



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

UNDP/GEF/YS/SPSC.2/4 Rev.1
Date: 1 November 2011
English only

**2nd Special Meeting of the Project Steering Committee
for the UNDP/GEF Yellow Sea Project**
Beijing, China, 19 December 2011

CURRENT STATUS OF THE APPLICATION OF THE PROJECT’S SECOND PHASE

1. Processes of Applying for the Second phase of the YSLME Project

Following the instructions and advices from the Project Steering Committee (PSC0, the PIF was finalised in close co-ordination with National Project Co-ordinators (NPCs) and UNDP/GEF. This important document provided all necessary information required by the GEF.

With the endorsement of the Strategic Action Programme (SAP) by the participating countries, the SAP with agreed management actions and activities would be duly implemented in the Project’s second phase. The total budget requested from the GEF for the next four years was US\$ 9,529,412, and the total co-financing budget was US\$ 2,450,783,273 that is mainly from the participating countries, the UNDP, and the WWF.

An official endorsement letters on the PIF from the participating countries were received from

- DPR Korea on 6 August 2010;
- RO Korea on 13 September 2010; and
- China on 4 March 2011

1.1 First submission of the PIF to the GEF through UNDP/GEF

With all agreements reached by the participating countries of the project, the PIF, with US \$ 2.5 billion co-financing from the participating countries, was submitted to the GEF Secretariat through UNDP/GEF on March 2011 for the inclusion into the work programme of the GEF Council meeting, May 2011.

A review comment was received on 7th April 2011 from the GEF Secretariat. It indicated that:

The project is not recommended for work program inclusion. Co-financing seems unbalance. The PIF should be revised with an annex to clearly outline (1) the Co-

financing from both countries and UNDP and (2) what is intended to be funded that will improve the situation of the YSLME.

Following receipt of review comments from GEF secretariat, PMO has had a serious discussion with the governments of the participating countries, and UNDP/GEF. The necessary information was provided in the revised document, in particular the co-financing contributions from the participating countries. The elements that would be addressed by the 2nd phase of the project were also added.

1.2 Second submission of the PIF to the GEF through UNDP/GEF

The revised PIF, with US \$ 10.8 billion co-financing from the participating countries, was submitted again to the GEF Secretariat through UNDP/GEF on May 2011, together with all the information required.

A review comment was received on 3rd June 2011 from the GEF Secretariat. It indicated that:

The PIF is not yet recommended for Work Programme inclusion. The co-financing still needs more clarification and dialogue between the GEF SEC and the agency to distinct the co-financing from parallel financing in line with the GEF policy on co-financing (GEF/C.20/6/Rev.1)

In close co-operation with UNDP/GEF and following the instructions from the document as mentioned in the review comment, PMO has, in consultation with the participating countries, revised the co-financing table. The “co-financing” and “parallel financing” were separated with clearly define criteria.

The new revision of the PIF was submitted to the UNDP/GEF, with a hope that the PIF would be included in the Work Programme of the GEF Council in November 2011.

2. Current Situation

PMO received a message and be informed that even UNDP/GEF is willing to submit the PIF again to the GEF Secretariat; the document will not be submitted this time, as there is no hope that GEF Secretariat will include the PIF into the work programme of the forthcoming GEF Council meeting.

PMO has requested to be provided with “official reason(s)” that the PIF was not included in the work programme of the GEF Council meeting.

During the 6th International Water Conference, new information was received. The GEF Secretariat is welcoming a proposal on “Programmatic Approach” in the East Asian Seas region, which should be composed by 3 GEF projects. UNDP/GEF will take leading role in managing this approach, including PMESEA, YSLME, and another international water project.

3. Proposed Options for the Follow-up Actions

Under the current situation, it seems not possible to have the PIF be discussed in the forthcoming GEF Council meeting. It is proposed to take following actions to follow the current situation up:

- (i) a special session of PSC is necessary to discuss necessary actions to be taken by the participating countries. The proposed options may include following points:
- *The participating countries provide all necessary financial support to continue the implementation of the project activities, including the secretariat costs. The agreement to establish the YSLME Commission serves as basis for this. However, the agreement was to start this operation in the end of the 2nd phase;*
- If this option is preferred by the participating countries and UNDP/UNOPS, it is necessary to solve the problem of the legal status of the PMO. This problem has been report to the 6th and 7th PSC meetings, but more efforts and agreements are required.*
- *With agreement from all stakeholders of the project, the project takes a break at the end of this year. Whenever possible, the countries would submit the PIF again to GEF.*
- (ii) PMO takes prompt actions to discuss the current situation and proposed actions and options with all members of the Project Steering Committee, including the Governments of China and ROK, UNDP and UNOPS.

Expenditure Report for FY 2011

(Unit: USD)

Key Activity	Budget Description	FY 2011 Total Expenditure *
0.PMO	61000 Salary Costs – Regular Staff	250,473.81
	62000 Recur Payroll Costs–Reg Staff	46,202.22
	63000 Non–Payroll Staff Cost–Regular	33,229.89
	64000 Staff Mgmt Costs – Regular Stf	293.97
	65000 Costs Related to Retired Staff	5,677.20
	71000 Other Personnel Expenses	253,007.93
	72000 General Operating Expenses	4,433.95
	73000 Overhead Expenses	9,325.06
	74000 Miscellaneous Operating Expens	10,454.18
	75000 Facilities and Administration	39,829.77
	76000 Foreign Exchange	(614.83)
0. PMO Total		652,313.15
1. Fisheries	71000 Other Personnel Expenses	299.54
	72000 General Operating Expenses	11,954.00
	74000 Miscellaneous Operating Expens	(1,733.91)
	75000 Facilities and Administration	631.18
1. Fisheries Total		11,150.81
2.Biodiversity	71000 Other Personnel Expenses	4,494.58
	74000 Miscellaneous Operating Expens	8.87
	75000 Facilities and Administration	269.81
2. Biodiversity Total		4,773.26
3. Ecosystem	72000 General Operating Expenses	3,582.04
	74000 Miscellaneous Operating Expens	0.11
	75000 Facilities and Administration	214.93
3. Ecosystem Total		3,797.08
4. Pollution	71000 Other Personnel Expenses	2,970.62
	74000 Miscellaneous Operating Expens	15.45
	75000 Facilities and Administration	179.16
	76000 Foreign Exchange	0.01
4. Pollution Total		3,165.24
5. Investment	71000 Other Personnel Expenses	8,290.81
	72000 General Operating Expenses	109,000.00
	74000 Miscellaneous Operating Expens	1,258.87
	75000 Facilities and Administration	4,772.98
	76000 Foreign Exchange	0.01
5. Investment Total		123,322.67
2011 TOTAL EXPENDITURE		798,522.21
BEGINNING BALANCE OF THE YEAR		1,101,817.23
ENDING BALANCE OF THE YEAR		303,295.02