



**UNDP/GEF PROJECT ENTITLED “REDUCING ENVIRONMENTAL STRESS IN THE
YELLOW SEA LARGE MARINE ECOSYSTEM”**

UNDP/GEF/YS/RSP-PSC.6/8
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English only

**Sixth Meeting of the Regional Scientific and Technical Panel
And Project Steering Committee
For the UNDP/GEF Yellow Sea Project
*Xian, China, 17-19 November 2009***

**INFORMATION AND CONSIDERATIONS OF
THE BRIDGING PHASE OF THE PROJECT FROM THE CURRENT PHASE
TO THE POTENTIAL SECOND PHASE**

1. Information on the Bridging Period

Following the request of the participating countries at PSC meetings, a number of discussions were held between the Project Management Office and relevant parties concerned. The discussions and relevant information are summarised as following.

1.1 Initial discussion with GEF SEC in Beijing, April 2008

Taking the opportunity that Ms. Monique Barbut, CEO GEF Secretariat and Mr. Alfred Duda from GEF visited China, a discussion was organised on the possible 2nd phase of the YSLME project. Among other issues discussed, Mr. Duda indicated that based on the schedule of 5th GEF replenishment, it was expecting that if GEF approves the 2nd phase of the project, the funding would only be available starting from July 2010. Therefore, he suggested the project slowing down the expenditure and save enough budget for the bridging phase.

Based on this information, the PSC reached agreement to extend the project to the end June 2010 with no additional cost to GEF. Necessary arrangements have been made according to the information, and the decision of the PSC.

1.2 Discussion with GEF SEC and UNDP/GEF in Manado, May 2009

During the World Ocean Conference (Manado, Indonesia, May 2009), discussions were held with Mr. Andy Hudson and Ms. Anna Tengberg, UNDP/GEF, and Mr. Alfred Duda and Mr. Peter Bjornsen, GEF Secretariat on the YSLME project. Regarding the schedule of GEF-5 replenishment, there would be a little longer bridging period as expected. According to the current information, the most optimistic schedule for the first Work Programme in GEF-5 is towards the end of 2010. Spring 2011 is probably more realistic time for GEF to release the funding.

Mr. Hudson suggested that efforts should be made to seek financial support from the governments of the participating countries to cover fully or partially bridging costs of the project.

Following the suggestion, an invitation letter was prepared by the PMO, and signed and sent by UNDP/GEF to the governments of China and R. Korea. Following further consultations and discussions, positive responses from both countries were received, and final decisions from the both countries in providing additional financial support to cover the bridging costs are expected.

2. Relevant Issues Needed to be Considered

2.1 Bridging Period

Based on the information mentioned above, the bridging period would be longer than expected. The GEF funding may be available on March 2011, if the 2nd phase of the project be approved by the GEF Council.

2.2 Possible Options for the Transformation from the Current Phase to the Potential Second Phase

There would be 3 options for transforming the project from the current phase to the 2nd phase:

- (i) If enough financial resources would be available from the additional contributions from the governments of the participating countries, and from the savings of the current phase of the project, the project would be transformed fully from the current phase to the next phase. The advantages of this option are (a) the momentum generated from the current phase of the project would be best maintained; and (b) well-designed SAP and ecosystem-based management would be smoothly implemented.
- (ii) If financial resources is not enough for the full transform as mentioned above, then partial transform have to be considered with less staff in PMO, and less actions to be taken during the transition period. If the project has to take this option, the continuation of the project would be secured, but momentum would be difficult to be kept fully.
- (iii) If the financial resource is not available, then the project has to be closed in end June 2010. When the next phase of the project be approved by the GEF Council, the project would restart every procedure again. There would be difficult to maintain the momentum of the project, and all the administrative procedures, including recruiting staff, need to be restarted again.

2.3 Project Termination Date

As the project would terminate, based on the previous decision, on end June 2010, there is a need to consider the termination date of the project in the forthcoming PSC meeting. If the options (i) and (ii) are preferred by the participating countries, then the decision on extension of the project should be made based on the financial resources available for the project. If the option (iii) is preferred, the project would terminate in end June 2010 as planned.

2.4 Consideration of the Project's Identity

Considering the fact that the UNDP Country Office in R. Korea will be closed end 2009, there is a need to consider the project's identity in the country, if the participating countries decided to take the option (i) and (ii) as mentioned above. The current arrangements for the PMO's operation are within the framework of the UNDP Country Office.

3. Actions and Decisions Required from the 6th PSC Meeting

Based on the information provided above, the forthcoming PSC will be invited to consider following issues, and make decision accordingly:

- (i) Considering the current status of implementation of the project, the PSC need to discuss and agree on the formats of transforming the project from the current phase to the 2nd phase.
- (ii) Following the agreement of the format of transform, the governments of participating countries need to identify necessary resources, if necessary, to cover the costs of the bridging phase.
- (iii) The PSC should also make decision on the extension of the project, based on the preference of the countries, and the availability of financial resources.
- (iv) Agreement need to be made regarding the project's identity in R. Korea.