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**Consultative Meeting on the Development
of a Project Concept for the South China Sea
SAP Implementation**
Bangkok, 6-7 December 2012

Draft Report of the Meeting

Item 1. Opening of the meeting

1. The Consultative Meeting on the Development of a Project Concept for the South China Sea SAP Implementation was convened in Bangkok over the period 6-7 December 2012.

2. The meeting was opened by Mr Takehiro Nakamura on behalf of the Executive Director of UNEP, Mr. Achim Steiner, who welcomed all participants on behalf of UNEP. Mr. Nakamura noted the concrete outputs of the SCS project and that notable achievements of the project included the intergovernmental agreements on the SCS-SAP; and national level agreement on the national action plans for the components of the SAP. He noted that it was understood by UNEP that countries have started implementation of the NAPs. He noted that UNEP further understood that the countries desired to implement the SCS SAP.

3 He noted that to access GEF financing during the current phase of the GEF, the PIF would have to be agreed and endorsed by all countries in time for submission to the June Council meeting of the GEF. This meant that the PIF would have to be agreed by February 2013 and that country endorsements with agreed cofinancing would be needed by that time.

4. Mr Nakamura noted that the draft GEF Project Identification Form (PIF) that would be discussed during the meeting had been developed taking into account: the approved Strategic Action Programme for the South China Sea; the most recent strategy for the Global Environment Facility, International Waters focal area; as well as discussions of emerging issues raised in various meetings of the Coordinating Body on the Seas of East Asia (COBSEA).

5. Mr. Nakamura invited Mr. Ellik Adler, COBSEA Coordinator to address the meeting. Mr. Adler informed the participants that this was an important meeting from the perspective of further elaborating the SAP implementation project. He noted that the present participants would be critical

to the in-country follow-up to the meeting and that this was a complex region, with significant transboundary challenges and new and emerging issues including *inter alia* coastal erosion, marine invasive species and marine litter. He expressed the hope that the meeting would be able to agree on the content of the SAP implementation project. He also expressed his hope that those issues identified by COBSEA would be addressed by the project.

6. Mr. Nakamura invited participants to briefly introduce themselves to the meeting and there followed a *tour de table* during which participants introduced themselves and indicated their roles at the national level in regard to COBSEA, the South China Sea SAP and the NAPs. The list of participants is attached as Annex 1 of this report.

Item 2. Organizational matters:

(2.1) Election of officers

7. Mr. Nakamura noted that the rules of procedure of the UNEP Governing Council would apply *mutatis mutandis* to the present meeting. He further noted that the meeting should elect a chairperson and rapporteur from amongst the participants and called for nominations for the post of Chairperson of the Consultative Meeting.

8. Mr. Beny Bastiawan from Indonesia nominated Mr. Gil Jacinto to serve as Chairperson and Mr. Koch Savath to serve as rapporteur. Mr. Juan Miguel T. Cuna, Philippines seconded the motion and the officers were elected by acclamation.

9. Mr. Jacinto thanked the participants for his election and congratulated Mr. Savath on his election as rapporteur.

(b) Adoption of the agenda

10. The provisional agenda (UNEP/SCSSAP/WG.1/1), as proposed by the Secretariat was submitted by the Chairperson for consideration and adoption by the Meeting.

11. Mr. Nakamura noted that the Secretariat wished to propose an amendment to the agenda, namely the addition of a new item; *Item 8 Adoption of the report of the meeting*; since it was considered essential that participants leave the meeting with a clear understanding of what had been agreed and what was needed to be done in the immediate future.

12. The meeting accepted this amendment and it was proposed by Mr. Cuna, Philippines and seconded by Ms Liu Guozhi, China that the agenda be adopted as amended. The agenda was adopted as it appears in Annex 2 to this report.

(c) Organization of work

13. It was recommended by the Chair and agreed by the meeting that discussion would be held in plenary for consideration of all agenda items. The list of documents is presented in Annex 3 of this report.

14. The Chair noted that English would be the working language of the Meeting and suggested that programmatically it was hoped to complete discussion of agenda item 3 by lunchtime; and agenda item 4 by the end of the afternoon session..

Item 3. Review of the Project Preparation within the Programme.

15. The Chair invited the representative of UNEP, to outline UNEP activities relevant to the development of the SCS SAP project. Mr. Nakamura outlined the background activities that had been taking place since January 2009. He noted that despite the apparent lack of progress UNEP had made substantial investments in trying to promote the GEF SAP implementation project, equivalent to between 20 and 30 thousand US dollars per annum. Mr Adler noted that over the last three years COBSEA support in terms of staff time and in-kind support had been substantial but noted that there was no calculation of the dollar value of this support.

16. Mr. Dhana Yingcharoen of Thailand asked whether it was the intention of UNEP to seek financial support from the GEF under GEF 5 or 6 and whether such support would be used to support the operation of the COBSEA Secretariat.

17 Mr. Nakamura noted that the proposal was to try to secure International Waters funds under GEF 5 but that this would only be possible if the proposal was submitted by early February 2013. He noted further that COBSEA was proposed as the Executing Agency for this GEF Project and that it would therefore be inappropriate for GEF funds to be used to support the COBSEA Secretariat.

18 Mr. Adler noted that COBSEA was at present financially constrained since UNEP has diminished its financial support to the secretariat. He noted that externally funded projects at present contributed to the maintenance of the secretariat staffing but that the SCS-SAP PIF has being drafted on the assumption that COBSEA will continue as the Executing Agency, for the project.

19 The Chairperson then invited each of the participating Governments to make presentations on: (i) activities that are aimed at the implementation of the South China Sea Strategic Action Programme and associated National Action Plans; (ii) associated budgets and sources of funding for such activities; and (iii) activities and budgets planned for the coming 5 years (2013-2017) for the implementation of the SAP and associated NAPs.

20 Mr. Huang from China noted that many actions implemented at the Provincial level within the three provinces bordering the SCS contributed to the achievement of the targets of the regional SAP and National Action Plans. He indicated that the present report was by no means fully comprehensive but that China had adopted four national action plans, namely, Mangrove, Seagrass, Wetlands and Land-based pollution that had been approved by the Inter-Ministry Committee of China and the Ministry of Environmental Protection in 2007.

21 Mr. Huang noted that during the period from 2007 to 2012, the finished and ongoing projects/actions for the NPAs of China, for which the information could be collected include:

- Zhanjiang Mangrove Restoration: total 1000 hectares of mangrove restored over the past five years with 10 million Yuan investment in Zhanjiang Mangrove National Reserve;

- Three provincial marine reserve areas: Wenchang Seagrass Reserve and Xincun Seagrass Reserve in Hainan were established by Hainan Provincial Government in 2009 with 5 million Yuan of the first investment. Techeng Island Marine Park in Guangdong, established by Guangdong Government in 2011;
- Beilun Mangrove Restoration Plan: a total 10 million Yuan has been the invested by Finance Ministry of China for the infrastructure and 200 hectares of mangrove restoration;
- A Pilot Project in the Pearl River Estuary: the comprehensive study was carried out by the ministry of Environment Protection during the years from 2008 to 2010, for which 20 million Yuan from the government was invested. The project focuses on land-based pollution from rivers, including domestic waste, and from key industrial point sources and non-point sources;
- Clear Water Programs: Clear Water Programs of the three provinces, namely, Guangdong, Guangxi and Hainan, were updated in the years of 2010-2012. The new programs outline the actions and activities for the marine waters and ecosystems in the 12th and 13th five year plan; and
- Projects of the local levels for the marine and coastal ecosystems: these projects was conducted by the local governments with budget support from central and provincial governments.

22 Concerning future projects and programmes that might be considered as potential cofinancing for a GEF SAP Implementation project Mr, Huang indicated that the NPA for land based pollution was updated through a new National Action Plan for the GPA issued by the ministry of Environment Protection (MEP) in December 2011, whilst the NPAs for habitat will be updated and combined with the ongoing 12th Five Year Program for coastal and marine environment and pollution control by MEP, and with the ongoing national wetlands programs for the 12th Five Year Plan, for which a total 12.987 billion Yuan budget have been approved by the government, along with other national and local action plans for coastal and marine ecosystems. The updated action programs, among others, include:

- Mangrove restoration: a 4811 hectare area of mangrove will be planted in coastal areas in Guangdong Province;
- The Seagrass field investigation and monitor program;
- Coastal ecosystem sustainable management will be carried out. At least 3 to 5 selected sites, Wanqingsha in Guangzhou and Qinglan in Wenchang of Hainan, for example, will be under sustainable management in the five years;
- Establishing 15 new marine reserve areas and marine parks: with 11 in Guangdong province, other 4 in Hainan province. 6 existing marine reserve areas and parks in Guangdong province will be improved and firmly enforced;
- Waste and wastewater reduction: many new waster plants and facilities for waste and wastewater treatment will be constructed or expanded to reduce the pollutants into the marine water of the South China Sea. It is expected that the pollutants reduction will be up to 10 to 15 percent over the next five years along the South China Sea.

23 Mr. Dhana Yingcharoen from Thailand noted that he was unable to present a fully comprehensive report on behalf of Thailand but noted that Thailand had made substantive investments in improving the management and conservation of coastal habitats under the National Biodiversity Strategic Action Programme (NBSAP). In addition he noted that in 2012 the Royal Thai Government had invested 6 million US dollars in artificial reef construction to enhance the productivity of coastal ecosystems. He noted that in the case of mangroves substantial replanting had taken place over the last few years but that now the Royal Thai Government was facing a problem of the lack of suitable areas for replanting mangroves. He noted further that the Pollution Control Department continued to implement surveillance activities in order to evaluate water quality and that annual reports on the state of marine resources were routinely produced. He noted that some areas were planned to be declared as protected areas in the near future in the Andaman Sea.

24. Mr. Kim Nong from Cambodia presented a general overview of the Cambodian coastal zone noting that the Length of Coastline was comparatively short only 435 km; the area was approximately 1,723,700 ha, including, 69 Islands having a population of about 1 million people whose livelihoods depended upon Agriculture 67%; Industry 8%; and other services 25%. He noted that at present there were 6 Coastal Protected Areas totaling 252,700 ha. He noted further that there were several government agencies involved in activities related to the NAPs and SCS-SAP, namely the Ministry of Environment, the Department of Fisheries and Department of Forestry. Despite the wide support for the SCS SAP within the Government of Cambodia he noted the chronic shortage of funding for supporting activities that would implement the SAP in Cambodian waters.

25 Mr. Nong noted further that Cambodia had identified 32,494 ha of seagrass beds supporting 9 species of seagrass; 2,805 ha of coral reef supporting 70 species of coral; and around 40 species of mangrove. The change in areal extent of mangrove has changed from 63,039 ha in 1997 to around 55,419 ha in 2005 i.e. a loss of 7,620 ha or 12.08%. Mr. Nong stated that Cambodia faced a number of series challenges including an annual population growth rate of 3.6 %, extensive poverty and a lack of facilities for public health & education. Economic development challenges included urbanization, rapidly expanding tourism, port development and salt farming. He further stated that these social and economic stresses resulted in environmental degradation from pollution (solid and liquid wastes), and loss and degradation of the biodiversity of coastal habitats. In conclusion Mr Nong noted that whilst Cambodia was strongly in support of the regional strategic action programme and wished to fully implement the national action plans in support of this regional strategic action programme the Government of Cambodia was severely constrained in terms of both the available financial and human resources. The full report of Cambodia is appended as Annex 3 to this meeting report.

26. Mr. Cuna, from the Philippines reviewed the inputs to SAP in terms of activities contributing to SAP implementation and those relating to the implementation of the NAPs. He did so from the perspective of the actions outlined in the previous SAP implementation project developed under the previous South China Sea Project. In doing so he noted that the Philippines had committed to cofinancing of 135,000 US\$ for the regional mangrove component; 126,000 for coral reefs; 118,000 to seagrass; 102,000 to wetlands; and 105,000 to land-based pollution activities.

27. In support of the National Action Plan Implementation Mr. Cuna indicated that Philippines was committed to investing 407,000 US\$ in the mangrove component; 7.8 million US\$ for coral reefs; 770,00 for seagrass; 422,000 for wetlands; 5.3 million for Land-based Pollution; and 78,000 on legal matters. The full presentation of the Philippines is appended as Annex 4 to this report.

28 Mr. Mohd. Amin Ghazali from Malaysia noted that his country had adopted a national action plan for land-based pollution, coral reefs, wetlands and sea grass. This action plan was implemented by various agencies that related to Marine Environment and Conservation based on their respective role and function. There are several ongoing projects been implemented under 10th Malaysia Plan (Year 2011-2015) inline with in this NAP and SAP.

29 Ms. Heni Agustina from Indonesia informed the Meeting that Indonesia had implemented part of NAPs including the Action Plan for mangroves and that various actions had been undertaken in cooperation with the Fisheries, and Forestry Departments of Central Government and also the Local Government. She noted that Indonesia planned for replanting trees with a target of planting 1 billion trees. Coral reef activities in the Riau Islands had involved COREMAP Project since 2007. Seagrass replanting had also been taken in 2008 in Thousand Islands. In 2012, MOE has demonstrated 20 sites of mangrove replanting and 3 sites of artificial coral reef and transplantation. MOE is developing the government regulation on the protection and management of coral reef, sea grass and mangrove ecosystems. Other activities included are the involvement in the ASEAN Peatland Management Project; actions to address land based pollution, in particular solid waste; development of effluent standards; coastal sediment criteria guideline; and further elaboration of PROPER award system for industries that successfully comply with the effluent standard and implement better environmental management. Indonesia also involved in the GEF Project with Malaysia and Singapore: Marine Electronic Highway on the Strait of Malacca and Singapore that aim to protect the coastal environment and safety navigation, and has MEH Data Center located in Batam.

30 Mr. Vu Thanh Ca from Viet Nam informed the meeting that numerous activities in Viet Nam were relevant to the implementation of the SAP and NAPs. He noted that from 2005 shrimp farming expansion had been halted to protect mangroves and that reforestation had been initiated in many areas of Viet Nam. He noted that in some locations sediment starvation had slowed accretion at the seaward face of mangroves, particularly where muddy sediment inputs were reduced. He informed the meeting that coral reef and seagrass were being degraded by overfishing, reclamation and increased pollution. He noted further that 16 MPA sites in Viet Nam were to be established, and 10 MPAs would be established until 2015. He informed the meeting that interagency cooperation was now a requirement and that education and training was required from the level of managers downward to local level. Mr. Vu Thanh Ca has also requested for a clear written explanation on the cofinancing so that the matter would be clearly understood to his government.

Item 4. Review of the draft Project Identification Form.

31. Chair invited Mr. Nakamura, the UNEP representative, to present to the Meeting document UNEP/SCSSAP/WG.1/2, the draft Project Identification Form (PIF). Mr. Nakamura briefly reviewed the history of the development of this proposal noting the the first SCS project had developed a full project proposal which could not unfortunately be submitted to the GEF before the moratorium imposed on further IW proposals in March 2009. He noted that a previous version of this PIF had been commented upon by Malaysia and China in 2010.

32. Mr Nakamura reiterated the fact that if the proposal was to be funded under GEF 5 then the PIF would need to be endorsed by all countries by the beginning of February 2013. He suggested that the meeting focus its attention on the initial tables since if the participants could agree on the contents of these then drafting to supporting text would be a comparatively straightforward matter.

33. Mr. Gil Jacinto then invited the Meeting to review document. The meeting then proceeded to undertake a lengthy and detailed review of the draft text; to amend and agree the text for the PIF introductory tables as it appears in Annex 5 of this report.

Item 5. Evaluation of co-financing for the project

34. Mr. Gil Jacinto, the Chairperson invited the representative of UNEP to introduce the subject of cofinancing. He drew the attention of participants to the Guidance from the GEF on co-financing contained in document UNEP/SCSSAP/WG.1/INF3.

35. Mr. Nakamura briefed the meeting on the situation within the GEF regarding the ratio of cofinancing to GEF grant funds, noting that the current situation was such that, the GEF Council was expecting a higher ratio than that which applied during the operation of the first SCS Project. The expected ratio was 5:1, cofinancing to GEF grant. Mr. Nakamura noted the GEF definition of cofinancing meant that projects implemented by the governments using their own recurrent budgets, government loans, or bilateral grant funds from aid agencies all of which could be considered as cofinancing provided they had not been listed as co-financing for any other GEF project and provided that they were directed towards the goal and objective of the GEF project.

36. The Chair invited Mr. Pernetta to brief the meeting on the way in which cofinancing had been calculated for the draft project prepared in 2008. Mr. Pernetta informed the meeting that the original SCS Project had been the first GEF multi-country project to develop a coefficient for calculating the value of time invested at the national level in project related activities. He noted that this had been calculated by taking an average of the median points of government salary ranges of all seven countries. For the first project this coefficient was 70 US dollars per person per day, at the time of drafting of the second project in 2008 the coefficient had been recalculated and adopted as 95 US dollars per person per day. He noted that for any new project a new coefficient would need to be calculated based on the current government salary scales.

37. Mr. Pernetta drew the attention of participants to the annex to the report of the 10th meeting of the Regional Scientific and Technical Committee and in particular to Table 2 of Annex 6 which shows the summary of calculated in-kind and cash cofinancing. He noted that this was likely an underestimate of the cofinancing that could be raised since it was not possible to assess at the start of the project likely cofinancing that would be raised at the provincial and local government levels.

38. There followed a lengthy discussion of various issues surrounding the definition of cofinancing with questions being raised regarding particular examples of what might or might not be considered as cofinancing. Indonesia requested clarification of whether the COREMAP second phase project could be considered as cofinancing. It was clarified that those portions of the COREMAP budget that were expended in coastal areas bordering the South China Sea could be considered as cofinancing, those that were spend in areas of Indonesian waters outside the South China Sea were not. Again it was noted that the objectives of the COREMAP activities must be congruent with those of the SCS-SAP for the relevant sums of money to be considered as cofinancing.

Basic co-financing calculated in December 2012		28.6M	
Additional cash co-financing (rough estimate)			
Thailand	Coral reef Mangrove MPAs	1.5M 2 M (one year, but not clear if this level can be maintained for five years) 5M (Possibly only part of this is relevant to the project)	
China		6M	Possibly more cofinancing from provincial/local governments
Cambodia		0	No additional funding to the December 2008
Malaysia	Malaysia Marine Water Quality Index (USD 230,000) Monitoring Programme 1) Estuaries, coastal and island (USD 100,000 per year) 2) River monitoring (USD 1.6 Million per year) Coral reefs (USD 2,003,144)		
Indonesia	MoE budget (land based pollution, mangrove, coral, seagrass rehabilitation and seawater and water quality monitoring, policy and awareness) COREMAP	5M (100M)	To confirm
Viet Nam	MPAs/Estuary Coral/seagrass Mangrove rehabilitation and reforestation Land based pollution	Yet to be evaluated	To confirm
Philippines	NAP implementation - Training - National policy/awareness	5.26M (0.08M) (0.5M)	

	- Demonstration	(0.3M)	
	- WQ monitoring	(3M)	
Sub total – Additional co-financing		27.46M	
UNEP and COBSEA		2M	
Total co-financing (rough estimate)		57.06M	

39. There followed a general discussion regarding what elements of potential cofinancing could be identified by each country at the present time, on the basis of which Mr. Nakamura constructed the above table that was considered by the meeting as a reasonable estimate of potential co-financing that might be available in support of the SCS-SAP implementation project.

Item 6. Way forward.

40. In introducing this agenda item the Chair noted that the limitation was set by the timing of the GEF submission. If the countries wished to access GEF funds during GEF phase 5 the PIF would have to be endorsed by all countries no later than the 14th of February 2013.

41. The meeting agreed that the 14th February was the latest possible date by which the PIF could be submitted in order to be included in the agenda of the Council meeting in June. If this date was missed then there would not be possibly an opportunity to resubmit during GEF 5. This would mean that it would have to be submitted in GEF 6 which could mean further delays of between two and four years.

42 Mr. Nakamura agreed that the timing was very short but if the countries really wanted this project then they would have to make their best efforts to meet this deadline. He informed the meeting that a revised draft PIF would be sent to the countries for comment no later than the end of next week (13 December 2012). Initial comments as well as cofinancing figures should be returned to UNEP no later than the end of December 2012 following which the Secretariat would finalise and return the PIF for GEF operational endorsement no later that 5th January 2013 using the format attached as Annex# to this report.

43 The Vietnam and Thailand delegates noted that this time frame was very short and that given the length of country process for securing GEF focal point endorsement they felt unable to guarantee that this deadline could be met. The Philippines representative noted that even though the schedule was short he would try to personally speed the process recognizing the critical nature of the timing. The meeting agree that each country representative would make the best effort to meet the deadlines agreed.

Item 7. Any other business.

44. Mr Adler noted that as COBSEA Coordinator, it was his responsibility to ensure the implementation of decisions taken by COBSEA Intergovernmental Meetings. In this regard, he wished to bring to the attention of the meeting the text of Resolutions 1, 2 and 3 of the 20th COBSEA IGM (Nov. 2009, Viet Nam) of which relevant extracts were distributed as document UNEP/SCSSAP/WG. 1/INF. 6. The most relevant text is of Point 2 of Resolution 1, on the GEF SAP Implementation project, in which “the IGM requests the Secretariat to include emerging issues

of regional concern such as marine invasive species, marine litter and coastal erosion as integral activities of the SAP Implementation Project”.

45. Mr. Adler noted that in response to these IGM decisions, COBSEA Secretariat has developed and implemented several activities in these fields, including the development of respective regional action plans or regional programmes. The funds for these activities were mobilized by the Secretariat from external sources and donors.

46. Mr Adler then noted that in order to implement the decisions of the IGM, the coming SAP Implementation should include activities to address these identified issues of concern and other emerging issues that may be identified during the updating of the TDA and the SAP. Because of the limited time during this meeting, it was impossible to identify specific outputs and activities during the meeting but the meeting may wish to make a specific note on this, so that those issues would be addressed during the finalization of the PIF and the development of the detailed project document.

47. Following the request of COBSEA Coordinator the chair invited countries’ views on the matter.

48. Following the explicit agreement of Thailand and Cambodia, and general agreement of other countries, the meeting asked the secretariat to include relevant outputs and specific activities to address these issues of concern, coastal erosion, marine litter and invasive species and possible other emerging issues in the SCS SAP Implementation Project. The meeting noted that financial adjustments in the project’s budget will have to be done in order to accommodate these activities.

49. China had requested the Secretariat to amend the heading of document UNEP/SCSSAP/WG.1/IN. 6 to read “the GEF South China Sea SAP Implementation Project”.

Item 8. Adoption of the report of the meeting.

50. The Chairperson invited the Rapporteur, Mr. Koch Savath to present the draft report of meeting for the consideration of, and adoption by, the meeting.

51. Mr. Savath, presented the report of the meeting that was considered by the participants, discussed and amended where appropriate and adopted as the final report of the meeting, as it appears in this document.

Item 9. Closure of the meeting.

52. The Chairperson expressed his thanks to the participants, UNEP and COBSEA for an excellent meeting. The Meeting was closed by the Chair at.....