 10 of the proposal. The GEF Secretariat had been approached by the Bank earlier about a Pearl River project in China focusing on land-based sources of marine pollution to complement the S. China Sea IW project. Hong Kong University, as the proposal notes, is currently working on the Pearl River in this competing framework; Pearl River is therefore on hold with the Bank in their work with the World Bank country director for China. Further more, no mention is made by UNDP of the UNEP IW project in the same area that is now being held up by China.

If it was agreed to allow this project to go forward in the biodiversity focal area, would this not jeopardize an existing, IW project being held up by China? The IW PSR notes that the IWTF has agreed that this region of the S. China Sea should be subject to a programmatic approach, perhaps beginning in 2 years because 3 IW projects are currently nesting around the important Sea. It would be valuable to have biodiversity projects, perhaps focusing on protected areas or sustainable coastal use of marine resources, to be part of this "programmatic approach". It would be strongly advisable to let the existing IW project get off the ground first, and then the biodiversity one under development to complement but not substitute for the IW activities.

Further Processing

At the bilateral held on January 18, 2000 it was agreed that UNDP will undertake consultations and resubmit a revised project document taking into account the following considerations:

The coastal habitats of tropical China are integral part of China's Southern Seas and are being affected by both local and transboundary pollution and degradation. The international/regional component, and the

transboundary significance and implications of these habitats, should be fully addressed and developed in the proposal, as well as its links/complementarities with the multi-country project currently under preparation "Reversing Degradation Trends in the South China Sea".

A revised document was received on March 3, 2000 which clarifies major concerns raised during the January bilateral meetings. These issues will, however, need to be also taken into account in the full project formulation. Following the bilaterals held on April 11, 2000, this project is now recommended for CEO approval taking into account the the following issues which will be important for inclusion into the work program.

1. Complementarity between this project and the other GEF activities being developed in this area.
2. Clear criteria for selection of sites to be the focus of this project which will not duplicate ongoing activities.
3. Clear indication of the transboundary significance and implications of the selected habitats.
4. Indication of how the root causes associated with biodiversity loss in these areas will be addressed e.g. national planning , fisheries policies, improved education and change of regulations etc..
5. Identification of the full range of stakeholders to be involved in the implementation of the project.
6. Clear indication on how activities implemented under this project will be coordinated with the other projects being developed by ADB and UNEP.