



United Nations
Environment Programme



UNEP/GEF South China Sea
Project



Global Environment
Facility

***Reversing Environmental Degradation Trends
in the
South China Sea and Gulf of Thailand***

REPORT

Third Meeting of the Project Steering Committee

Manila, Philippines, 25th – 27th February 2004



First published in Thailand in 2004 by the United Nations Environment Programme.

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Cover Figure: SEA START RC

For citation purposes this document may be cited as:

UNEP, 2004. Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand. Report of the Third Meeting of the Project Steering Committee. UNEP/GEF/SCS/PSC.3/3.

Table of Contents

1.	OPENING OF THE MEETING	1
	1.1 OPENING ADDRESS.....	1
	1.2 WELCOME ADDRESS.....	1
	1.3 INTRODUCTION OF MEMBERS.....	1
2.	ORGANISATION OF THE MEETING	2
	2.1 ELECTION OF OFFICERS	2
	2.2 CO-OPTION OF MEMBERS	2
	2.3 DOCUMENTATION AVAILABLE TO THE MEETING	3
	2.4 PROGRAMME OF WORK AND ADMINISTRATIVE ARRANGEMENTS FOR THE CONDUCT OF THE MEETING	3
3.	ADOPTION OF THE MEETING AGENDA	3
4.	OPENING STATEMENTS ON BEHALF OF THE PARTICIPATING COUNTRIES	4
5.	REPORT OF THE PROJECT DIRECTOR ON ACTIVITIES FOLLOWING THE SECOND MEETING OF THE COMMITTEE	5
6.	REPORT OF THE OUTGOING CHAIRPERSON OF THE REGIONAL SCIENTIFIC AND TECHNICAL COMMITTEE	7
7.	RECOMMENDATIONS OF THE REGIONAL SCIENTIFIC AND TECHNICAL COMMITTEE AND APPROVAL OF DEMONSTRATION SITE PROPOSALS FOR INCLUSION IN THE NETWORK OF SITES	7
8.	FINANCIAL AND BUDGETARY MATTERS	8
	8.1 EXPENDITURE REPORT FOR 2003.....	8
	8.2 PROPOSED OPERATIONAL BUDGET FOR 2004 ONWARDS	9
	8.3 PROGRESS IN IMPLEMENTING THE PROJECT FINANCING STRATEGY	11
9.	WORK PLAN AND TIMETABLE FOR THE PROJECT STEERING COMMITTEE	12
	9.1 INTER-SESSIONAL ACTIVITIES	12
	9.2 DATE AND PLACE OF THE NEXT MEETING OF THE PROJECT STEERING COMMITTEE.....	13
10.	ANY OTHER BUSINESS	13
11	ADOPTION OF THE REPORT OF THE MEETING	14
12.	CLOSURE OF THE MEETING	14

List of Annexes

ANNEX 1	List of Participants
ANNEX 2	List of Documents
ANNEX 3	Agenda
ANNEX 4	Recommendations of the Regional Scientific and Technical Committee Regarding Priority Demonstration Sites for Funding from the Project Budget
ANNEX 5	Expenditure Report 2003
ANNEX 6	Approved Operational Budget for the Years 2004 to 2007
ANNEX 7	Progress in implementing the Project Financing Strategy
ANNEX 8	Framework for Regional Co-ordination, Dissemination of Experiences, and Personnel Exchange between Sites
ANNEX 9	Proposed Work Plan and Timetable for the Project 2004 - 2007

Report of the Meeting

1. OPENING OF THE MEETING

1.1 Opening address

1.1.1 Dr. John Pernetta, the Project Director welcomed participants to the third meeting of the Project Steering Committee, on behalf of Dr. Klaus Töpfer, the Executive Director of UNEP, and Dr. Ahmed Djoghlaif, Assistant Executive Director and Director, UNEP, Division of Global Environment Facility Coordination. He noted that this meeting was an important milestone in project development since it marked the watershed between the preparatory and operational phases of the project. The committee must take decisions on disbursement of funds to the demonstration sites, such that the project could move from the preparatory phase, where planning and assessment had taken place to the operational phase that will focus on actions on the ground.

1.1.2 Dr. Pernetta noted that this committee had been designated as the over-riding authority for decision-making within the project and that it had before it the responsibility for deciding upon the priority demonstration sites, based on the scientific and technical recommendations made by the Regional Scientific and Technical Committee. He noted further that unlike all other committees and working groups convened under the project, the Project Steering Committee was a formally constituted intergovernmental body whose meetings were closed, being attended by two duly appointed representatives of each participating government, and that as the representative of UNEP he served as Secretary to the Committee and not as a member. He urged members to take appropriate decisions and expressed the hope that the meeting would be both productive and enjoyable.

1.2 Welcome address

1.2.1 The National Focal Point for the Philippines, the Honourable Ms. Elizea Gozun, Secretary, Department of Environment and Natural Resources, welcomed participants to the meeting on behalf of the Government of Philippines. She indicated that the Government of the Philippines was impressed by the results and achievements made during the preparatory phase of the project and noted that many environmental issues transcend political boundaries. The project provides a good example of all countries working together to manage marine and coastal resources, such as mangroves, and coral reefs. She also highlighted the need for governmental organisations, NGOs and the private sector to work together and to approach the issue of sustainable use from an integrated perspective.

1.2.2 She informed the meeting that during the 7th meeting of the Conference of the Parties (COP-7) to the Convention on Biological Diversity, Malaysia, Indonesia and the Philippines had signed a joint Memorandum of Understanding on the protection of the Sulu-Sulawesi sea, that provided a mechanism for these countries to work together in protecting the marine and coastal environment. She indicated that joint management of shared resources and environments was a necessity if they were to be sustainably managed and urged participants to operate on this basis during their deliberations concerning actions in the South China Sea.

1.2.3 The Honourable Secretary noted with appreciation the emphasis on revenue generation to achieve financial sustainability in the demonstration site proposals and noted that there were many such initiatives in the Philippines. She provided the meeting with a good example of revenue generation by local communities levying environmental fees from tourism. She confirmed that once the local communities derive direct benefit from conservation activities, they become fully engaged in protection of the marine environment and the sustainable use of coastal resources.

1.2.4 Ms. Gozun wished the Committee a successful meeting, and expressed the hope that all participants would enjoy their stay in Manila.

1.3 Introduction of members

1.3.1 Noting that a number of National Technical Focal Points have changed since the last meeting in Hanoi, Viet Nam, and that several new alternates were present in the meeting, the Project Director invited members and designated alternates to introduce themselves to the meeting by providing a brief outline of their experience, expertise, and involvement in the development and implementation of the project. The list of participants is attached as Annex 1 to this report.

2. ORGANISATION OF THE MEETING

2.1 Election of officers

2.1.1 Dr. Pernetta reminded members of the Rules of Procedure of the Committee, as agreed during the first meeting of the Project Steering Committee, (paragraph 10.2.2 of document UNEP/GEF/SCS/PSC.1/3) that state the committee shall elect from amongst its members a Chairperson, Vice-Chairperson and Rapporteur to serve the committee until the convening of the subsequent regular meeting. At the second meeting the committee had elected the late Mrs. Kluephan Baitrakul, Mr. Fernandino Y. Concepcion, and Dr. Zulkifli Idris, as Chairperson, Vice-Chairperson and Rapporteur, respectively (section 2 of document UNEP/GEF/SCS/PSC.2/3).

2.1.2 Dr. Pernetta noted that the Rules of Procedure allow for a single re-election of any officer who remains a member of the Committee. Members were invited to elect a Chairperson, Vice-Chairperson and Rapporteur from amongst the members, in accordance with Rule 15 of the Rules of Procedure.

2.1.3 Dr. Gil Jacinto, National Technical Focal Point from the Philippines, nominated Dr. Vo Si Tuan, the National Technical Focal Point from Viet Nam as Chairperson. The nomination was seconded by, Dr. Nawarat Krairapanond, the alternate for the National Focal Point from Thailand and Dr. Tuan was duly elected as Chairperson of the Committee.

2.1.4 Dr. Nawarat, the alternate for the National Focal Point from Thailand nominated Mr. Mingjian Chen, the National Focal Point from China, as Vice Chairperson and the nomination was accepted by all members of the committee unopposed. Mr. Chen was duly elected the Vice-Chairperson of the Committee.

2.1.5 Dr. Gil Jacinto, National Technical Focal Point from the Philippines, nominated Dr. Nawarat as Rapporteur. The nomination was seconded by, Mr. Koch Savath, the National Technical Focal Point from Cambodia and Dr. Nawarat was duly elected as Rapporteur of the meeting.

2.2 Co-option of members

2.2.1 The Project Director noted that Rule 21 of the Rules of Procedure state that a quorum of the committee shall consist of a simple majority of members, namely eight members. He noted that the meeting currently had 8 full members present but that, Ms. Gozun was unable to remain for the duration of the meeting, consequently it was necessary for the committee to formally co-opt the alternates as full members of the committee in order to proceed with the business of the meeting. He noted that Rule 6 of the Rules of Procedure states:

The PSC may agree, by consensus at the commencement of each meeting to co-opt to any meeting, or meetings of the Committee or parts thereof as the Committee shall deem appropriate:

- 1. Additional experts as observers or advisors; and*
- 2. Alternate representatives who have not been designated under rule 3 as full members.*

2.2.2 Dr. Pernetta informed the meeting that:

- (i) The National Focal Point of Cambodia, Honourable Minister Dr. Mok Mareth, had requested that Mr. Vann Monyneath, Deputy Director of Natural Resources Assessment and Environment, serve as his alternate for this meeting.
- (ii) The National Focal Point of Indonesia, Honourable Deputy Minister, Mr. Sudariyono had requested that Mr. Heru Waluyo Koseworo, serve as his alternate during this meeting, as well as serving in his own right as the newly appointed, National Technical Focal Point for Indonesia.
- (iii) The National Focal Point of the Philippines, Honourable Ms. Elisea Gozun, Secretary, Department of Environment and Natural Resources (DENR), had requested that Mr. Manuel D. Gerochi, Undersecretary, Department of Environment and Natural Resources serve as her alternate for this meeting.

- (iv) The National Technical Focal Point of Malaysia, Ms. Hajah Rosnani Ibarahim, had requested that Mr. Zainal Abidin Abdullah serve as her alternate for this meeting.
- (v) The National Focal Point of Thailand Dr. Wanee Samphantharak, Secretary-General, Office of Natural Resources and Environmental Policy and Planning had requested that Dr. Nawarat Krairapanond, Chief of Coastal and Marine Resources Management Group, Natural Resources and Environmental Management Coordination Division, Office of Natural Resources and Environmental Policy and Planning, serve as her alternate for this meeting and that Mr. Sirichai Roungrit, serve as alternate to the newly appointed National Technical Focal Point, Mr. Santi Boonprakub, Director of Natural Resources and Environmental Management Coordination Division.

2.2.3 Dr. Pernetta invited the members present, to co-opt as full members of the committee the alternates listed above. The meeting thereupon agreed to co-opt all designated alternates as full members of the committee for the duration of the meeting.

2.2.4 Dr. Pernetta then informed the committee that he had received a formal request from Ms. Gozun that two officers from the DENR be permitted to attend the meeting as observers. He noted that the two individuals concerned had served as alternate members during the second meeting of the PSC in Hanoi and invited the committee to co-opt Mr. Robert Jara, and Mr. Fernandino Y. Concepcion as observers to the meeting in accordance with Rule 6 sub-paragraph 1 of the Rules of Procedure. The meeting agreed to co-opt Mr. Jara and Mr. Concepcion as observers to the meeting.

2.3 Documentation available to the meeting

2.3.1 Dr. Pernetta, Secretary to the Committee introduced the discussion and information documents and apologised that one document had not been included in the folder but would be distributed following its finalisation and duplication. He noted that the various meeting reports circulated during the recent Regional Scientific and Technical Committee meeting had not been included in the folders of those members who had participated in that meeting but that additional copies were available should any member so require.

2.3.2 He drew the attention of the committee to the fact that the document entitled "Framework and Operational budget for 2004-2007" (UNEP/GEF/SCS/PSC.3/9) was incomplete since various decisions were before the committee that would need to be taken prior to completion of the budget. These decisions include the level of financial resources that were to be provided to the demonstration sites, and to the SEAs for: continuation of their national co-ordination role; preparation of the final National Action Plans; and providing inputs to the regional Strategic Action Programme.

2.3.3 Dr. Pernetta noted that additional copies of previously circulated meeting reports were available should members wish to obtain additional copies or need to refer to these during the course of the meeting. The list of documents is attached as Annex 2 to this report.

2.4 Programme of work and administrative arrangements for the conduct of the meeting

2.4.1 The Secretary introduced the proposed programme of work as presented in information document UNEP/GEF/SCS/PSC.3/Inf.3. He noted that the meeting would be conducted in English, and in plenary, although smaller working groups could be formed at the discretion of members, to deliberate on items between the plenary sessions.

3. ADOPTION OF THE MEETING AGENDA

3.1 The Chairperson Dr. Vo Si Tuan introduced the provisional agenda prepared by the Secretariat as document UNEP/GEF/SCS/PSC.3/1, and the annotated provisional agenda (UNEP/GEF/SCS/PSC.3/2) and invited members to propose any amendments or additions and to adopt the agenda for the meeting.

3.2 The meeting adopted the provisional agenda without modification and the agenda is attached as Annex 3 to this report.

4. OPENING STATEMENTS ON BEHALF OF THE PARTICIPATING COUNTRIES

4.1 The Chairperson then invited the senior official from each country participating in the project to give a brief opening statement regarding their countries participation in the project.

4.2 Ms. Elizea Gozun, National Focal Point from the Philippines, provided a brief summary of the status of implementation of the project activities in the Philippines, including the reviews of national data and information, reviews of existing national legislation, and preparation of the demonstration site proposals for the habitat sub-components. She informed the meeting that most tasks have been completed according to the schedules agreed by the Regional Working Groups, but that there were still some national inputs due for submission.

4.3 Ms. Gozun emphasised the importance of the Project Steering Committee considering the financial sustainability of the project at both national and regional levels.

4.4 On behalf of the National Focal Point of Cambodia, Mr. Vann Monyneath stated that the project is consistent with the national priorities of Cambodia and noted that during the preparatory phase of the project, it had been difficult for the Cambodian institutions involved in the project, to acquire sufficient data and information to complete the site characterisations due to a general lack of such information.

4.5 He noted that as a consequence, it had not been possible to rank the Cambodian sites in a manner comparable with those of other countries, with the result that only one demonstration site proposal for a combined mangrove/wetland site in Koh Kapit had been included in the priority listing. He requested the Project Steering Committee to consider how Cambodia could fully participate in project activities, not only in terms of capacity building, but more importantly, in expanding the environmental database by undertaking basic surveys of biodiversity in coastal habitats.

4.6 On behalf of the Chinese Government, Dr. Kaiming Li stated that the implementation of project activities during the preparatory phase had proceeded smoothly in China and that considerable new data and information had been acquired using the substantial co-financing resources provided by the central government. Apart from completing the national reports as required by the Regional Working Groups on the various components, support had been mobilised from various levels of government such that China was now ready to implement demonstration sites with full involvement of, and support from, the local authorities.

4.7 Dr. Li confirmed to the committee that following the achievements made by the project at both regional and national levels, the Government of China would continue to provide strong support to this project. The Government of China will consider positively the issue of financial sustainability, and plans to provide financial support to the demonstration sites after the project has been completed. He noted that relevant activities are included in the 11th 5-year national plan.

4.8 On behalf of the National Focal Point of Indonesia, Mr. Heru Waluyo, the National Technical Point, expressed the Honourable Deputy Minister Sudaryono's regrets at being unable to participate in the meeting but stated that, his Government is fully committed to providing co-financing resources to implement activities of all components in the project. He informed the meeting that Indonesia was considering submitting a demonstration site proposal for the wetland sub-component at a future date.

4.9 Mr. Zainal Abidin Abdullah, the alternate of the National Technical Focal Point from Malaysia, conveyed the apologies of the National Focal Point at being unable to attend this meeting due to the fact that most staff in the Ministry of Science, Technology and Environment were heavily engaged in the provision of Government support to the 7th meeting of the Contracting Parties to the Convention on Biological Diversity currently running in Kuala Lumpur. He informed the meeting that 5 MoUs had been signed with UNEP and further informed the meeting that Malaysia was unable to sign the remaining two MoUs covering the mangrove and fishery components. He briefed the committee on the progress achieved so far in Malaysia, including preparation of demonstration site proposals in the coral reef and seagrass sub-components. He noted that the outputs anticipated from the preparatory phase would be produced by Malaysia according to the current schedule and work plan.

4.10 Dr. Nawarat expressed sincere gratitude to the Government of the Philippines for hosting the meeting, and outlined the achievements made in Thailand during the preparatory phase. He noted that

numerous activities had been carried out in the country, under the co-ordination of the IMC and NTWG. During the past two years, the major work at national level had focused on the compilation of the data and information required by the project, and preparation of demonstration site proposals. He informed the meeting that most problems during that period have been solved through close co-operation and co-ordination of the work of the individual SEAs. He noted that local governments and communities would be more strongly involved in the next phase of the project particularly in the implementation of demonstration and pilot activities.

4.11 Dr. Nguyen Ngoc Sinh, the National Focal Point of Viet Nam stated that most project components had been well implemented in Viet Nam, being supported by the relevant governmental institutions, scientists, and people of Viet Nam. He noted that most national inputs had been provided to the PCU according to the original schedules and expressed appreciation for the assistance provided by the PCU.

5. REPORT OF THE PROJECT DIRECTOR ON ACTIVITIES FOLLOWING THE SECOND MEETING OF THE COMMITTEE

5.1 The Chairperson invited the Project Director to present the annual report of the project for the consideration of the committee, noting that this covered activities following the second meeting of the PSC, in Hanoi, in December 2002 including the outcomes of the Regional Scientific Conference, held in Bangkok from 11-13th February 2004.

5.2 Dr. Pernetta noted that certain problems had become apparent during the year in that some countries had perhaps not made as much use of the Inter-ministry Committees and National Technical Working Groups as was desirable, resulting in poor horizontal communication in some countries. He noted that the difficulties of keeping all SEAs advancing at the same rate had resulted in deferral of some regional meetings for which some countries were prepared and others were not. He sought guidance from the committee regarding deferral of future meetings and during discussion it was proposed and agreed that future meetings should be held as scheduled, regardless of whether all countries were prepared. He noted that in addition there had been some financial management problems in some SEAs reflecting weaknesses in the support services available within the institutions concerned.

5.3 In reviewing briefly activities over the two years Dr. Pernetta noted that following establishment of the PCU in January 2002 and the operationalisation of the management framework some 3.5 million US\$ had been disbursed to the Ministries and SEAs by December 2003. He noted that 22 regional meetings had been convened and that in excess of 30 national reports were currently being finalised for publication. He noted that all preparatory phase outputs would be produced by June 30th 2004.

5.4 Dr. Pernetta noted that the strong sense of national ownership had been very apparent during the recent Regional Scientific Conference and that considerable new data had been assembled and made available internationally during the preparatory phase. He highlighted the importance and value of the Regional GIS database, which made this information available internationally, and noted that there was confidence in project design and in the future outcomes of the project. He expressed the view that these developments reflected: the clear separation between the scientific and technical, and the political issues and processes; the fact that the site selection process was completely transparent and had been developed from the bottom up with full participation of all individuals; and that, the process was wholly owned by the participating countries with no influence from external entities.

5.5 Finally Dr. Pernetta noted that the Assistant Executive Director of UNEP had stated during the Regional Scientific Conference that the management framework and the decision-making process provided models of wider applicability in UNEP/GEF project design and implementation. He noted also that the financial instruments developed in this project were unique and were seen by the Bureau of Fund Management Services as being an "experiment" that if successful would be more widely applied in the execution of UNEP's activities.

5.6 Mr. Vann Monyneath asked for clarification regarding the financial management problems in the SEAs in the participating countries, and what kinds of solution the Project Co-ordinating Unit could propose since financial management would be important for the operational phase of project implementation both in regard to operations and with respect to financial sustainability and ownership. Dr. Pernetta noted that there were two aspects that needed to be considered: the first was sound

management of grant funding, and the second was the question of building financial management capacity at the sites that would enable the executing agencies to manage revenues in a financially sound manner. He noted that the PCU was providing support and advice to the SEAs and that the project had an important role to play in terms of capacity building in this regard.

5.7 The Project Director then introduced document UNEP/GEF/SCS/PSC.3/5 entitled “*Current Status of the Administrative Reports from the Inter-ministry Committees and Specialised Executing Agencies of the Participating Countries*”. He informed the meeting that the information contained in the document had been compiled in January 2004 and that a significant number of reports had been received after completion of the document. He noted that a cut-off point would have to be determined for the calculation of co-financing since this would need to be incorporated into the budget revision due in March 2004.

5.8 Dr. Pernetta then introduced the document UNEP/GEF/SCS/PSC.3/6, entitled “*Status of the Memoranda of Understanding between UNEP and the Specialised Executing Agencies as of January 2004*” noting that this document provided additional information regarding the extension of the memoranda of Understanding and a framework draft for the future MoUs. He highlighted the fact that the amendments to the MoUs contained specific work plans and delivery dates for preparatory phase outputs together with amended budgets. He noted in this regard that no additional funds had been provided to the SEAs for the period of the extension but that several SEAs had completed, or would complete the preparatory phase activities under budget. This resulted in approximately 0.5 million US\$ being available for reallocation during this meeting and he drew the attention of members to the recommendations of the RSTC regarding future use of such funds.

5.9 The meeting then discussed and accepted in principle, the recommendation of the Regional Scientific and Technical Committee regarding the reallocation of unspent funds from the preparatory phase specifically that the balance of funds in the mangrove, coral reefs and seagrass components be allocated to additional “demonstration sites”.

5.10 The committee took note of the problems arising from the late submission of administrative reports and agreed that the National Technical Focal Points would once again discuss this matter with the focal points of the SEAs, drawing their attention to the decision of the Project Steering Committee that all such reports be submitted within 10 working days of the closure of the period in question. The committee agreed that the performance of the SEA should be taken into consideration when formulating the management framework for the demonstration sites but noted that changing SEAs might result in more problems since any newly appointed focal point and SEA would have less familiarity with the reporting requirements of the Project.

5.11 Dr. Nawarat suggested that when the management framework for the demonstration sites was developed the National Technical Focal Point, in consultation with the National Focal Point, should examine the past performance of the SEAs, and confirm to the PCU the role of the SEAs for the operational phase. It was suggested that one way to improve the control at a national level would be to follow the example of Viet Nam and to make the MoUs for the next phase, tripartite, between UNEP, the SEA, and the Focal Ministry thus providing the Focal Ministry with leverage in controlling the actions of the SEA.

5.12 Dr. Nawarat indicated that the wording in one of the recommendations of the RSTC was not very clear and the Committee reviewed the relevant section of the report of the 4th meeting of the Regional Scientific and Technical Committee (paragraph 8.1.15 of the document UNEP/GEF/SCS/ RSTC.4/3), which states:

The committee further agreed that in the case of the two joint proposals and the transboundary management proposals part of the unallocated funds from the preparatory phase be assigned to each proposal in addition to the funds allocated under the existing budget for demonstration sites.

5.13 The Committee noted that “joint proposals” referred to those demonstration sites, which encompassed two or more of the habitat sub-components. The committee agreed with this recommendation, and following further minor clarifications and corrections, the meeting adopted the report of the Project Director and authorised its wide dissemination via the project website.

6. REPORT OF THE OUTGOING CHAIRPERSON OF THE REGIONAL SCIENTIFIC AND TECHNICAL COMMITTEE

6.1 In his capacity as the outgoing Chairperson of the Regional Scientific and Technical Committee, and National Technical Focal Point for Viet Nam, Dr. Vo Si Tuan presented his report on the deliberations of the Committee, for the consideration of the Project Steering Committee.

6.2 He briefly reviewed the tasks that had been assigned to, and carried out by, the Regional Scientific and Technical Committee over the last two years, which included successful oversight of the process of prioritisation and ranking of potential demonstration sites, and assessment of regional and national data and information. He focused on the outcomes of the 4th meeting of the RSTC, concluded during the preceding week, that included recommended sites that should receive financial support from the GEF grant to implement the demonstration activities; and those sites that should be supported by Medium Size Project grants.

6.3 The meeting accepted with thanks the report of the outgoing Chairperson of the Regional Scientific and Technical Committee.

7. RECOMMENDATIONS OF THE REGIONAL SCIENTIFIC AND TECHNICAL COMMITTEE AND APPROVAL OF DEMONSTRATION SITE PROPOSALS FOR INCLUSION IN THE NETWORK OF SITES

7.1 The Chairperson invited the Project Director to introduce this agenda item. The meeting was informed that during the fourth meeting of the Regional Scientific and Technical Committee specific recommendations had been prepared for the endorsement of the Project Steering Committee regarding the approval of demonstration sites and document UNEP/GEF/SCS/PSC.3/7 presents these recommendations for the consideration of the Committee.

7.2 Following a brief review of the procedures used in prioritising and ranking potential demonstration sites that had been previously agreed by the Project Steering Committee, Dr. Pernetta introduced the recommendations of the RSTC regarding the priorities that should be accorded development of the demonstration sites operational agreements. He noted that during the RSTC meeting, there had been no proposals for a self-funded demonstration site supported by the governments alone, and urged the members to seriously consider the inclusion of sites, which would demonstrate to the GEF the strength of government commitment and enhance the overall level of co-financing support to the project. He noted that the committee might wish to discuss this issue during the meeting.

7.3 He informed the meeting that during the Partnership Workshop convened as part of the Regional Scientific Conference, the representative from the GEF Secretariat had announced that GEF would provide financial support to additional demonstration sites over the next two years as part of their support to the implementation of the Strategic Action Programme. In this regard, the RSTC had recommended that the ceiling for such proposals should be identical to that of the sites funded through the project, that is, they should not exceed US\$ 400,000.

7.4 Mr. Manuel D. Gerochi, alternate of the National Focal Point from the Philippines, indicated that the ceiling for the demonstration site budgets, of US\$ 400,000, should not impact the potential outcomes of the demonstration site activities and that this ceiling should be the ceiling for grant funds. Additional co-financing to fully realise the goals and targets of the demonstration site should be assured before any proposal became operational. He emphasised the importance of the demonstration site proposals including consideration of co-financing and issues regarding financial sustainability and noted that many of the projects were not fully developed in this regard.

7.5 Mr. Vann Monyneath from Cambodia requested assistance from the PCU in developing the mechanisms that should be used to prepare the demonstration site proposals involving joint management of transboundary ecosystems by two countries. Dr. Nawarat from Thailand expressed support for this request and indicated that clear guidance on the preparation of joint management site proposals would be helpful to the countries concerned. The committee noted that preparation of proposals for management of transboundary sites would be sensitive and that the PCU had an important role to play in facilitating this process and ensuring equity in the process and its outcomes.

7.6 The meeting invited the Project Director to discuss this issue with the representatives from the countries concerned, and to propose a mechanism and process for the preparation of such proposals for consideration by the Project Steering Committee.

7.7 Mr. Mingjian Chen noted the importance of all countries participating in the demonstration site activities in order to promote regional co-operation under this project. He invited the Project Steering Committee to consider giving priority to demonstration sites in Malaysia and Cambodia.

7.8 Dr. Pernetta informed the meeting that this issue had been discussed during the recent meeting of the RSTC, which had proposed that one Cambodian mangrove and wetland demonstration site should be supported. He confirmed that the PCU will assist the focal point for wetlands from Cambodia in improving the demonstration site proposal and if the meeting agreed, this proposal could be accorded priority for funding through the existing project budget. In respect of Malaysia he informed the committee that a demonstration site proposal for the newly designated Tun Mustapha, National Park in Sabah had been accorded high rank in the prioritisation procedure, but that the RSTC had been unable to consider the proposal, as the demonstration site proposal was without a proposed budget.

7.9 Dr. Pernetta further noted that the project activity on the testing of a blast fishing detection device had been considered by the Regional Working Group on Fisheries and that it was proposed to initiate these trials in Sabah, Malaysia. If the proposed demonstration site were approved by the Project Steering Committee, the activity could be implemented under the coral reef sub-component and would complement the proposed demonstration site activities.

7.10 Dr. Gil Jacinto noted that as the estimated budgets for some of the demonstration site proposals had lower funding requirements than the agreed ceiling of US\$400,000 there might be a possibility to use the savings from those proposals to support the demonstration site proposal in Sabah.

7.11 The meeting reviewed the grant requests for the demonstration site proposals and noted that the savings from the Masinloc, coral reef site and the seagrass site in Cape Bolinao would indeed permit the committee to approve support to one more demonstration site in Malaysia. Following this, the committee invited Mr. Robert Jara to calculate the total budget requirements for all demonstration sites, with a view to identifying financial resources that could be used to support a demonstration site in Cambodia.

7.12 Following extensive discussion of the recommendations of the RSTC, the meeting approved the recommendations and agreed the list of sites (Annex 4) for support from the GEF project grant prepared by the 4th meeting of the RSTC, subject to:

- The inclusion of the Koh Kapit wetland/mangrove site and the Tun Mustapha National Park proposals in the list;
- The governments concerned, identifying and committing co-financing resources.

7.13 There followed a "*tour de table*" during which representatives from the participating countries confirmed that co-financing resources will be allocated to the demonstration site activities by the central and/or local governments concerned.

8. FINANCIAL AND BUDGETARY MATTERS

8.1 Expenditure report for 2003

8.1.1 The Project Director introduced this agenda item by presenting to the committee, document UNEP/GEF/SCS/PSC.3/8, containing the expenditure report for 2003. The report includes actual expenditures to June 30th and December 31st 2003; and the un-liquidated obligations as of December 31st 2003 presented by line item according to the budget previously approved by the Project Steering Committee (Annex 6 of document UNEP/GEF/SCS/PSC.2/3).

8.1.2 Dr. Pernetta indicated that under-expenditure was largely due to delays in implementation of project activities due to various reasons as indicated in the annual report. He noted that the delays in activities at national level had resulted in delays at the regional level that now necessitated extension of the project duration. He noted further that this would necessitate extension of the project operational phase to June 2007 to enable completion of three full years of demonstration site execution and that this has financial implications for the overall budget since the staff of the PCU would need to be retained for

longer than originally anticipated. He noted that through judicious re-allocations the proposed budget before the committee did not involve any increase in the personnel component of the budget beyond that already approved in the previous budgets.

8.1.3 Following this presentation the Chairperson invited the committee to:

- Note and approve the expenditure report as being consistent with the budget revision approved by the PSC during in December 2002;
- Provide guidance to the PCU on deferral of future regional working group meetings.

8.1.4 Dr. Jacinto noted that during the 4th meeting of the RSTC, the consequence of delays in producing outputs from the Regional Working Group on Land-based Pollution had been considered and it had been agreed that the deadlines for the submission of the pilot activity proposals, and the dates for the next meeting of the regional working group should not be changed again. He further noted that the RSTC had created a small Executive Committee of 5 members including the officers that would meet to review the proposals immediately following the next RWG-LbP meeting. Following this it was proposed that the recommendations of this Executive Committee would be circulated to all members of the Project Steering Committee for approval on a no objections basis.

8.1.5 The meeting noted and approved these arrangements and further reiterated its position that future meetings should not be deferred on the basis of non-completion of outputs by some countries but rather the meeting should proceed with what was at hand. Failure to meet deadlines on the part of some members was not considered a valid reason for future deferral.

8.1.6 Following careful consideration and noting the agreements as stated above, the committee endorsed the expenditure report presented by the Project Director as being consistent with the previously approved project budget. The report is attached as Annex 5 to this report.

8.2 Proposed operational budget for 2004 onwards

8.2.1 Dr. Tuan invited the Project Director to present the draft operational budget prepared as document UNEP/GEF/SCS/PSC.3/9, entitled "*Framework and operational budgets for 2004-2007*", that contained initial proposals for budget allocations covering the remainder of the project period. Dr. Pernetta drew the attention of the committee to the fact that as a consequence of delays in completion of the preparatory phase activities the duration of the project has been extended and the budget stretched to accommodate this extension. The present budget therefore contains proposals for operational activities to be funded to June 30th 2007 and administrative activities associated with the finalisation and closure of the project to be completed by December 31st 2007.

8.2.2 The Project Director informed the meeting that in the proposed budget table, the unspent balance from the last two years had not been re-allocated since re-allocation was dependent upon the decisions that the committee had just taken. In addition, he noted that the document contains an analysis of past costs of national level meetings and reporting incurred by the SEAs during 2002 and 2003 and presents scenarios based on a continuation of funding at present levels (scenario 1) funding at revised levels reflecting past expenditures (scenario 2) and funding based on the phase-out of GEF grant support and its replacement by funding from the Government recurrent budgets. The committee was invited to consider these alternatives and to decide upon which should be used in allocating budgets to the SEAs for the period 2004 to 2007. He noted that scenario 1 if adopted would result in a substantial budgetary shortfall.

8.2.3 The three scenarios for allocation of funds for national level co-ordination were discussed in some detail and the committee agreed that phasing out the GEF support was both desirable and necessary if full national ownership of the project management frameworks and their sustainability following closure of the project was to be assured. He noted that scenario 3 proposed that GEF support to national co-ordination in the year 2004-2005 would be 100%; in 2005-2006 this would be reduced to 50%; and in 2006-2007 it would be further reduced to 25%. Adoption of such a scenario would send a strong message to the GEF Secretariat regarding project ownership and commitment.

8.2.4 The Project Director then presented the proposed budget, component by component, and line, by line emphasising the following points:

- (i) The total cost of the personnel component of the project (budget line 1999) had been kept constant, even though the project duration would be extended for an additional 6 months, since he was of the view that funds available to institutions in-country should be maximised and administrative costs kept "*lean and mean*";
- (ii) The unspent balance of funds from the preparatory phase in the amount of US\$517,908.19 could be re-allocated to the future MoUs with national institutions or to additional demonstration sites, as discussed under previous agenda items;
- (iii) The pilot activities in the land-based pollution component had a lower budget allocation than the demonstration site activities of the habitat component since the Transboundary Diagnostic Analysis completed during the preparatory phase had identified habitat loss and degradation as the highest priority for the region; and solving problems resulting from land-based pollution requires much larger budgets than the total project budget. Therefore, it was the intention of the project to test innovative approaches to dealing with regional priority contaminants in hot spots rather than to "clean" individual hot spots of pollution;
- (iv) The costs for reporting had been increased as there were more publications produced, and there had been higher demand than originally anticipated;
- (v) The cost of the independent evaluation both mid-term and terminal had been transferred to the UNEP GEF Division fee account, releasing US\$96,000 for allocation to concrete project related activities.

8.2.5 Mr. Vann Monyneath requested clarification as to why there was no funding allocated to some SEAs for the first six months of 2004, for example those involved in the pollution and fisheries components. In response the Project Director noted that the 2003 expenditure column reflected the sums transferred to the SEAs but that not all of these funds had been expended in 2003. Where an SEA had completed an amendment to the MoU the revised budgets reflected the actual amounts spent by the SEA in 2003 and a revised estimate of requirements for the first half of 2004. Where an SEA had not completed the work plan and budget revision associated with the Amendment to the MoU the appropriate amounts could not be entered in the body of the table but were in fact indicated in the column headed "difference between PSC-3 proposal and PSC 2 approved budget".

8.2.6 Mr. Heru Waluyo indicated that he could find no budget allocation for the Regional Task Force on Economic Valuation for the years 2005 and 2006. The Project Director, noted that this was an oversight and the meeting agreed that such an allocation should be entered and the budget be adjusted accordingly.

8.2.7 Mr. Manuel D. Gerochi stated that he was of the view that the costs for national co-ordination should be switched from the GEF grant funds to government re-current budgets, as this is an appropriate step towards achieving sustainability of project benefits following expenditure of the GEF grant funds. He proposed, and the meeting agreed with this principle.

8.2.8 Regarding the progressive percentages to be used in phasing out the GEF support to national co-ordination, he further suggested that the committee could agree on the proposed percentage on a trial basis and review the situation at its next meeting in December 2004. Should it prove necessary the committee could make any necessary adjustments once the government departments had reviewed both the costs and the frequency of meetings. The meeting agreed with the suggestion made by Mr. Gerochi and decided that:

- (i) A combination of scenarios 2 and 3, as proposed by the PCU in the document UNEP/GEF/SCS.3/9, should be used in calculating allocations;
- (ii) The overall level of support from the GEF grant should be 100% in 2004-2005; 50% in 2005-2006; and 25% in 2006-2007.

8.2.9 Mr. Robert Jara presented the result of his analysis of the budget requirements of the existing demonstration site proposals, which suggested that there would be a balance of around 600 thousand US\$ available for allocation to sites other than those already approved by the Committee for support from the project budget. Based on this analysis, the meeting agreed to re-allocate savings to support

demonstration sites in Malaysia and Cambodia; and to provide additional support to the two joint habitat proposals and the two transboundary co-management proposals.

8.2.10 The Project Director agreed to rework the proposed budget incorporating these recommendations over lunch and present a revised project budget (2004-2007), during the afternoon session. Following resumption of the session in the afternoon Dr. Pernetta informed the committee that not only had he been able to accommodate all of the recommendations of the committee regarding reallocation of funds according to the decisions made by the Project Steering Committee, but that he had included a contingency to cover any unexpected difficulties encountered by the governments assuming responsibility for financial support of national co-ordination activities according to the agreed schedule.

8.2.11 In responding to a question raised by Mr. Vann Momyneath, the Project Director noted that budget allocations to the joint management sites had been split into several lines reflecting the 'core' proposal and the component to facilitate participation of the partner country, this split reflected the derivation of funds from the original budget lines for demonstration sites and re-allocated funds from the preparatory phase. For example the joint mangrove site, included the Trat Province proposal from Thailand with a budget allocation of US\$387,000 and an additional allocation of US\$153,000 derived from unspent funds from the mangrove sub-component from the preparatory phase.

8.2.12 The Project Director noted that he had completed this revision rapidly and that he proposed to check carefully the formulae overnight in order to ensure that there were no errors and to fine tune the budget lines to ensure a balanced budget for final approval by the committee at the time the meeting report was adopted. The meeting congratulated the Project Director on his rapid response to the request of the committee and approved the project budget subject to final clearance once a hard copy had been produced for review. The finalised approved budget is attached as Annex 6 to this report.

8.3 Progress in implementing the Project Financing Strategy

8.3.1 The Secretary introduced document UNEP/GEF/SCS/PSC.3/10 entitled "*Progress in implementing the Project Financing Strategy*", which provided an overview of the actions undertaken by the PCU and developments to date in respect of developing the strategy for sustainable financing in accordance with the previous instructions of the committee. The document included a brief statement regarding the outcomes of the Partnership Workshop convened in conjunction with the Regional Scientific Conference and is included as Annex 7 to this report.

8.3.2 Dr. Pernetta reported to the committee the actions that had been taken following the decision of the PSC, and informed the Committee that during the Partnership Workshop participants had remarked that the UNEP/GEF South China Sea project was one of very few to seriously consider post-project financial sustainability of outcomes at the outset of project implementation. He also noted that during the workshop the representative of the GEF Secretariat had offered additional financial support to 7 demonstration sites that were to be agreed and approved through the process adopted to date.

8.3.3 The Project Director outlined the plan for future actions in developing co-financing and financial sustainability. Mr. Gerochi indicated that the co-financing mechanisms and financial sustainability of the project are very important issues and indicated that in his view each of the actions outlined for the project as a whole needed to be undertaken by each demonstration site. The meeting agreed to the suggestion made by Mr. Gerochi that all the actions listed in the document UNEP/GEF/SCS/PSC.3/10 be taken into consideration and incorporated into the management frameworks of the demonstration sites.

8.3.4 Dr. Jacinto commented that some demonstration site proposals did include consideration of revenue generation at the site level, but noted that in order to levy appropriate "fees" or assess damages it was critical that appropriate economic valuations of coastal habitats and resources be available and noted the importance of the Regional Task Force on Economic Valuation in this regard.

9. WORK PLAN AND TIMETABLE FOR THE PROJECT STEERING COMMITTEE

9.1 Inter-sessional activities

9.1.1 The Chairperson invited the Project Director to present document UNEP/GEF/SCS/PSC.3/11 entitled *“Framework for Regional Co-ordination, Dissemination of Experiences, and Personnel Exchange between Sites”*, which had been considered and endorsed by the Regional Scientific and Technical Committee during its 4th meeting in Pattaya, Thailand. The RSTC had further instructed the Project Director to include proposals for the co-management of “transboundary” demonstration sites prior to consideration of the document by the Project Steering Committee. These amendments had been made but the committee should note that as a consequence, the framework for the management of transboundary sites had not been discussed during the meeting.

9.1.2 The Project Director noted that following the earlier invitation of the Committee he had held informal consultations with the representatives of Cambodia, Thailand, and Viet Nam concerning mechanisms for the development and preparation of the jointly managed transboundary ecosystems. It had been agreed that the first step would be for the SEAs responsible for the relevant habitat sub-component in each country to prepare a simple list of activities together with an indication of the local level stakeholders who would be involved in the activities on both sides of the national boundary. Once these lists had been prepared the PCU would convene a meeting of the National Technical Focal points and the focal points of the SEAs to initiate discussion of the nature and type of horizontal linkages that would need to be established across the borders in order to integrate actions within the habitats concerned.

9.1.3 Such a meeting should result in an outline of the necessary management framework that would need to be developed to ensure a truly integrated approach to management of the transboundary system concerned. Following this the National Technical Focal Points and focal points in the SEAs would be responsible for developing further the proposals for the national level actions, following which the PCU would act as facilitator during a joint meeting with full participation of local governments and stakeholders that would finalise the proposals. The meeting agreed the proposed approach and instructed the Project Director to initiate the process as soon as practical.

9.1.4 During discussion Dr. Li Kaiming noted that transboundary management of ecosystems was likely to be difficult and that such activities carried with them a high risk of failure that might adversely affect the overall development of the project. He urged all parties to take full consideration of the risks and to proceed with the utmost care in developing these proposals. In accepting the element of risk and the difficulties facing development of such proposals Dr. Pernetta indicated that in his view this constituted a challenge that should be grasped rather than avoided. Mr. Gerochi fully supported this view stating that rather than concentrating on single country demonstration sites this project should place more emphasis on co-managed transboundary demonstration activities.

9.1.5 With regard to the management of the demonstration site activities, Mr. Mingjian Chen stated that it was the local governments that should play the most important role in the co-ordination and management of activities at the site level. The management of the demonstration activities should be the responsibility of the local governments, with support from the SEAs and other scientific institutions. Dr. Tuan expressed his agreement that the local governments should play the dominant role in managing demonstration site activities, but noted that in practice, due to a lack of appropriate human capacity at the local level, it might be very difficult to devolve full responsibility to the local level in some sites.

9.1.6 Following extensive discussion of this issue, the committee noted that after two years of project implementation the SEAs had gained some experience in the management of project activities and therefore they should continue to play a facilitating role serving as a liaison between the local and the national levels and with the regional bodies. The meeting agreed that the management framework should include some kind of “management body” that should include representatives from the SEAs, the local government, local executing agencies, and other stakeholder at the site level. The Demonstration Site Manager should be the person responsible for executing the decisions of the management body.

9.1.7 Concerning the management of transboundary sites, the meeting agreed that the PCU’s role in mediating and facilitating relevant activities should be explicitly stated in the document. The meeting

considered the difficulties associated with managing potential transboundary sites, and agreed to add points to the document covering the issues of compromise when different views are held regarding the management of such sites; and the risk assessment.

9.1.8 The committee considered at length the issues of allowances to be provided to exchange personnel, including the issue of medical insurance. It was agreed that:

- (i) The wording of the document should be modified to allow for the provision of allowances covering accommodation, food and basic living requirements;
- (ii) The National Technical Focal Points would investigate the possibilities of medical insurance and price in each participating country, and provide the necessary information to the PCU. Simultaneously the Project Director will make an effort to identify possible solutions at the international level.

9.1.9 The meeting invited the Project Director to amend the document "*Framework for Regional Co-ordination, Dissemination of Experiences, and Personnel Exchange between Sites*" for adoption by the meeting. The revised document was presented to, and approved by, the committee and is attached as Annex 8 to this report.

9.2 Date and place of the next meeting of the Project Steering Committee

9.2.1 The Project Director informed the meeting that discussion document UNEP/GEF/SCS/PSC.3/12 contained a full revised work plan for the project for 2004 onwards and noted that this document had been prepared based on the anticipated outputs and milestones of the components and sub-components contained in the project document together with the revised work plans of the Regional Working Groups and Task Forces. He noted that the document had been considered and endorsed by the Regional Scientific and Technical Committee and invited the committee to consider and approve the draft for inclusion in the project revision.

9.2.2 The Committee approved the work plan for the Project, as prepared by the Project Co-ordinating Unit, without modification. This is attached as Annex 9 to this report.

9.2.3 The Project Director emphasised that when considering the dates of their next meeting, members should recognise that agreement implied that all members of the committee would be available and that they had no existing commitments during the agreed period. Following discussion of the proposed dates and noting that the meeting was scheduled to run sequentially from the end of the fifth meeting of the Regional Scientific and Technical Committee the committee approved the proposed dates of 13th to 15th December 2004.

9.2.4 The meeting took note of the decision of the RSTC that in view of the necessity to relocate the third meeting of the RSTC from China as a consequence of the SARS outbreak the committee had expressed the wish to convene its fifth meeting in China and had requested the Project Director to discuss this matter with the National Focal Point for China. Mr. Mingjian Chen confirmed the willingness of the Government of the People's Republic of China to host both meetings should that be the wish of the Committee.

9.2.5 The Committee expressed appreciation to the National Focal Point from China for his generous offer to host these meetings and invited the Project Director to consult with the National Focal Point regarding the precise venue(s) for the two meetings, taking into account financial matters and the travelling time. It was confirmed that the 5th RSTC meeting would be organised from 9-11 December 2004, and the PSC meeting, 13-15 December 2004.

10. ANY OTHER BUSINESS

10.1 The Chairperson noted that no items had been added at the time of adoption of the agenda of the meeting and invited members to raise any further matters if they so wished.

10.2 Dr. Vo Si Tuan requested information regarding the work plan and timetable for development and finalisation of the operational documents for the demonstration site proposals. In response the Project Director informed the meeting that those demonstration sites receiving funding from the GEF

grant under the current project budget, should be fully operational by 1st July 2004. With regard to those sites that would receive funding through the medium sized project mechanism, two sites could be funded within this year and the remainder could be supported in 2005. This clarifies priorities for investment of the time of PCU staff members. Immediately following the closure of this meeting the PCU would be in contact with all proponents of the demonstration sites and would propose a timetable of actions designed to facilitate completion of the proposals according to this schedule.

11. ADOPTION OF THE REPORT OF THE MEETING

11.1 Dr. Nawarat presented the draft report of the meeting which was considered and adopted by the committee with some minor editorial corrections, as it appears in this document.

11.2 Dr. Jacinto thanked the Secretariat for their prompt and accurate preparation of the report and the members for their willingness to accommodate his need to leave the meeting early.

12. CLOSURE OF THE MEETING

12.1 The Chairperson Dr. Vo Si Tuan thanked the Government of Philippines for their support to the meeting, and the PCU for their preparation of the meeting and in particular their rapid response to requests for action by the committee during the course of the meeting. He invited the Project Director to make a few closing remarks.

12.2 Dr. Pernetta expressed his pleasure at the ease with which the meeting had succeeded in accomplishing its agenda and in taking some difficult decisions in a spirit of consensus and co-operation. He expressed thanks to the Government of the Philippines and DENR on behalf of both UNEP and the PCU, for their efficient and effective support to the operation of the meeting.

12.3 Mr. Concepcion, on behalf of the Government of the Philippines and the DENR thanked all members for their fruitful participation and members of the local Secretariat for their support to the meeting. He expressed the hope that all members had enjoyed their time in Manila and he looked forward with pleasure to the next meeting in China.

12.4 There being no further business the Chairperson closed the meeting at 13:30 on the afternoon of February 27th 2004.

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ANNEX 2

List of Documents

Discussion documents

UNEP/GEF/SCS/PSC.3/1	Provisional Agenda.
UNEP/GEF/SCS/PSC.3/2	Provisional Annotated Agenda.
UNEP/GEF/SCS/PSC.3/3	Report of the Meeting.
UNEP/GEF/SCS/PSC.3/4	Annual Report of the Project Director, 2003.
UNEP/GEF/SCS/PSC.3/5	Current Status of the Administrative Reports from the Inter-ministry Committees and Specialised Executing Agencies of the Participating Countries.
UNEP/GEF/SCS/PSC.3/6	Status of the Memoranda of Understanding between UNEP and the Specialised Executing Agencies as of January 2004.
UNEP/GEF/SCS/PSC.3/7	Recommendations of the Regional Scientific and Technical Committee regarding the selection of demonstration sites under the habitat sub-components of the project.
UNEP/GEF/SCS/PSC.3/8	Expenditure report for 2003.
UNEP/GEF/SCS/PSC.3/9	Framework and operational budgets for 2004-2007.
UNEP/GEF/SCS/PSC.3/10	Progress in implementing the Project Financing Strategy.
UNEP/GEF/SCS/PSC.3/11	Framework for Regional Co-ordination, Dissemination of experiences, and Personnel Exchange between Sites.
UNEP/GEF/SCS/PSC.3/12	Proposed Work Plan and Timetable for the Project, 2004 - 2007.

Information documents

UNEP/GEF/SCS/PSC.3/Inf.1	Provisional List of Participants.
UNEP/GEF/SCS/PSC.3/Inf.2	Provisional List of Documents.
UNEP/GEF/SCS/PSC.3/Inf.3	Draft Programme.
UNEP/GEF/SCS/PSC.3/Inf.4	Summary of the outcomes of the first Regional Scientific Conference.
UNEP/GEF/SCS/RSTC.2/10	Guidance to the PSC on the nature and types of potential demonstration sites to be established within the Framework of the UNEP/GEF Project.
UNEP/GEF/SCS/RTF-E.1/3	First meeting of the Regional Task Force on Economic Valuation for the UNEP/GEF Project " <i>Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand</i> ". Report of the meeting. Phuket, Thailand, 11 th - 13 th September 2003 UNEP/GEF/SCS/RTF-E.1/3.
UNEP/GEF/SCS/RTF-L.1/3	First meeting of the Regional Task Force on Legal Matters for the UNEP/GEF Project " <i>Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand</i> ". Report of the meeting Phuket, Thailand, 15 th - 17 th September 2003 UNEP/GEF/SCS/RTF-L.1/3.
UNEP/GEF/SCS/RSTC.4/3	Fourth Meeting of the Regional Scientific and Technical Committee for the UNEP/GEF Project " <i>Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand</i> ". Report of the meeting. Pattaya, Thailand, 15 th - 17 th February 2004 UNEP/GEF/SCS/RSTC.4/3.
UNEP/GEF/SCS/RWG-M.4/3	Fourth Meeting of the Regional Working Group for the Mangroves Sub-component of the UNEP/GEF Project " <i>Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand</i> ". Report of the meeting. Beihai, China, 14 th - 17 th October 2003 UNEP/GEF/SCS/RWG-M.4/3.

- UNEP/GEF/SCS/RWG-CR.4/3 Fourth Meeting of the Regional Working Group for the Coral Reefs Sub-component of the UNEP/GEF Project *“Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand”*. Report of the meeting. Guangzhou, China, 27th – 30th November 2003 UNEP/GEF/SCS/RWG-CR.4/3.
- UNEP/GEF/SCS/RWG-SG.4/3 Fourth Meeting of the Regional Working Group for the Seagrass Sub-component of the UNEP/GEF Project *“Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand”*. Report of the meeting. Kota Guangzhou, China, 29th November – 2nd December 2003 UNEP/GEF/SCS/RWG-SG.4/3.
- UNEP/GEF/SCS/RWG-W.4/3 Fourth Meeting of the Regional Working Group for the Wetlands Sub-component of the UNEP/GEF Project *“Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand”*. Report of the meeting. Kuala Lumpur, Malaysia, 15th – 18th December 2003 UNEP/GEF/SCS/RWG-W.4/3.
- UNEP/GEF/SCS/RSTC.3/3 Third Meeting of the Regional Scientific and Technical Committee for the UNEP/GEF Project *“Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand”*. Report of the meeting. Phuket, Thailand, 16th - 18th June 2003 UNEP/GEF/SCS/RSTC.3/3.
- UNEP/GEF/SCS/RWG-M.3/3 Third Meeting of the Regional Working Group for the Mangroves Sub-component of the UNEP/GEF Project *“Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand”*. Report of the meeting. Bali, Indonesia, 3rd – 6th March 2003 UNEP/GEF/SCS/RWG-M.3/3.
- UNEP/GEF/SCS/RWG-W.3/3 Third Meeting of the Regional Working Group for the Wetland Sub-component of the UNEP/GEF Project *“Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand”*. Report of the meeting. Bali, Indonesia, 4th – 7th March 2003 UNEP/GEF/SCS/RWG-W.3/3.
- UNEP/GEF/SCS/RWG-CR.3/3 Third Meeting of the Regional Working Group for the Coral Reefs Sub-component of the UNEP/GEF Project *“Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand”*. Report of the meeting. Kota Kinabalu, Malaysia, 24th – 27th March 2003 UNEP/GEF/SCS/RWG-CR.3/3.
- UNEP/GEF/SCS/RWG-SG.3/3 Third Meeting of the Regional Working Group for the Seagrass Sub-component of the UNEP/GEF Project *“Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand”*. Report of the meeting. Kota Kinabalu, Malaysia, 25th – 28th March 2003 UNEP/GEF/SCS/RWG-SG.3/3.
- UNEP/GEF/SCS/RWG-F.3/3 Third Meeting of the Regional Working Group for the Fisheries Component of the UNEP/GEF Project *“Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand”*. Report of the meeting. Siem Reap, Cambodia, 29th April – 2nd May 2003 UNEP/GEF/SCS/RWG-F.3/3.
- UNEP/GEF/SCS/PSC.2/3 Second Meeting of the Project Steering Committee for the UNEP/GEF Project *“Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand”*. Report of the meeting, Hanoi, Viet Nam, 16th – 18th December 2002 UNEP/GEF/SCS/PSC.2/3.
- UNEP. 2004. Mangroves in the South China Sea. UNEP/GEF/SCS Technical Publication No. 1.
- UNEP. 2004. Coral Reefs in the South China Sea. UNEP/GEF/SCS Technical Publication No. 2.
- UNEP. 2004. Seagrass in the South China Sea. UNEP/GEF/SCS Technical Publication No. 3.
- UNEP. 2004. Wetlands Bordering the South China Sea. UNEP/GEF/SCS Technical Publication No. 4.

ANNEX 3

Agenda

- 1. OPENING OF THE MEETING**
 - 1.1 Opening address**
 - 1.2 Welcome address**
 - 1.3 Introduction of members**
- 2. ORGANISATION OF THE MEETING**
 - 2.1 Election of officers**
 - 2.2 Co-option of members**
 - 2.3 Documentation available to the meeting**
 - 2.4 Programme of work and administrative arrangements for the conduct of the meeting**
- 3. ADOPTION OF THE MEETING AGENDA**
- 4. OPENING STATEMENTS ON BEHALF OF THE PARTICIPATING COUNTRIES**
- 5. REPORT OF THE PROJECT DIRECTOR ON ACTIVITIES FOLLOWING THE SECOND MEETING OF THE COMMITTEE**
- 6. REPORT OF THE OUTGOING CHAIRPERSON OF THE REGIONAL SCIENTIFIC AND TECHNICAL COMMITTEE**
- 7. RECOMMENDATIONS OF THE REGIONAL SCIENTIFIC AND TECHNICAL COMMITTEE AND APPROVAL OF DEMONSTRATION SITE PROPOSALS FOR INCLUSION IN THE NETWORK OF SITES**
- 8. FINANCIAL AND BUDGETARY MATTERS**
 - 8.1 Expenditure report for 2003**
 - 8.2 Proposed operational budget for 2004 onwards**
 - 8.3 Progress in implementing the Project Financing Strategy**
- 9. WORK PLAN AND TIMETABLE FOR THE PROJECT STEERING COMMITTEE**
 - 9.1 Inter-sessional activities**
 - 9.2 Date and place of the next meeting of the Project Steering Committee**
- 10. ANY OTHER BUSINESS**
- 11. ADOPTION OF THE REPORT OF THE MEETING**
- 12. CLOSURE OF THE MEETING**

ANNEX 4

Recommendations of the Regional Scientific and Technical Committee Regarding Priority Demonstration Sites for Funding from the Project Budget

The outcome of the discussions of the fourth meetings of the Regional Working Groups for the habitat sub-components were considered in detail by the fourth meeting of the Regional Scientific and Technical Committee, together with the proposed priority listings of demonstration sites.

The following are the potential demonstration sites recommended by the RSTC and approved by the Project Steering Committee for GEF grant support from the project grant.

Mangroves:

- (i) Trat Province (Thailand)
- (ii) Batu Ampar (Indonesia) and
- (iii) Fangchenggang (China)
- (iv) Koh Kapik (Cambodia)

Coral reefs:

- (i) Mu Koh Chang (Thailand)
- (ii) Belitung (Indonesia)
- (iii) Masinloc (Philippines)
- (iv) Tun Mustapha Park, Sabah, (Malaysia)

Seagrass:

- (i) Hepu (China)
- (ii) Cape Bolinao (Philippines)
- (iii) Bai Bon, Phu Quoc Island (Viet Nam)

Priority Sites for Funding through the GEF Medium Sized Project Windows

The meeting agreed that the following highly ranked sites should be considered for GEF support through the additional Medium Sized Project mechanism:

- (i) Mangroves: Busuanga (Philippines)
- (ii) Xuan Thuy combined with Balat Estuary (Viet Nam)
- (iii) Coral Reefs: Ninh Hai (Viet Nam)
- (iv) Seagrasses: Trikora beach, Indonesia

With regard to the wetland proposals, the Committee made the following recommendations:

- (i) Thale Noi is the only peat swamp proposal and since this habitat has high global importance it should be considered a high priority for financial support through an MSP;
- (ii) Malampaya sound was a reasonable proposal with low funding requirements and should also be supported;
- (iii) Shantou has reasonable proposed activities, but the committee can only support the proposal if the budget is reduced to less than US\$400,000;

Figure 1 Provides a map indicating the location of the approved demonstration sites.

Multiple Habitat Sites

The Project Steering Committee discussed the issue of demonstration sites having proposals in more than one sub-component, and approved the recommendation of the RSTC that:

- (i) With regard to the proposed mangrove demonstration site in Xuan Thuy, Viet Nam, and the wetland site in the Balat Estuary it was noted that there was overlap in both the area concerned, the executing agencies and the activities. Therefore, the committee recommended that a single joint proposal be prepared under the mangrove sub-component.

- (ii) The committee noted similar issues in the case of the coral reef demonstration site proposal in Phu Quoc and the seagrass proposal for the same site. The committee recommended that a joint seagrass and coral reef proposal be prepared for funding under the seagrass sub-component.

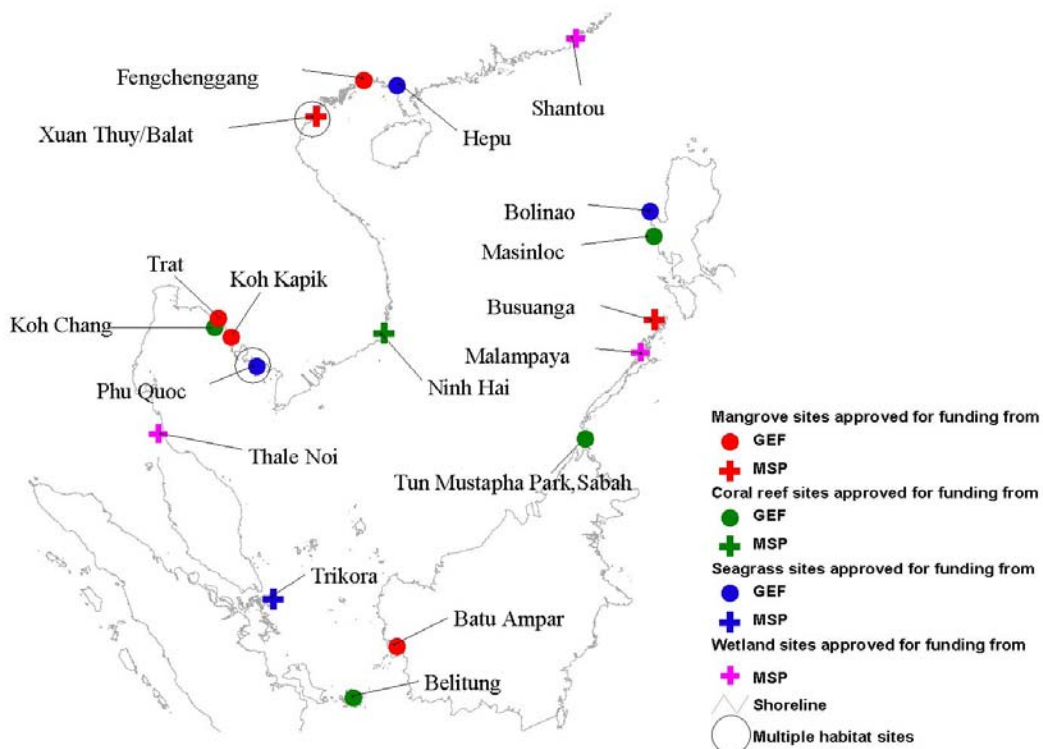
Sites with Potential for Transboundary Management

The RSTC noted and agreed with the proposal of the Regional Working Group on Mangroves that Cambodia should participate in the Trat demonstration site and that a plan for linked actions on both sides of the border should be elaborated between the focal points concerned. The Project Steering Committee approved this recommendation, allocated additional funds, and decided on the manner in which such proposals should be further developed.

In addition, the RSTC also noted that, potential joint management between Phu Quoc in Viet Nam, and Kampot in Cambodia had already been discussed in a preliminary manner between the National Technical Focal Points. The PSC approved such a joint proposal, allocated additional funds, and decided on the manner in which such proposals should be further developed.

Figure 1

Habitat Demonstration Sites Approved by PSC



ANNEX 5

Expenditure Report 2003

Background

At the time of the second Project Steering Committee meeting in December 2002 actual expenditures were only available to October of that year and estimates were provided to December 31st. Following closure of the ESCAP accounts for 2002 in January 2003 the actual expenditures were recorded in the Nairobi accounts and are presented here, together with the actual expenditures for 2003 as recorded in the final annual accounts.

Under-expenditures

Overall under-expenditure during 2003 totalled just over 2 million dollars¹ due in large part to the deferral of 1.34 million US\$ in contracts with the National Specialised Executing Agencies to cover the first phase of the demonstration site activities. Had matters proceeded according to schedule then the first disbursement for these sites (US\$600,000) would have taken place in December 2003 to ensure initiation of activities in January 2004. This delay reflects in part, delays at the national level in completion of preparatory activities including the preparation of the site proposals, and in part the deferment of the PSC meeting from December 2003 to February 2004, which reflects meeting delays earlier in the year as a consequence of the SARS outbreak.

Under-expenditures by budget component are as follows:

- US\$216,793.26 for the personnel component (Line 1000) reflecting difficulties in recruiting staff and under-expenditures on travel reflecting the workload of staff in place.
- US\$1,348,022.77 for the sub-contracts component (line 2000) including:
 - US\$730,000 for demonstration site and operational activities;
 - US\$618,022.77 in unobligated allocations to the SEAs for preparatory activities.
- US\$425,063.93 for the training component (Line 3000) reflecting: delays in convening 2 Regional Working Group meetings, the Regional Scientific Conference, the 4th RSTC and 3rd PSC meetings (c. 240,000); and, delays in implementing the intern programme.
- US\$32,622.37 for the equipment and premises component (Line 4000).
- US\$42,418.23 for the miscellaneous component.

It can be seen therefore that the bulk of the under-expenditures reflect the delays in moving from the preparatory to the operational phases of the project.

Consequence of under-expenditures

A major consequence of delays in meeting the agreed milestones and deadlines is the under-expenditure of funds in the sub-contract component compared with the approved budget accounting for the bulk (approximately 67%) of under-expenditures. Such delays can and are accommodated by re-phasing the unspent funds to the subsequent period.

One consequence of extending the existing Memoranda of Understanding to June 30th 2004 to permit carry over of preparatory phase funds and completion of anticipated outputs at the national level is that the operational phase of the project cannot now commence until July 1st 2004 at the earliest. This means that the operational phase of the project will have to be extended to June 2007 to permit the uninterrupted operation of the demonstration sites for a three-year period.

Of itself this would appear not to be a problem however, the operational activities were originally planned to run to December 31st 2006 enabling final accounts to be rendered by March 31st 2007. The contracts and salaries of PCU staff were originally budgeted to run to June 2007, permitting closure of the financial documents and the overall project budget and operations.

¹ Actual amount is US dollars 2,064,920.56.

Some PCU staff salaries will now need to be extended to December 2007. Under conditions of full staffing in the PCU this would have resulted in a requirement to transfer funds from the regional coordination and national budgets to the Personnel costs. This has however, not been done since the under-spending in 2002 and 2003 has merely been transferred forward, to ensure continuity of management to the closure of the project in December 2007.

Conclusions

The PSC was invited to note the financial consequences of the present delay in operational activities and agreed that no future meetings should be deferred on the basis of non-completion of outputs by some countries (para 8.1.5 of this report).

The Project Steering Committee endorsed the expenditure report in Table 1 as being consistent with the previously approved project budget.

Table 1 *continued* Expenditures and obligation 2002, 2003 and unspent balance of 2003 allocations.

	Code	Description	2002		2003		Unliquidated Obligations as of Jan 12 2004	Unspent Balance of Approved budget Dec 2002	
			Total expenditure	Approved budget	Actual Exp. Jan-Jun 2003	Actual Exp. Jul-Dec 2003			Total Actual Exp. Jan-Dec'03
	2200	Sub-contracts (MoU's/LA's for non-profit supporting organizations)							
	2201	MoU IMC Cambodia	15,580.00	15,880.00	7,390.00	0.00	7,390.00	0.00	8,490.00
	2202	MoU Mangrove & Wetland Cambodia	57,000.00	125,720.00	92,140.00	0.00	92,140.00	0.00	33,580.00
	2203	MoU Coral Reefs & Seagrass, Cambodia	70,785.00	99,798.37	46,178.37	0.00	46,178.37	0.00	53,620.00
	2204	MoU Fisheries Cambodia	13,966.80	35,778.20	18,778.20	0.00	18,778.20	0.00	17,000.00
	2205	MoU Pollution Cambodia	37,930.00	37,870.00	26,800.00	0.00	26,800.00	0.00	11,070.00
	2206	MoU IMC China	8,140.00	8,140.00	0.00	0.00	0.00	0.00	8,140.00
	2207	MoU Mangrove China	73,030.00	66,160.00	42,580.00	12,375.00	54,955.00	0.00	11,205.00
	2208	MoU Seagrass China	41,000.00	80,000.00	52,000.00	28,000.00	80,000.00	0.00	0.00
	2209	MoU Wetlands China	30,600.00	33,450.00	23,450.00	0.00	23,450.00	0.00	10,000.00
	2210	MoU Pollution China	44,000.00	5,000.00	0.00	27,150.00	27,150.00	0.00	-22,150.00
	2211	MoU IMC Indonesia	8,140.00	8,140.00	0.00	0.00	0.00	0.00	8,140.00
	2212	MoU Mangrove Indonesia	75,860.00	53,878.00	30,298.00	23,794.00	54,092.00	0.00	-214.00
	2213	MoU Corals Indonesia	44,170.00	19,185.00	7,515.00	1,485.00	9,000.00	0.00	10,185.00
	2214	MoU Seagrass Indonesia	78,051.00	28,687.00	19,687.00	7,727.00	27,414.00	0.00	1,273.00
	2215	MoU Wetlands Indonesia	31,465.00	10,000.00	0.00	0.00	0.00	0.00	10,000.00
	2216	MoU Fisheries Indonesia	14,000.00	24,945.00	4,615.00	-15.00	4,600.00	0.00	20,345.00
	2217	MoU Pollution Indonesia	44,000.00	24,000.00	19,000.00	0.00	19,000.00	0.00	5,000.00
	2218	MoU IMC Malaysia	8,140.00	8,140.00	0.00	0.00	0.00	0.00	8,140.00
	2219	MoU Mangrove Malaysia	0.00	60,300.00	0.00	0.00	0.00	0.00	60,300.00
	2220	MoU Corals Malaysia	17,000.00	18,840.00	0.00	0.00	0.00	0.00	18,840.00
	2221	MoU Seagrass Malaysia	41,000.00	28,000.00	0.00	0.00	0.00	0.00	28,000.00
	2222	MoU Wetlands Malaysia	0.00	66,000.00	44,000.00	0.00	44,000.00	0.00	22,000.00
	2223	MoU Fisheries Malaysia	0.00	20,330.00	0.00	0.00	0.00	0.00	20,330.00
	2224	MoU Pollution Malaysia	24,000.00	15,000.00	0.00	0.00	0.00	0.00	15,000.00
	2225	MoU IMC Philippines	8,140.00	8,140.00	0.00	0.00	0.00	0.00	8,140.00
	2226	MoU Mangrove Philippines	43,000.00	37,300.00	0.00	0.00	0.00	0.00	37,300.00
	2227	MoU Corals Philippines	44,170.00	23,768.00	12,098.00	0.00	12,098.00	0.00	11,670.00
	2228	MoU Seagrass Philippines	80,000.00	9,000.00	0.00	0.00	0.00	0.00	9,000.00
	2229	MoU Wetlands Philippines	19,000.00	37,360.13	20,360.13	0.00	20,360.13	0.00	17,000.00
	2230	MoU Fisheries Philippines	14,000.00	23,733.74	3,403.74	0.00	3,403.74	0.00	20,330.00
	2231	MoU Pollution Philippines	44,000.00	5,000.00	0.00	0.00	0.00	0.00	5,000.00
	2232	MoU IMC Thailand	16,280.00	16,280.00	8,140.00	8,140.00	16,280.00	0.00	0.00
	2233	MoU Mangrove Thailand	43,000.00	91,620.00	54,320.00	0.00	54,320.00	0.00	37,300.00
	2234	MoU Corals Thailand	41,740.00	28,830.00	17,160.00	13,210.00	30,370.00	0.00	-1,540.00
	2235	MoU Seagrass Thailand	80,000.00	10,365.00	1,365.00	737.00	2,102.00	0.00	8,263.00

Table 1 continued Expenditures and obligation 2002, 2003 and unspent balance of 2003 allocations.

	Code	Description	2002		2003				
			Total expenditure	Approved budget	Actual Exp. Jan-Jun 2003	Actual Exp. Jul-Dec 2003	Total Actual Exp. Jan-Dec'03	Unliquidated Obligations as of Jan 12 2004	Unspent Balance of Approved budget Dec 2002
	2236	MoU Wetlands Thailand	33,000.00	18,840.00	8,840.00	10,845.00	19,685.00	0.00	-845.00
	2237	MoU Fisheries Thailand	14,000.00	21,357.23	1,027.23	0.00	1,027.23	0.00	20,330.00
	2238	MoU Pollution Thailand	31,370.00	33,051.58	21,421.58	5,546.68	26,968.26	0.00	6,083.32
	2239	MoU IMC Vietnam	8,140.00	18,300.00	10,160.00	0.00	10,160.00	0.00	8,140.00
	2240	MoU Mangrove Vietnam	75,860.00	64,440.00	40,860.00	0.00	40,860.00	0.00	23,580.00
	2241	MoU Corals Vietnam	17,000.00	62,970.00	39,630.00	0.00	39,630.00	0.00	23,340.00
	2242	MoU Seagrass Vietnam	80,000.00	9,000.00	0.00	15,704.00	15,704.00	0.00	-6,704.00
	2243	MoU Wetlands Vietnam	14,000.00	38,000.00	19,000.00	22,795.05	41,795.05	0.00	-3,795.05
	2244	MoU Fisheries Vietnam	14,000.00	37,330.00	17,000.00	0.00	17,000.00	0.00	20,330.00
	2245	MoU Pollution Vietnam	44,000.00	34,000.00	29,000.00	0.00	29,000.00	0.00	5,000.00
	2246	Country MoUs unassigned	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2247	Implementation of demonstration activities (3, mangroves)	0.00	0.00	0.00	0.00	0.00	0.00	200,000.00
	2248	Implementation of demonstration activities (3, coral reefs)	0.00	0.00	0.00	0.00	0.00	0.00	200,000.00
	2249	Implementation of demonstration activities (3, seagrass)	0.00	0.00	0.00	0.00	0.00	0.00	200,000.00
	2250	Develop a priority portfolio for donor/investor support in wetland management.	0.00	0.00	0.00	0.00	0.00	0.00	40,000.00
	2251	Develop national & regional management plans for a regional system of refugia (fishery)	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00
	2252	Preparation, translation into local languages and dissemination of public awareness materials (fishery)	0.00	0.00	0.00	0.00	0.00	0.00	30,000.00
	2253	Pilot demonstration activities in improved water quality management (pollution)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2254	Testing of prototype blast fishing detection system (fishery)	0.00	0.00	0.00	0.00	0.00	0.00	40,000.00
	2255	Contract unspecified	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2256	MoU SEA START RC	0.00	0.00	0.00	193.50	193.50	0.00	11,806.50
	2299	Total	1,545,767.80	2,263,927.25	738,217.25	177,687.23	915,904.48	0.00	1,348,022.77
	2300	Sub-contracts (commercial purposes)							
	2301			0.00	0.00	0.00	0.00	0.00	0.00
	2399	Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2999	Component Total	1,545,767.80	2,263,927.25	738,217.25	177,687.23	915,904.48	0.00	1,348,022.77

Table 1 continued Expenditures and obligation 2002, 2003 and unspent balance of 2003 allocations.

	Code	Description	2002		2003				
			Total expenditure	Approved budget	Actual Exp. Jan-Jun 2003	Actual Exp. Jul-Dec 2003	Total Actual Exp. Jan-Dec'03	Unliquidated Obligations as of Jan 12 2004	Unspent Balance of Approved budget Dec 2002
3000	TRAINING COMPONENT								
	3100	Fellowships (total stipend/fees, travel, costs, etc)							
	3101	Support for young scientists working in demonstration site (mangrove)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3102	Support for young scientists working in demonstration site (coral)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3103	Support for young scientists working in demonstration site (seagrass)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3104	Support for young scientists in project management and implementation	0.00	0.00	11,379.61	1,500.00	12,879.61	16,802.00	42,500.00
	3199	Total	0.00	55,379.61	11,379.61	1,500.00	12,879.61	16,802.00	42,500.00
	3200	Group training (study tours, field trips, workshops, seminars, etc) (give title)							
	3201	Study tours to demonstration sites (mangrove)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3202	Study tours to demonstration sites (coral)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3203	Study tours to demonstration sites (seagrass)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3204	Study tours to pilot sites (pollution)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3205	Training courses workshops mangroves	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3206	Training courses workshops on coral reefs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3207	Training courses workshops on seagrasses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3208	Training workshop on wetland management	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3210	Training workshop on blast fishing detection system (fishery)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3211	Regional workshops to promote the Code of Conduct for Responsible Fisheries	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3212	Training courses, workshops on water quality management and pollution control	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3213	Training courses, workshops on resource evaluation and environmental economics	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3214	Group training unspecified	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3299	Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3300	Meetings/conferences (give title)							
	3301	Project Steering Committee meetings	17,008.30	20,000.00	0.00	0.00	0.00	0.00	20,000.00
	3302	Regional Scientific & Technical Committee	30,226.79	50,027.87	17,327.87	-3,126.48	14,201.39	602.72	35,826.48
	3303	Regional Working Group Mangroves (RWG-M)	18,541.38	32,028.03	15,978.03	8,321.58	24,299.61	1,189.00	7,728.42
	3304	Regional Working Group Corals (RWG-C)	15,269.82	31,988.77	9,838.77	9,622.56	19,461.33	2,174.00	12,527.44
	3305	Regional Working Group Seagrass (RWG-S)	20,250.21	32,026.99	12,676.99	10,494.96	23,171.95	3,201.00	8,855.04

Table 1 continued Expenditures and obligation 2002, 2003 and unspent balance of 2003 allocations.

	Code	Description	2002		2003				
			Total expenditure	Approved budget	Actual Exp. Jan-Jun 2003	Actual Exp. Jul-Dec 2003	Total Actual Exp. Jan-Dec'03	Unliquidated Obligations as of Jan 12 2004	Unspent Balance of Approved budget Dec 2002
	3306	Regional Working Group Wetlands (RWG-W)	21,745.60	32,023.65	13,673.65	12,015.82	25,689.47	0.00	6,334.18
	3307	Regional Working Group Fisheries (RWG-F)	15,206.81	32,025.58	8,725.58	-1,531.00	7,194.58	0.00	24,831.00
	3308	Regional Working Group Pollution (RWG-LbP)	22,449.03	31,457.37	10,457.37	-1,494.51	8,962.86	1,486.00	22,494.51
	3309	Develop regional management plans for a regional system of refugia for transboundary fish stocks	0.00	0.00	0.00	0.00	0.00	0.00	24,000.00
	3310	Agree on priority regional hot spots for inclusion in the SAP for the SCS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3311	Consideration of regional priority actions, targets and approaches for inclusion in the SAP	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3312	Convene two regional scientific meetings in conjunction with partnership conferences for presentation of the SAP and priority actions portfolios	0.00	0.00	0.00	0.00	0.00	30,000.00	150,000.00
	3313	6 workshops to: review national legislation; discuss modes of harmonisation; & current obligations of countries under Global Conventions. (RTF-L)	12,206.66	18,003.71	-246.29	6,065.26	5,818.97	0.00	12,184.74
	3314	Review possible approaches to meeting the common objectives of the countries in the SAP; prepare recommendations concerning the optimum mode of countries meeting their obligations under the global conventions.	0.00	0.00	0.00	0.00	0.00	0.00	25,000.00
	3315	Meeting unspecified	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3316	GIS, Data & Information workshops	12,206.66	15,000.00	0.00	0.00	0.00	0.00	15,000.00
	3317	Economic valuation	0.00	25,000.00	0.00	7,217.88	7,217.88	0.00	17,782.12
	3399	Total	185,111.26	518,581.97	88,431.97	47,586.07	136,018.04	38,652.72	382,563.93
	3999	Component Total	185,111.26	573,961.58	99,811.58	49,086.07	148,897.65	55,454.72	425,063.93
4000	EQUIPMENT & PREMISES COMPONENT								
	4100	Expendable equipment (items under (\$1,500 each, for example)							
	4101	Office supplies	3,372.17	7,518.01	1,518.01	1,517.43	3,035.44	0.00	4,482.57
	4102	Library acquisitions	0.00	3,000.00	0.00	0.00	0.00	0.00	3,000.00
	4103	Computer Software	3,042.11	0.00	0.00	0.00	0.00	0.00	0.00
	4199	Total	6,414.28	10,518.01	1,518.01	1,517.43	3,035.44	0.00	7,482.57
	4200	Non-expendable equipment (computers, office equip, etc)							
	4201	Computers	11,068.25	15,018.82	1,918.82	3,960.20	5,879.02	0.00	9,139.80
	4202	Printers	11,087.05	5,000.00	0.00	0.00	0.00	0.00	5,000.00
	4203	Copy machine	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	4204	PowerPoint OHP	3,583.82	0.00	0.00	0.00	0.00	0.00	0.00
	4205	Equipment unspecified	1,314.01	0.00	0.00	0.00	0.00	0.00	0.00
	4299	Total	27,053.13	20,018.82	1,918.82	3,960.20	5,879.02	-	14,139.80

Table 1 continued Expenditures and obligation 2002, 2003 and unspent balance of 2003 allocations.

	Code	Description	2002		2003				
			Total expenditure	Approved budget	Actual Exp. Jan-Jun 2003	Actual Exp. Jul-Dec 2003	Total Actual Exp. Jan-Dec'03	Unliquidated Obligations as of Jan 12 2004	Unspent Balance of Approved budget Dec 2002
	4300	Premises (office rent, maintenance, of premises, etc)							
	4301	Office rent	451.56	22,000.00	8,000.00	8,000.00	16,000.00	0.00	6,000.00
	4302	Furniture	4,910.33	5,000.00	0.00	0.00	0.00	0.00	5,000.00
	4303	unspecified costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	4399	Total	5,361.89	27,000.00	8,000.00	8,000.00	16,000.00	0.00	11,000.00
	4999	Component Total	38,829.30	57,536.83	11,436.83	13,477.63	24,914.46	-	32,622.37
	5000	MISCELLANEOUS COMPONENT							
	5100	Operation and maintenance of equip.							
	5101	Rental & maint. of computer equip.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	5102	Rental & maint. of copiers	0.00	2,014.09	14.09	211.82	225.91	227.91	1,788.18
	5103	Repair & maint. of vehicles & insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	5104	Rental & maint. of other office equip	0.00	197.75	197.75	0.00	197.75	0.00	0.00
	5105	Rental of meeting rooms & equip.	0.00	2,000.00	0.00	0.00	0.00	0.00	2,000.00
	5199	Total	0.00	4,211.84	211.84	211.82	423.66	227.91	3,788.18
	5200	Reporting costs (publications, maps, newsletters, printing, etc)							
	5201	Reporting	9,518.42	37,970.48	10,170.48	19,394.77	29,565.25	0.00	8,405.23
	5202	Publication (other than reports)	5,467.68	10,000.00	0.00	0.00	0.00	0.00	10,000.00
	5203	Webpage design and updating	4,547.37	0.00	0.00	0.00	0.00	0.00	0.00
	5204	Newsletter		5000	0.00	0.00	0.00	0.00	5,000.00
	5299	Total	19,533.47	52,970.48	10,170.48	19,394.77	29,565.25	0.00	23,405.23
	5300	Sundry (communications, postage, freight, clearance charges, etc)							
	5301	Communication	7,758.83	15,978.01	1,978.01	3,349.36	5,327.37	85.73	10,650.64
	5302	postage/freight	4,326.66	9,949.85	4,949.85	5,200.82	10,150.67	0.00	-200.82
	5303	unspecified	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	5399	Total	12,085.49	25,927.86	6,927.86	8,550.18	15,478.04	85.73	10,449.82
	5400	Hospitality and entertainment							
	5401	Hospitality and entertainment	1,000.00	4,775.00	0.00	0.00	0.00	0.00	4,775.00
	5499	Total	1,000.00	4,775.00	0.00	0.00	0.00	0.00	4,775.00
	5500	Evaluation (consultants fees/travel/DSA, admin support, etc. internal projects)							
	5501	Evaluation (consultants fees/travel/DSA)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	5599	Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	5999	Component Total	32,618.96	87,885.18	17,310.18	28,156.77	45,466.95	313.64	42,418.23
	9999	Total	2,261,238.04	3,756,282.69	1,088,453.19	602,908.94	1,691,362.13	58,388.36	2,064,920.56

ANNEX 6

Approved Operational Budget for the Years 2004 to 2007

		2002	2003	2004	2005	2006	2007	PROPOSAL TO PSC-3	PSC Approved 2001	PSC Approved December 02	Difference Between PSC-3 & PSC-2
		Total Expenditure	Total Expenditure	Commitment	Commitment	Commitment	Commitment				
1000	PROJECT PERSONNEL COMPONENT										
	1100 Project Personnel w/m (Show title/grade)										
	1101 Project Director (L6) Pernetta	126,102.56	156,710.14	160,000.00	166,000.00	166,000.00	170,000.00	944,812.70	761,000.00	730,000.00	214,812.70
	1102 1/2 Senior Expert (L5) Jiang half-time	61,093.84	71,517.99	74,000.00	74,000.00	74,000.00	0.00	354,611.83	359,000.00	392,000.00	-37,388.17
	1103 Expert (L4) discontinued January 2003	101,022.32	1,435.85	0.00	0.00	0.00	0.00	102,458.17	608,000.00	117,000.00	-14,541.83
	1104 Expert (L3) Passfield	78,915.36	112,367.23	130,000.00	130,000.00	130,000.00	0.00	581,282.59	504,000.00	483,000.00	98,282.59
	1105 Junior Expert (L2) Chen	0.00	42,237.14	85,000.00	87,500.00	90,000.00	48,000.00	352,737.14	0.00	322,000.00	30,737.14
	1106 Junior Expert (L2) Vacant	0.00	1,340.88	42,500.00	85,000.00	0.00	0.00	128,840.88	0.00	294,000.00	-165,159.12
	1107 Junior Expert (L2) Nita	0.00	20,822.27	85,000.00	87,500.00	90,000.00	70,000.00	353,322.27	0.00	0.00	353,322.27
	1199 Total	367,134.08	406,431.50	576,500.00	630,000.00	550,000.00	288,000.00	2,818,065.58	2,232,000.00	2,338,000.00	480,065.58
	1200 Consultants w/m (Give description of activity/service)										
	1201 Drafting and finalisation of metadata fields & evaluation guidelines, mangroves.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,000.00	0.00	0.00
	1202 Develop criteria and elements of a national action plans to maintain regionally important mangroves areas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,000.00	0.00	0.00
	1203 Develop regional criteria and SAP elements for mangroves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,000.00	0.00	0.00
	1204 Develop regional framework for metadata and linkages for national data systems	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,000.00	0.00	0.00
	1205 Draft the criteria, guidelines for national management plans and for economic evaluation (coral)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,000.00	0.00	0.00
	1206 Development of regional priority actions for inclusion in the SAP (coral)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,000.00	0.00	0.00
	1207 Develop the criteria, guidelines for national management plans and for economic evaluation (seagrass)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,000.00	0.00	0.00
	1208 Development of regional priority actions for inclusion in the SAP to maintain regionally significant seagrass meadows (seagrass)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,000.00	0.00	0.00

			2002	2003	2004	2005	2006	2007	PROPOSAL TO PSC-3	PSC Approved 2001	PSC Approved December 02	Difference Between PSC-3 & PSC-2
			Total Expenditure	Total Expenditure	Commitment	Commitment	Commitment	Commitment				
1209	Prepare a regional review of wetlands projects, management & use; draft criteria for prioritisation; guidelines for the national management plans and for economic evaluation (wetland)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,000.00	0.00	0.00
1210	Develop awareness materials for use among small and artisanal fishing communities in the priority areas		0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,000.00	0.00	0.00
1211	Prepare draft regional water quality objectives and water quality and effluent standards for consideration by RWG-Lb-P		0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,000.00	0.00	0.00
1212	Prepare guidelines for the development of national management plans, aimed at implementing the GPA/LBA (pollution)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,000.00	0.00	0.00
1213	Develop a South China Sea strategic approach to mitigating priority regional hot spots for inclusion in the SAP for the SCS (pollution)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,000.00	0.00	0.00
1214	Regional Scientific & Technical Advisors		12,172.50	25,000.00	16,000.00	10,000.00	10,000.00	0.00	73,172.50	60,000.00	64,000.00	9,172.50
1215	Unassigned		0.00	0.00	10,000.00	15,000.00	15,000.00	0.00	40,000.00	98,000.00	84,000.00	-44,000.00
1216	Consultant in financial sustainability		0.00	50,000.00	50,000.00	0.00	0.00	0.00	100,000.00	0.00	100,000.00	0.00
1217	Environmental legal specialists		0.00	0.00	10,000.00	10,000.00	10,000.00	0.00	30,000.00	0.00	47,000.00	-17,000.00
1218	Environmental Economics & Resource valuation		0.00	0.00	10,000.00	10,000.00	10,000.00	0.00	30,000.00	0.00	49,000.00	-19,000.00
1299	Total		12,172.50	75,000.00	96,000.00	45,000.00	45,000.00	0.00	273,172.50	368,000.00	344,000.00	-70,827.50
1300	Administrative support w/m (Show title/grade)											
1301	Associate admin. Offer (L2)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	399,000.00	315,000.00	-315,000.00
1302	Programme Assistant		16,952.58	23,524.38	34,000.00	34,000.00	36,000.00	38,000.00	182,476.96	213,000.00	181,000.00	1,476.96
1303	Secretary (G4)		0.00	5,547.40	16,000.00	18,000.00	20,000.00	10,000.00	69,547.40	0.00	80,000.00	-10,452.60
1399	Total		16,952.58	29,071.78	50,000.00	52,000.00	56,000.00	48,000.00	252,024.36	612,000.00	576,000.00	-323,975.64
1400	Volunteers w/m											
1401			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1499	Total		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1600	Travel on official business											
1601	Staff Travel (regional)		43,414.97	44,662.93	47,000.00	50,000.00	36,000.00	8,500.00	229,577.90	270,000.00	257,000.00	-27,422.10
1602	Staff Travel (global)		0.00	3,632.38	22,527.28	20,000.00	20,000.00	8,000.00	74,159.66	160,000.00	127,000.00	-52,840.34
1603	Staff Travel (country visits)		0.00	0.00	15,000.00	5,000.00	5,000.00	0.00	25,000.00	30,000.00	30,000.00	-5,000.00
1699	Total		43,414.97	48,295.31	84,527.28	75,000.00	61,000.00	16,500.00	328,737.56	460,000.00	414,000.00	-85,262.44
1999	Component Total		439,674.13	558,798.59	807,027.28	802,000.00	712,000.00	352,500.00	3,672,000.00	3,672,000.00	3,672,000.00	0.00

		2002	2003	2004	2005	2006	2007	PROPOSAL TO PSC-3	PSC Approved 2001	PSC Approved December 02	Difference Between PSC-3 & PSC-2	
		Total Expenditure	Total Expenditure	Commitment	Commitment	Commitment	Commitment					
2000	SUB-CONTRACT COMPONENT											
	2100	Sub-contracts (MoU's/LA's for UN cooperating agencies)										
	2101	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	2199	Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	2200	Sub-contracts (MoU's/LA's for non-profit SOs)										
	2201	MoU IMC Cambodia	15,580.00	7,390.00	17,730.00	12,210.00	6,105.00	2,035.00	61,050.00	32,560.00	32,560.00	28,490.00
	2202	MoU Mangrove & Wetland Cambodia	57,000.00	92,140.00	32,457.00	5,850.00	5,675.00	1,225.00	194,347.00	206,300.00	206,300.00	-11,953.00
	2203	MoU Coral Reefs & Seagrass, Cambodia	70,785.00	46,178.37	47,690.63	5,850.00	5,675.00	1,225.00	177,404.00	201,340.00	201,340.00	-23,936.00
	2204	MoU Fisheries Cambodia	13,966.80	18,778.20	18,585.00	5,850.00	5,675.00	1,225.00	64,080.00	51,330.00	51,330.00	12,750.00
	2205	MoU Pollution Cambodia	37,930.00	26,800.00	13,270.00	5,850.00	5,675.00	1,225.00	90,750.00	78,000.00	78,000.00	12,750.00
	2206	MoU IMC China	8,140.00	0.00	32,560.00	12,210.00	6,105.00	2,035.00	61,050.00	32,560.00	32,560.00	28,490.00
	2207	MoU Mangrove China	73,030.00	54,955.00	15,215.00	5,850.00	5,675.00	1,225.00	155,950.00	140,300.00	140,300.00	15,650.00
	2208	MoU Seagrass China	41,000.00	80,000.00	2,900.00	5,850.00	5,675.00	1,225.00	136,650.00	121,000.00	121,000.00	15,650.00
	2209	MoU Wetlands China	30,600.00	23,450.00	14,850.00	5,850.00	5,675.00	1,225.00	81,650.00	66,000.00	66,000.00	15,650.00
	2210	MoU Pollution China	44,000.00	27,150.00	9,750.00	5,850.00	5,675.00	1,225.00	93,650.00	78,000.00	78,000.00	15,650.00
	2211	MoU IMC Indonesia	8,140.00	0.00	32,560.00	12,210.00	6,105.00	2,035.00	61,050.00	32,560.00	32,560.00	28,490.00
	2212	MoU Mangrove Indonesia	75,860.00	54,092.00	13,248.00	5,850.00	5,675.00	1,225.00	155,950.00	140,300.00	140,300.00	15,650.00
	2213	MoU Corals Indonesia	44,170.00	9,000.00	30,060.00	5,850.00	5,675.00	1,225.00	95,980.00	80,340.00	80,340.00	15,640.00
	2214	MoU Seagrass Indonesia	78,051.00	27,414.00	13,000.00	5,850.00	5,675.00	1,225.00	131,215.00	121,000.00	121,000.00	10,215.00
	2215	MoU Wetlands Indonesia	31,465.00	0.00	16,554.00	5,850.00	5,675.00	1,225.00	60,769.00	66,000.00	66,000.00	-5,231.00
	2216	MoU Fisheries Indonesia	14,000.00	4,600.00	35,630.00	5,850.00	5,675.00	1,225.00	66,980.00	51,330.00	51,330.00	15,650.00
	2217	MoU Pollution Indonesia	44,000.00	19,000.00	17,900.00	5,850.00	5,675.00	1,225.00	93,650.00	78,000.00	78,000.00	15,650.00
	2218	MoU IMC Malaysia	8,140.00	0.00	32,560.00	12,210.00	6,105.00	2,035.00	61,050.00	32,560.00	32,560.00	28,490.00
	2219	MoU Mangrove Malaysia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	140,300.00	140,300.00	140,000.00
	2220	MoU Corals Malaysia	17,000.00	0.00	37,000.00	5,850.00	5,675.00	1,225.00	66,750.00	80,340.00	80,340.00	-13,590.00
	2221	MoU Seagrass Malaysia	41,000.00	0.00	33,000.00	5,850.00	5,675.00	1,225.00	86,750.00	121,000.00	121,000.00	-34,250.00
	2222	MoU Wetlands Malaysia	0.00	44,000.00	2,900.00	5,850.00	5,675.00	1,225.00	59,650.00	66,000.00	66,000.00	-6,350.00
	2223	MoU Fisheries Malaysia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	51,330.00	51,330.00	-51,330.00
	2224	MoU Pollution Malaysia	24,000.00	0.00	2,900.00	5,850.00	5,675.00	1,225.00	39,650.00	78,000.00	78,000.00	-38,350.00
	2225	MoU IMC Philippines	8,140.00	0.00	32,560.00	12,210.00	6,105.00	2,035.00	61,050.00	32,560.00	32,560.00	28,490.00
	2226	MoU Mangrove Philippines	43,000.00	0.00	2,900.00	5,850.00	5,675.00	1,225.00	58,650.00	140,300.00	140,300.00	-81,650.00
	2227	MoU Corals Philippines	44,170.00	12,098.00	18,782.00	5,850.00	5,675.00	1,225.00	87,800.00	80,340.00	80,340.00	7,460.00
	2228	MoU Seagrass Philippines	80,000.00	0.00	30,016.00	5,850.00	5,675.00	1,225.00	122,766.00	121,000.00	121,000.00	1,766.00
	2229	MoU Wetlands Philippines	19,000.00	20,360.13	25,734.39	5,850.00	5,675.00	1,225.00	74,944.52	66,000.00	66,000.00	8,944.52
	2230	MoU Fisheries Philippines	14,000.00	3,403.74	35,495.78	5,850.00	5,675.00	1,225.00	62,749.52	51,330.00	51,330.00	11,419.52
	2231	MoU Pollution Philippines	44,000.00	0.00	34,000.00	5,850.00	5,675.00	1,225.00	90,750.00	78,000.00	78,000.00	12,750.00
	2232	MoU IMC Thailand	16,280.00	16,280.00	16,280.00	12,210.00	6,105.00	2,035.00	69,190.00	32,560.00	32,560.00	36,630.00
	2233	MoU Mangrove Thailand	43,000.00	54,320.00	45,880.00	5,850.00	5,675.00	1,225.00	155,950.00	140,300.00	140,300.00	15,650.00
	2234	MoU Corals Thailand	41,740.00	30,370.00	11,120.00	5,850.00	5,675.00	1,225.00	95,980.00	80,340.00	80,340.00	15,640.00

		2002	2003	2004	2005	2006	2007	PROPOSAL TO PSC-3	PSC Approved 2001	PSC Approved December 02	Difference Between PSC-3 & PSC-2
		Total Expenditure	Total Expenditure	Commitment	Commitment	Commitment	Commitment				
2235	MoU Seagrass Thailand	80,000.00	2,102.00	35,298.00	5,850.00	5,675.00	1,225.00	130,150.00	121,000.00	121,000.00	9,150.00
2236	MoU Wetlands Thailand	33,000.00	19,685.00	16,215.00	5,850.00	5,675.00	1,225.00	81,650.00	66,000.00	66,000.00	15,650.00
2237	MoU Fisheries Thailand	14,000.00	1,027.23	24,241.38	5,850.00	5,675.00	1,225.00	49,118.61	51,330.00	51,330.00	-2,211.39
2238	MoU Pollution Thailand	31,370.00	26,968.26	22,561.74	0.00	5,675.00	1,225.00	84,900.00	78,000.00	78,000.00	6,900.00
2239	MoU IMC Vietnam	8,140.00	10,160.00	22,400.00	12,210.00	6,105.00	2,035.00	61,050.00	32,560.00	32,560.00	28,490.00
2240	MoU Mangrove Vietnam	75,860.00	40,860.00	23,580.00	5,850.00	5,675.00	1,225.00	153,050.00	140,300.00	140,300.00	12,750.00
2241	MoU Corals Vietnam	17,000.00	39,630.00	26,600.00	5,850.00	5,675.00	1,225.00	95,980.00	80,340.00	80,340.00	15,640.00
2242	MoU Seagrass Vietnam	80,000.00	15,704.00	28,196.00	5,850.00	5,675.00	1,225.00	136,650.00	121,000.00	121,000.00	15,650.00
2243	MoU Wetlands Vietnam	14,000.00	41,795.05	13,104.95	5,850.00	5,675.00	1,225.00	81,650.00	66,000.00	66,000.00	15,650.00
2244	MoU Fisheries Vietnam	14,000.00	17,000.00	20,330.00	5,850.00	5,675.00	1,225.00	64,080.00	51,330.00	51,330.00	12,750.00
2245	MoU Pollution Vietnam	44,000.00	29,000.00	2,900.00	5,850.00	5,675.00	1,225.00	88,650.00	78,000.00	78,000.00	10,650.00
2246	Country MoUs unassigned	0.00	0.00	0.00	202,694.00	100,000.00	0.00	302,694.00	700,000.00	700,000.00	-397,306.00
2247	Implementation of demonstration activities (3, mangroves)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,200,000.00	1,200,000.00	-1,200,000.00
2247a	Trat Province							387,000.00			387,000.00
2247b	Batu Ampur West Kalimantan							400,000.00			400,000.00
2247c	Fanchenggang City							400,000.00			400,000.00
2247d	Co-management Thailand/Cambodia							153,000.00			153,000.00
2247e	Cambodia mangrove and wetlands Koh Kapit							100,000.00			100,000.00
2248	Implementation of demonstration activities (3, coral reefs)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,200,000.00	1,200,000.00	-1,200,000.00
2248a	Mu Koh Chang							374,000.00			374,000.00
2248b	Belitung							345,000.00			345,000.00
2248c	Masinloc							118,000.00			118,000.00
2248d	Tun Mustapha Park, Sabah							200,000.00			200,000.00
2248e	Vietnam-Cambodia							163,000.00			163,000.00
2249	Implementation of demonstration activities (3, seagrass)	0.00	0.00	200,000.00	400,000.00	400,000.00	100,000.00	0.00	1,100,000.00	1,100,000.00	-1,100,000.00
2249a	Hepu China							400,000.00			400,000.00
2249b	Cape Bolinao							135,000.00			135,000.00
2249c	Bai Bon Phu Quoc Island							287,000.00			287,000.00
2249d	Tun Mustapha Park, Sabah							200,000.00			200,000.00
2249e	Seagrass/coral Phu Quoc							78,000.00			78,000.00
2250	Develop a priority portfolio for donor/investor support in wetland management	0.00	0.00	40,000.00	40,000.00	0.00	0.00	80,000.00	80,000.00	80,000.00	0.00
2251	Develop national & regional management plans for a regional system of refugia (fishery)	3,210.00	0.00	21,790.00	20,000.00	15,000.00	0.00	60,000.00	80,000.00	60,000.00	0.00
2252	Preparation, translation into local languages and dissemination of public awareness materials (fishery)	0.00	0.00	50,000.00	20,000.00	20,000.00	0.00	90,000.00	100,000.00	100,000.00	-10,000.00

			2002	2003	2004	2005	2006	2007	PROPOSAL TO PSC-3	PSC Approved 2001	PSC Approved December 02	Difference Between PSC-3 & PSC-2
			Total Expenditure	Total Expenditure	Commitment	Commitment	Commitment	Commitment				
	2253	Pilot demonstration activities in improved water quality management (pollution)	0.00	0.00	80,000.00	160,000.00	100,000.00	0.00	340,000.00	290,000.00	290,000.00	50,000.00
	2254	Testing of prototype blast fishing detection system (fishery)	0.00	0.00	50,000.00	100,000.00	60,000.00	0.00	210,000.00	210,000.00	210,000.00	0.00
	2255	Contract unspecified	0.00	0.00	40,062.85	40,000.00	40,000.00	0.00	120,062.85	126,000.00	126,000.00	-5,937.15
	2256	MoU SEA START RC	0.00	193.50	5,500.00	9,000.00	5,500.00	0.00	20,193.50		20,000.00	193.50
	2299	Total	1,545,767.80	915,904.48	1,447,867.72	1,281,914.00	987,535.00	158,345.00	8,965,734.00	8,941,040.00	8,941,040.00	24,694.00
	2999	Component Total	1,545,767.80	915,904.48	1,447,867.72	1,281,914.00	987,535.00	158,345.00	8,965,734.00	8,941,040.00	8,941,040.00	24,694.00
3000	TRAINING COMPONENT											
	3100	Fellowships (total stipend/fees, travel, costs, etc)										
	3101	Support for young scientists working in demonstration site (mangrove)	0.00	0.00	22,000.00	44,000.00	22,000.00	0.00	88,000.00	90,000.00	88,000.00	0.00
	3102	Support for young scientists working in demonstration site (coral)	0.00	0.00	22,000.00	44,000.00	22,000.00	0.00	88,000.00	90,000.00	88,000.00	0.00
	3103	Support for young scientists working in demonstration site (seagrass)	0.00	0.00	22,000.00	44,000.00	22,000.00	0.00	88,000.00	90,000.00	88,000.00	0.00
	3104	Support for young professionals in project management and implementation	0.00	29,681.61	22,000.00	0.00	0.00	0.00	51,681.61	60,000.00	77,000.00	-25,318.39
	3105	Support for young scientists working in demonstration site (wetlands)	0.00	0.00	0.00	44,998.15	0.00	0.00	44,998.15	0.00	0.00	44,998.15
	3199	Total	0.00	29,681.61	88,000.00	176,998.15	66,000.00	0.00	360,679.76	330,000.00	341,000.00	19,679.76
	3200	Group training (study tours, field trips, workshops, seminars, etc)										
	3201	Study tours to demonstration sites (mangrove)	0.00	0.00	30,000.00	54,000.00	42,000.00	0.00	126,000.00	120,000.00	120,000.00	6,000.00
	3202	Study tours to demonstration sites (coral)	0.00	0.00	30,000.00	54,000.00	42,000.00	0.00	126,000.00	120,000.00	120,000.00	6,000.00
	3203	Study tours to demonstration sites (seagrass)	0.00	0.00	30,000.00	54,000.00	42,000.00	0.00	126,000.00	110,000.00	110,000.00	16,000.00
	3204	Study tours to pilot sites (pollution)	0.00	0.00	30,000.00	50,000.00	40,000.00	0.00	120,000.00	120,000.00	120,000.00	0.00
	3205	Training courses workshops mangroves	0.00	0.00	0.00	30,000.00	30,000.00	0.00	60,000.00	60,000.00	60,000.00	0.00
	3206	Training courses workshops on coral reefs	0.00	0.00	30,000.00	30,000.00	0.00	0.00	60,000.00	60,000.00	60,000.00	0.00
	3207	Training courses workshops on seagrasses	0.00	0.00	30,000.00	30,000.00	0.00	0.00	60,000.00	60,000.00	60,000.00	0.00
	3208	Training workshop on wetland management	0.00	0.00	0.00	50,000.00	0.00	0.00	50,000.00	50,000.00	50,000.00	0.00
	3210	Training workshop on blast fishing detection system (fishery)	0.00	0.00	40,000.00	0.00	0.00	0.00	40,000.00	40,000.00	40,000.00	0.00

			2002	2003	2004	2005	2006	2007	PROPOSAL TO	PSC Approved	PSC Approved	Difference
			Total	Total	Commitment	Commitment	Commitment	Commitment	PSC-3	2001	December 02	Between
			Expenditure	Expenditure								PSC-3 &
												PSC-2
3211	Regional workshops to promote the Code of Conduct for Responsible Fisheries		0.00	0.00	30,000.00	30,000.00	0.00	0.00	60,000.00	60,000.00	60,000.00	0.00
3212	Training courses, workshops on water quality management and pollution control		0.00	0.00	0.00	30,000.00	30,000.00	0.00	60,000.00	90,000.00	90,000.00	-30,000.00
3213	Training courses, workshops on resource evaluation and environmental economics		0.00	0.00	30,000.00	30,000.00	30,000.00	0.00	90,000.00	90,000.00	90,000.00	0.00
3214	Group training unspecified		0.00	0.00	30,000.00	30,000.00	20,000.00	0.00	80,000.00	100,000.00	80,000.00	0.00
3299	Total		0.00	0.00	310,000.00	472,000.00	276,000.00	0.00	1,058,000.00	1,080,000.00	1,060,000.00	-2,000.00
3300	Meetings/conferences (give title)											0.00
3301	Project Steering Committee meetings		16,002.25	0.00	40,000.00	20,000.00	20,000.00	0.00	96,002.25	125,000.00	95,000.00	1,002.25
3302	Regional Scientific & Technical Committee		29,035.69	14,804.11	50,000.00	25,000.00	25,000.00	0.00	143,839.80	180,000.00	155,000.00	-11,160.20
3303	Regional Working Group Mangroves (RWG-M)		18,606.38	25,488.61	16,000.00	36,000.00	18,000.00	0.00	114,094.99	118,000.00	120,792.00	-6,697.01
3304	Regional Working Group Corals (RWG-C)		15,030.82	21,635.33	16,000.00	18,000.00	18,000.00	0.00	88,666.15	116,000.00	99,417.00	-10,750.85
3305	Regional Working Group Seagrass (RWG-S)		20,444.21	26,372.95	16,000.00	18,000.00	18,000.00	0.00	98,817.16	116,000.00	104,145.00	-5,327.84
3306	Regional Working Group Wetlands (RWG-W)		21,901.17	25,689.47	16,000.00	18,000.00	18,000.00	0.00	99,590.64	126,000.00	106,204.00	-6,613.36
3307	Regional Working Group Fisheries (RWG-F)		14,951.81	7,194.58	24,000.00	18,000.00	18,000.00	0.00	82,146.39	108,000.00	97,165.00	-15,018.61
3308	Regional Working Group Pollution (RWG-LbP)		21,692.29	10,448.86	24,000.00	18,000.00	18,000.00	0.00	92,141.15	116,000.00	106,043.00	-13,901.85
3309	Develop regional management plans for a regional system of refugia for transboundary fish stocks		0.00	0.00	24,000.00	24,000.00	0.00	0.00	48,000.00	75,000.00	72,000.00	-24,000.00
3310	Agree on priority regional hot spots for inclusion in the SAP for the SCS		0.00	0.00	24,000.00	24,000.00	0.00	0.00	48,000.00	50,000.00	48,000.00	0.00
3312	Convene two regional scientific meetings in conjunction with partnership conferences for presentation of the SAP and priority actions portfolios		0.00	30,000.00	120,000.00	0.00	150,000.00	0.00	300,000.00	200,000.00	300,000.00	0.00
3313	6 workshops to: review national legislation; discuss modes of harmonisation; & current obligations of countries under Global Conventions.		12,130.66	5,818.97	36,000.00	36,000.00	36,000.00	0.00	125,949.63	108,000.00	108,000.00	17,949.63
3314	Review possible approaches to meeting the common objectives of the countries in the SAP		0.00	0.00	25,000.00	50,000.00	25,000.00	0.00	100,000.00	50,000.00	75,000.00	25,000.00

		2002	2003	2004	2005	2006	2007	PROPOSAL TO	PSC Approved	PSC Approved	Difference
		Total	Total	Commitment	Commitment	Commitment	Commitment	PSC-3	2001	December 02	Between
		Expenditure	Expenditure								PSC-3 &
											PSC-2
3315	Meeting unspecified	0.00	0.00	16,600.00	16,000.00	18,000.00	0.00	50,600.00	100,000.00	50,600.00	0.00
3316	GIS, Data & Information workshops	0.00	0.00	16,000.00	0.00	0.00	0.00	16,000.00	0.00	44,604.00	-28,604.00
3317	Economic valuation	0.00	7,217.88	25,000.00	25,000.00	25,000.00	0.00	82,217.88	0.00	75,000.00	7,217.88
3318	Ad hoc facilitation meetings	0.00	0.00	25,000.00	25,000.00	25,000.00	0.00	75,000.00	0.00	0.00	75,000.00
3399	Total	169,795.28	174,670.76	513,600.00	371,000.00	432,000.00	0.00	1,661,066.04	1,648,000.00	1,656,970.00	4,096.04
3999	Component Total	169,795.28	204,352.37	911,600.00	1,019,998.15	774,000.00	0.00	3,079,745.80	3,058,000.00	3,057,970.00	21,775.80
4000	EQUIPMENT & PREMISES COMPONENT										
4100	Expendable equipment (items under \$1,500 each, for example)										
4101	Office supplies	3,375.64	3,035.44	7,500.00	7,500.00	10,000.00	3,317.75	34,728.83	30,000.00	30,028.00	4,700.83
4102	Library acquisitions	0.00	0.00	3,000.00	3,000.00	0.00	0.00	6,000.00	15,000.00	9,000.00	-3,000.00
4103	Computer Software	3,042.11	0.00	0.00	1,969.00	0.00	0.00	5,011.11	10,000.00	5,011.00	0.11
4199	Total	6,417.75	3,035.44	10,500.00	12,469.00	10,000.00	3,317.75	45,739.94	55,000.00	44,039.00	1,700.94
4200	Non-expendable equipment (computers, office equip, etc)										
4201	Computers	11,068.25	5,879.02	5,000.00	5,000.00	0.00	0.00	26,947.27	40,000.00	32,500.00	-5,552.73
4202	Printers	11,087.05	0.00	5,000.00	0.00	0.00	0.00	16,087.05	10,000.00	5,302.00	10,785.05
4203	Copy machine	0.00	0.00	2,000.00	3,000.00	0.00	0.00	5,000.00	5,000.00	2,000.00	3,000.00
4204	PowerPoint OHP	3,583.82	0.00	0.00	0.00	0.00	0.00	3,583.82	5,000.00	5,000.00	-1,416.18
4205	Equipment unspecified	1,314.01	0.00	5,000.00	10,000.00	5,000.00	0.00	21,314.01	40,000.00	42,599.00	-21,284.99
4299	Total	27,053.13	5,879.02	17,000.00	18,000.00	5,000.00	0.00	72,932.15	100,000.00	87,401.00	-14,468.85
4300	Premises (office rent, maintenance, of premises, etc)										
4301	Office rent	451.56	16,000.00	16,000.00	16,000.00	16,000.00	8,000.00	72,451.56	75,000.00	75,000.00	-2,548.44
4302	Furniture	4,910.33	0.00	0.00	0.00	0.00	0.00	4,910.33	20,000.00	15,000.00	-10,089.67
4303	unspecified costs	0.00	0.00	5,000.00	0.00	0.00	0.00	5,000.00	10,000.00	5,000.00	0.00
4399	Total	5,361.89	16,000.00	21,000.00	16,000.00	16,000.00	8,000.00	82,361.89	105,000.00	95,000.00	-12,638.11
4999	Component Total	38,832.77	24,914.46	48,500.00	46,469.00	31,000.00	11,317.75	201,033.98	260,000.00	226,440.00	-25,406.02
5000	MISCELLANEOUS COMPONENT										
5100	Operation and maintenance of equip.										
5101	Rental & maint. of computer equip.	0.00	0.00	0.00	2,000.00	2,000.00	0.00	4,000.00	10,000.00	7,000.00	-3,000.00
5102	Rental & maint. of copiers	0.00	453.82	2,000.00	3,000.00	3,000.00	3,000.00	11,453.82	4,960.00	5,000.00	6,453.82
5103	Repair & maint. of vehicles & insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5104	Rental & maint. of other office equip	0.00	197.75	2,000.00	2,000.00	2,000.00	0.00	6,197.75	10,000.00	8,000.00	-1,802.25
5105	Rental of meeting rooms & equip.	0.00	0.00	0.00	2,000.00	0.00	0.00	2,000.00	20,000.00	6,000.00	-4,000.00
5199	Total	0.00	651.57	4,000.00	9,000.00	7,000.00	3,000.00	23,651.57	44,960.00	26,000.00	-2,348.43
5200	Reporting costs (publications, maps, newsletters, printing, etc)										
5201	Reporting	9,518.42	29,565.25	40,000.00	30,000.00	45,000.00	10,000.00	164,083.67	50,000.00	119,000.00	45,083.67
5202	Publication (other than reports)	5,467.68	0.00	35,000.00	40,000.00	40,000.00	20,000.00	140,467.68	123,000.00	116,000.00	24,467.68
5203	Webpage design and updating	4,547.37	0.00	0.00	0.00	0.00	0.00	4,547.37	25,000.00	0.00	4,547.37
5204	Newsletter	0.00	0.00	5,000.00	10,000.00	10,000.00	5,000.00	30,000.00		40,000.00	-10,000.00
5299	Total	19,533.47	29,565.25	80,000.00	80,000.00	95,000.00	35,000.00	339,098.72	198,000.00	275,000.00	64,098.72

		2002	2003	2004	2005	2006	2007	PROPOSAL TO PSC-3	PSC Approved 2001	PSC Approved December 02	Difference Between PSC-3 & PSC-2
		Total Expenditure	Total Expenditure	Commitment	Commitment	Commitment	Commitment				
5300	Sundry (communications, postage, freight, clearance charges, etc)										
5301	Communication	7,786.12	5,413.10	16,000.00	16,000.00	14,000.00	4,000.00	63,199.22	72,000.00	60,300.00	2,899.22
5302	postage/freight	4,386.04	10,150.67	10,000.00	10,000.00	6,000.00	2,000.00	42,536.71	27,000.00	22,700.00	19,836.71
5303	unspecified	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
5399	Total	12,172.16	15,563.77	26,000.00	26,000.00	20,000.00	6,000.00	105,735.93	99,000.00	83,000.00	22,735.93
5400	Hospitality and entertainment										
5401	Hospitality and entertainment	1,000.00	0.00	10,000.00	10,000.00	6,000.00	0.00	27,000.00	45,000.00	36,550.00	-9,550.00
5499	Total	1,000.00	0.00	10,000.00	10,000.00	6,000.00	0.00	27,000.00	45,000.00	36,550.00	-9,550.00
5500	Evaluation (consultants fees/travel/DSA, admin support, etc.)										
5501	Evaluation (consultants fees/travel/DSA)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	96,000.00	96,000.00	-96,000.00
5599	Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	96,000.00	96,000.00	-96,000.00
5999	Component Total	32,705.63	45,780.59	120,000.00	125,000.00	128,000.00	44,000.00	495,486.22	482,960.00	516,550.00	-21,063.78
											0.00
9999	Project Total	2,226,775.61	1,749,750.49	3,334,995.00	3,275,381.15	2,632,535.00	566,162.75	16,414,000.00	16,414,000.00	16,414,000.00	0.00
	Previous Budget	3,473,000.00	4,500,000.00	3,270,000.00	3,293,000.00	1,878,000.00	0.00	16,414,000.00			
	Variance	-1,246,224.39	-2,750,249.51	64,995.00	-17,618.85	754,535.00	566,162.75	0.00	0.00		

ANNEX 7

Progress in Implementing the Project Financing Strategy

Background

The second meeting of the Project Steering Committee considered a discussion document outlining proposals for developing mechanisms to secure financial sustainability. The committee endorsed the proposals and requested the Project Co-ordinating Unit to implement the proposed actions to develop a strategy (UNEP/GEF/SCS/PSC.2/3 para 8.4.4). A draft initial strategy was presented to the third meeting of the Regional Scientific and Technical Committee at their meeting in June 2003 and is contained in that report as Annex 5 (UNEP/GEF/SCS/RSTC.3/3).

The present report summarizes the progress in implementation of the UNEP-GEF South China Sea Project's financing strategy and makes reference to the discussions in the recent Regional Scientific Conference's Partnership Workshop document on "Project Financing Strategy" (as Appendix 1).

Actions to Date

Following consideration by the RSTC of the Project's Financing Strategy in June 2003, the Project Coordinating Unit has pursued the following primary courses of action, culminating in the recent Partnership Workshop:

- a) Letters were sent to twenty-three *bilateral and multilateral development agencies* to invite their interest and to initiate a dialogue towards their participation in mobilizing additional resources for the project.
- b) An internet-based search was carried out by the PCU that identified a large number of *US-based private foundations* with substantial capital assets. Foundations, to which "Letters of Inquiry" were sent, have responded as not being able to participate and provide funding as the South China Sea Project does not fall within their respective geographical and sectoral mandates; and, in some cases, because of a diminishing availability of funds in recent years.
- c) Initial research on some large *US and UK corporations*, based on information provided on their respective websites, indicates that these corporations are involved quite substantially in the development and enhancement of the community and the environment in which they are operating. However, generally, their involvement and contributions are carried out through their own internally managed environment conservation and community-development programs or are directly related to specific corporate projects. The South China Sea Project will further explore the potential for collaborating with private corporations in the mobilization of private sector resources.
- d) Desk research was carried out on the experiences of environment-related projects in the establishment of endowment fund facilities and the implementation of income-generating financing mechanisms.

Partnership Workshop Outcome

The substantive discussions by the participants in the Partnership Workshop, convened during the recent Regional Scientific Conference, and Chaired by the Assistant Executive Director of UNEP, Dr. Ahmed Djoghlaif, concluded that:

- a) The UNEP-GEF South China Sea Project can provide an on-the-ground framework for the development of partnerships in resource mobilization, financial sustainability mechanisms and regional collaboration.
 - UNESCO is willing to commit to partnering with the SCS project and exploring how UNESCO can be involved with specific demonstration sites, particularly any that correspond to MAB or Biosphere Reserves.

- b) The UNEP-GEF South China Sea Project is one of very few to seriously consider post-project financial sustainability of project activities/outcomes “up-front” during project implementation.
 - IUCN was impressed and encouraged that financial sustainability is taken into account early in the implementation of a project, which is not often the case.
- c) There are numerous international governmental and development organizations in the Asia region that are interested in and seeking opportunities for collaboration and coordination; the UNEP-GEF South China Sea Project’s demonstration sites network could facilitate this.
 - ASEAN Secretariat, FAO and IUCN presented possibilities for enhanced collaboration and coordination to maximize the outcome of their respective work programmes and activities.
- d) During the partnership workshop the representative of the GEF Secretariat offered additional financial support to demonstration sites agreed and approved through the process adopted to date.

Next Steps - Post-PSC Approval of Priority Demonstration Sites

Following approval by the PSC of the priority demonstration sites to be funded by the GEF project grant for implementation, the following action plan will be implemented:

Further Develop Potential Donor Participation

- Inform donor organizations, which were not able to participate in the Partnership Workshop, of the Workshop participants’ observations with regards to regional collaboration in resource mobilization and developing financial sustainability in the context of the South China Sea Project.
- Continue to identify and contact other potential donors and participants in the South China Sea Project’s financing strategy, especially from the private sector.
- Subsequently, on the basis of operational demonstration sites and successfully implemented financing mechanisms, further develop donor and private sector participation in the project.

Develop and Enhance Critical Relationships in Selected Demonstration Site Proposals

- Re-emphasize the following critical relationships, contained in the demonstration site proposals, in terms of establishing the operational and financial viability of a demonstration site and its activities:
 - Project Objectives + “Section 12: Outcomes”: that the stated outcomes are in line with supporting project objectives.
 - “Section 12: Outcomes” + “Section 13: Activities”: that the planned activities will indeed result in stated outcomes.
 - “Section 13: Activities” + “Section 15: Estimated Budget”: that the estimated budget is appropriate and adequate for implementing the planned activities.
 - “Section 12: Outcomes” + “Section 14: Sustainability/Risk Assessment”: that the site’s sustainability and risks are supported/addressed by the outcomes.
- Review in detail these sections in the proposals of the selected priority demonstration sites; and collaborate closely with the responsible Specialized Executing Agencies to improve and enhance the completeness, validity and accuracy of the information and data contained therein.

Prepare/Present Demonstration Site Business Plans

- Based on the demonstration site proposals, prepare focused business plans that, in addition to its environmental objectives, give appropriate attention to the different sectoral elements (e.g., education, community-development, poverty alleviation, socio-economics, capacity development, etc.) within each demonstration site and its activities.
- Present to targeted potential donors, focused business plans which are geared to maximize the development of resource mobilization opportunities at the level of both the individual demonstration sites and the overall project; because opportunities exist for participation at both levels.

Solicit and Negotiate Partnerships in Project Financing and Collaboration

- Follow-up on presentation of business plans and identify interested/potential partners with regards to additional funding, financial sustainability mechanisms and regional collaboration.
- Provide additional information and analysis as requested/indicated by potential partners.
- Negotiate mutually agreed arrangements with interested partners.

Develop/Implement Site-Specific Financing Mechanism

- In conjunction with the implementation phase of the demonstration sites, design and establish an overall strategy for developing financing mechanisms.
- In conjunction with the implementation/operation of each demonstration site, in collaboration with identified potential local stakeholders, initiate and facilitate the development and implementation of site-specific financing mechanisms, in line with each demonstration site's business plan.

PROJECT FINANCING STRATEGY

Background

1. When the UNEP/GEF Project for “Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand” (South China Sea Project) was approved in late 2000, serious funding constraints were being experienced by the Global Environment Facility. As a result, a GEF grant was approved which would allow only for the implementation of nine demonstration sites for the project’s habitat components of coral reef, mangroves and seagrass. However, the transboundary diagnostic analysis identifying (i) regional priorities among water-related problems and concerns; (ii) their socio-economic and sectoral root causes; and (iii) the extent to which the problems are transboundary in either origin or effect, had suggested that a regional all-inclusive network of more sites should ideally be established. As a result, in order for the South China Sea Project to achieve and ensure beneficial impact and sustainable outcomes in reversing environmental degradation in the South China Sea, the Intergovernmental Steering Committee determined that a regional network with a minimum of twenty-four demonstration sites covering the habitat components of coral reef, mangroves, seagrass and wetlands would be required. It was, therefore, anticipated that the South China Sea Project would itself further pursue the mobilization of the necessary funding resources, when the project became operational, for the implementation of the additional fifteen demonstration sites.

2. The importance of ensuring the sustainability of the project outcome and benefits of this desired regional network of twenty-four habitat sites following completion of the project, beyond the expiration of the GEF grant funds, was recognized by the Project Steering Committee at its First Meeting in October 2001². At its Second Meeting in December 2002, the Project Steering Committee endorsed a proposed action plan³ to facilitate developing and implementing financial mechanisms that would sustain the activities of the demonstration sites and, therefore, the environmental benefits of these activities. Under this proposed action plan, the South China Sea Project’s Coordinating Unit prepared a Draft Overall Strategy for (i) mobilizing the additional co-financing required under the project; and (ii) developing financial mechanisms for the internal generation of revenue streams. This Draft Overall Strategy was endorsed by the Regional Scientific and Technical Committee at its Third Meeting in June 2003.

Resource Mobilization Objectives

3. To address the funding requirements of the desired network of twenty-four demonstration sites and, also, subsequently sustain the sites’ beneficial outcome of reversing environmental degradation, the South China Sea Project is pursuing a resource mobilization strategy aimed at:

- a) *In the immediate term*, during the life of the South China Sea Project, raising **co-financing** to fund the implementation of the additional fifteen demonstration sites and associated activities; and
- b) *In the longer term*, beyond the life of the South China Sea Project, developing and implementing demonstration site-specific financing mechanisms that will facilitate the **internal generation of revenue streams** to (i) secure continued operation and management of the demonstration site and associated activities; and (ii) support regional level co-ordination functions; in order to ensure the continuation of the national level actions, following the expected completion of project activities in March 2007.

Resource Mobilization Approach

4. The South China Sea Project’s resource mobilization strategy is based on engaging and involving the participation of international, national and local sources - from both public and private sector, such as governmental ministries/departments/agencies, bilateral/multilateral development agencies, corporations and private foundations. In doing so, the project seeks to recognize the respective interests and objectives of the stakeholders, potential funding sources and interested parties.

² UNEP/GEF/SCS/PSC.1/3 “Report of the First Project Steering Committee Meeting” – paragraph 10.1.1.

³ UNEP/GEF/SCS/PSC.2/3 “Report of the Second Project Steering Committee Meeting” – paragraphs 8.4.1/2.

Co-financing

5. The South China Sea Project provides for GEF funds, totaling US\$3.50 million, to be allocated to national executing agencies for the implementation and operation of nine demonstration sites - among the seven participating countries (i.e., Cambodia, China, Indonesia, Malaysia, Philippines, Thailand and Vietnam) and the three habitat components (i.e., coral reef, mangroves and seagrass). In effect, this will financially support about three demonstration sites for each of the habitat components. To achieve the recommended number of twenty-four demonstration sites, the project is attempting to address the funding shortfall for the additional fifteen demonstration sites by taking an innovative approach of mobilizing additional funding from both public and private sector sources, during project implementation, as follows:

- a) Participating Countries' Government Agencies: Each participating country's national focal point and technical focal point are encouraged and are committed to:
 - Pursuing the mobilization of additional resources, in the form of country co-financing (in kind and in cash), with their respective relevant national authorities (such as, the ministries of finance, environment, natural resources, etc.); for example, the government of The People's Republic of China has already made available additional co-financing in the form of a cash contribution of US\$1.90 million; and
 - Initiating discussions with the respective Finance Ministries for including, in the relevant government agency's annual budget planning, a budgetary component to cover the costs of the regional exchange of the staff among the various national demonstration sites in order to facilitate the transfer of technology and experience from the demonstration activities among the participating countries.
- b) Bilateral/Multilateral Development Agencies: Proposals have been sent to twenty-three bilateral and multilateral development agencies to invite their interest and to initiate a dialogue towards their participation in mobilizing additional resources for the project. When the twenty-four priority demonstration sites are approved by the Project Steering Committee, the South China Sea Project will prepare and present detailed business plans for the funding of the implementation of each of the demonstration sites to these bilateral and multilateral development agencies for their consideration.
- c) Foundations: An internet-based research carried out by the South China Sea Project identified a large number of US-based private foundations with substantial capital assets. Similar internet-based information, however, is not so readily available for European and Asian foundations. The US-based foundations have very specific program guidelines and parameters for grant eligibility; and the greater majority will only fund projects in the USA or specific states of the USA; while some of those that do fund overseas projects identify specific countries or regions. Each foundation targets specific programs and sectors - the majority being community oriented (e.g., health, education, human rights, culture). Some foundations do include environment and sustainable development as areas of interest. Foundations, to which "Letters of Inquiry" were sent, have responded as not being able to participate and provide funding as the South China Sea Project does not fall within with their respective geographical and sectoral mandates; and, in some cases, because of a diminishing availability of allocable funds in recent years.
- d) Corporations: Initial research on some large US and UK corporations, based on information provided on their respective websites, indicates that these corporations are involved quite substantially in the development and enhancement of the community and the environment in which they are operating. However, generally, their involvement and contributions are carried out through their own internally managed environment conservation and community-development programs or are directly related to specific corporate projects. The South China Sea Project will further explore the potential for collaborating with private corporations in the mobilization of private sector resources.

Financial Sustainability

6. The South China Sea Project plans to facilitate the sustainability of demonstration site-specific activities and, therefore, their resulting beneficial impact, beyond the life of the project. This will be achieved by supporting the development and implementation of site-specific financial mechanisms that would fund the annual recurrent operating costs of these activities. Certain factors (social, economic, geographical) governing a demonstration site or its activities may support the internal generation of a revenue stream as a means of providing for that site's financial sustainability. Such a revenue stream would provide an ongoing source of funds to finance the continued operation and management of the demonstration site and associated activities. Ideally, where possible, such sources of revenue at the demonstration sites should also enhance local economic and social sustainability.

7. The objective of sustaining a demonstration site's beneficial outcome is manifested in the prioritisation of identified demonstration sites, which considers each respective site's viability and feasibility to be financially sustaining in terms of:

- Annual or regular budgetary support from federal, provincial or local government;
- Uses/services/products of the site that exist or that realistically could be developed and managed to generate revenue and provide financial sustainability for the maintenance of the activities;
- Existing or potential institutional and community-based arrangements that can and will support the sustenance of the demonstration site activities; and
- Existing and potential risks that are or could be involved; and if these can be addressed, the strategies and possible mechanisms for doing so.

8. During the implementation of environmental degradation-reversal activities at the different demonstration sites, the South China Sea Project and the respective executing agencies will jointly explore and assess the site's possibilities and potentialities for revenue stream generation. Depending on the specific social, economic and geographical circumstances and parameters of each site, the following revenue-generation or cost-recovery mechanisms could be considered for development and implementation. These examples are based on the experiences and outcomes of other environment conservation-based projects:

- Event-based, cause-related fundraising campaign;
- Nature-oriented tourism;
- Trading of carbon credits, in the case of mangroves;
- Environmental services and licenses fees;
- Individual and corporate memberships of environment or community-based organizations;
- Fees for eco-labelling;
- Park entrance fees, tourist taxes, concession arrangements;
- Incentives for local charitable contributions to conservation activities;
- Credit/investment finance for environmentally friendly small/medium private enterprises;
- Economically viable opportunities for private sector activities;
- Income tax deduction for donations;
- Incentives for personal or corporate contributions to non-profit conservation organizations;
- Donations from private sector located close to or connected to demonstration sites or activities in return for endorsements;
- User-fees, service-fees, surcharges for identified benefits and desired services to community and its people (e.g., mining, timber, water, etc.).

ANNEX 8

Framework for Regional Co-ordination, Dissemination of Experiences, and Personnel Exchange between Sites

Background

The overall goals of the project are:

- To create an environment at the regional level, in which collaboration and partnership in addressing environmental problems of the South China Sea, between all stakeholders, and at all levels is fostered and encouraged; and
- To enhance the capacity of the participating governments to integrate environmental considerations into national development planning.

During the preparation and approval of the original project budget, funds were allocated from the GEF grant to pay for the costs associated with exchanging knowledge and experience between personnel in each country engaged in the various activities of the project. A total of just in excess of one million US\$ is currently allocated to training and exchange of personnel on a regional basis (Annex 1).

Following the approval of the Project Steering Committee during its second meeting in Hanoi, Viet Nam, December 2001 an intern programme was initiated to provide junior personnel from the focal Ministries with hands on experience of project design and management, the organisation and conduct of regional meetings, and experience of the United Nations System, through secondment to the Project Co-ordinating Unit.

Introduction

This document outlines the elements of a proposed system for regional co-ordination, dissemination of experiences and exchange of personnel between and amongst the demonstration sites. The aim is to contribute to the strengthening of the regional and national infrastructure, and to upgrade the regional and national capacity in protecting the marine and coastal environment and rational use of marine resources.

It is proposed that the existing elements, of the management framework for the overall project, both regional and national, be utilised in co-ordinating and managing regional exchange and dissemination of experiences amongst the wider South China Sea network of institutions and individuals.

This document was presented to the fourth meeting of the Regional Scientific and Technical Committee for their consideration and recommendation to the Project Steering Committee. The Committee examined the document in some detail and following discussion approved the content for consideration by the Project Steering Committee (paragraph 9.2.2 of document UNEP/GEF/SCS/RSTC.4/3). Subsequently during their deliberations the committee noted the need for further elaboration as follows:

12.3 It was noted further that the mechanisms for management of transboundary and multiple habitat sites were not clearly spelled out in the document on regional co-ordination of the demonstration site activities. The committee noted that such mechanisms needed to be elaborated by the Project Director in consultation with members and included in the document prior to its consideration by the Project Steering Committee.

This document incorporates the proposed additions as required by the Regional Scientific and Technical Committee.

The Project Steering Committee during its deliberations on the content of the document recommended further additions and amendments, which were considered during the adoption of the meeting report. The following text represents the final agreements of the Project Steering Committee.

FRAMEWORK FOR REGIONAL CO-ORDINATION OF DEMONSTRATION SITE ACTIVITIES

Overall Co-ordination of Demonstration Site Activities

Under the general management framework for the UNEP/GEF project entitled “*Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand*”, national activities are co-ordinated within components by national committees or sub-committees and between components by the National Technical Working Group. The Inter-Ministry Committee, the highest level of national co-ordination is responsible for co-ordination between government ministries and departments of the overall activities conducted under the project.

It is proposed that:

- The Specialised Executing Agencies with responsibility for developing individual demonstration site proposals continue to co-ordinate with other related activities at the national level through the appropriate national committee or sub-committee;
- The National Technical Working Group retains oversight of all demonstration site activities conducted in each country, both those funded through the GEF grant and those funded by other means.

In the case of demonstration sites that are accepted under two or more subcomponents the National Technical Focal Point shall have overall responsibility for the execution of activities with the individual focal points from each SEA having responsibility for those components and or activities directly related to the habitat under their responsibility.

At the regional level the appropriate Regional Working Group shall be given responsibility for co-ordination of activities at all demonstration sites within each component and the RWG shall continue to report to, and be advised by, the Regional Scientific and Technical Committee regarding overlap, potential collaboration and/or synergy that might be foreseen between the demonstration sites in each component.

In the case of sites encompassing activities in two or more of the habitats each Regional Working Group shall have responsibility for oversight of the relevant activities and the national focal points for each sub-component shall be responsible for reporting progress to their respective Regional Working Group. The national focal points from the SEAs responsible for each habitat component or set of activities at joint sites shall prepare joint reports that shall be transmitted by the National Technical Focal Point to the annual meetings of the Regional Scientific and Technical Committee.

Site Level Management

Each demonstration site shall have a clearly identified, Demonstration Site Manager whose responsibility will be to report to the SEA and the national committee on activities being conducted at the site, and through the SEA to the NTWG. The Focal Ministries and Chairpersons of the NTWG may wish to give consideration to including the demonstration site managers in each country as full members of the NTWG.

The Demonstration Site Manager should have responsibility for managing the activities at the demonstration site, under the direction of an appropriate management body⁴ that shall be clearly identified in the management framework for each demonstration site. Specifically the Demonstration Site Manager shall take responsibility for:

- Executing the implementation plan based on the demonstration site proposal prepared by the respective Specialised Executing Agency (SEA) and the subsequent decisions of the management body;
- Planning, and managing on a day to day basis the demonstration activities identified in the implementation plan, including annual work plan and timetables;

⁴ *The management body might be a duly constituted committee of local government, or a single Executing Agency or a body formed from representatives of all stakeholders depending upon the nature of the activities and the particular management framework adopted at each site.*

- Financial responsibility for the approved budget within clearly defined limits set by the management body;
- Responsibility for execution of the activities in accordance with the work plan and timetable and schedule of expenditures, initially defined by the demonstration site proposal and amended from time to time by the management body;
- Reporting on activities and outcomes, to the management body, the focal point of the SEA, and the National Technical Focal Point according to an agreed schedule;
- Preparing inputs to the six-monthly expenditure reports, six monthly progress reports and cash advance requests to be submitted to the Project Co-ordinating Unit (PCU), through the focal point of the responsible SEA;
- Preparing and submitting to the PCU, through the focal point of the SEA, technical reports in accordance with the defined outputs of the demonstration site; and
- Attending such national and regional meetings as shall be determined on an individual basis.

The Management body shall have ultimate authority and responsibility for the conduct of activities at the demonstration site. The composition of this body, its terms of reference and powers shall be clearly defined in a set of terms of reference that shall form part of the demonstration site proposal.

In addition to the tasks and responsibilities listed in the MoUs between UNEP and the SEA, **the focal point of the Specialised Executing Agency** in consultation with the national committee and/or sub-committee, shall provide scientific and technical advice and guidance to the management body regarding the execution of demonstration site activities.

The Focal Point shall also be responsible for liaison:

- Between the Demonstration Site Manager and the PCU regarding dissemination of experiences, and personnel exchange between sites;
- Between the Demonstration Site Manager and the National Technical Working Group, and Regional Working Group for the sub-component concerned.

Framework for the Management of Transboundary Sites

In the case of those sites where identified activities are to be executed on both sides of a national boundary by the respective authorities, specific management arrangements will be developed involving central and local government authorities the appropriate Specialised Executing Agencies responsible for oversight of project execution in each country, and the individual, local executing agencies. Such arrangements shall include:

- Mechanisms and/or arrangements for joint consultation between the relevant authorities and institutions in each country;
- Mechanisms for regular exchange of personnel and cross border training of project personnel;
- Clearly defined financial arrangements in each country that allow for uninterrupted flow of funds at the national level; and
- Clearly defined processes involving the Project Co-ordinating Unit as facilitator to ensure consensus of all parties at all stages of project execution.

The Project Co-ordinating Unit will facilitate the development of the joint management arrangements during finalisation of the demonstration site proposals and will maintain an oversight and facilitation role during execution of the activities until such time as all parties agree that this is no longer necessary.

FRAMEWORK FOR REGIONAL DISSEMINATION OF EXPERIENCES DERIVED FROM THE DEMONSTRATION SITE ACTIVITIES

The project document suggests that three possible modes of dissemination of information and experiences will be employed:

- Exchange of personnel between sites;
- Training courses and/or workshops based on the demonstration sites;
- Publication and dissemination of technical reports and or public awareness materials as appropriate.

These three modalities should be developed in stages and the exchange programme should be initiated within six months of the first demonstration sites coming into operation.

It is further suggested that training courses be developed and implemented in conjunction with the proposed International Waters Regional Learning Centre from mid 2005 onwards and that a draft programme of such courses and publications be prepared for consideration by the fourth meeting of the Project Steering Committee.

Exchange of Personnel between Demonstration Sites

In order to strengthen the effective operation of the existing national and regional infrastructure, and to effectively upgrade the national and regional capacity in protecting the marine and coastal environment, it is proposed to "exchange" personnel between the demonstration sites, and between the participating countries.

Objectives of the exchange programme

The objectives of the programme of personnel exchange are to:

- Contribute to upgrading national and regional capacity in the protection of the marine and coastal environment and rational use of marine and coastal resources through strengthening individual capacity to effectively manage those resources;
- Maximise the possibility of experiences at one demonstration site being successfully transferred to other sites and/or other countries.

Procedures for exchange of personnel

a) Number of exchange personnel at any one site

The maximum number of exchange personnel that can be accommodated at any one site, at any one time, shall be defined in the demonstration site proposal and should reflect the conditions at the site, and the financial allocations.

The Demonstration Site Manager in consultation with the country focal point and the management body shall define the proposed programme of activities that will be provided at the site for exchange personnel over a defined time frame of between two and six months. These programmes will be reviewed by the national committee and the Regional Working Group concerned at which time other focal points may indicate potential interest in sending personnel, either from another existing demonstration site, or from a potential site to participate in this programme.

b) Qualifications of exchange Personnel

The exchange personnel should have:

- Appropriate qualifications and experience such that they can benefit from the experiences provided;
- An adequate command of written and spoken English and/or the local language used at the demonstration site;
- The support of their superior officers in applying the experience and knowledge gained upon their return to his or her own country.

c) Selection of exchange personnel

The following procedures will be followed in selecting individuals into the programme:

- The Demonstration Site Manager in consultation with the country focal point and the management body shall define the proposed programme of activities that will be provided at the site for exchange personnel over a defined time frame of between two and six months;
- The proposed programme is reviewed by the national committee and forwarded to the Regional Working Group concerned for their clearance and consideration of possible nominees;
- Nominations are called for from the National Technical Focal Points and Chairs of the National Committees for the appropriate habitat sub-components;
- The National Technical Working Group approves the nominations and indicates their priority and the National Technical Focal Point forwards the nominations to the PCU;
- Nominations are compiled by the PCU and circulated together with recommendations to the members of the appropriate RWG and the National Technical Focal Points who shall approve within a specified time frame on a no objections basis the proposals;
- The Project Director will circulate the final list of approved names and sites to the National Technical Focal Points.

d) Duration of Exchange

The duration of exchange personnel shall be from 2 to 6 months.

e) Financial arrangements

In order to maximise the numbers of the personnel participating in the programme, and to ensure that there are minimal financial incentives to participating in the programme it is proposed that:

- Individuals will continue to receive their salary from their local employer and will not be paid a "salary" whilst on exchange, rather some or all of the following allowances may be paid from the GEF grant;
- Where accommodation is not provided "free" on-site by the host organisation, an accommodation allowance will be paid from the GEF grant at a rate reflecting local costs and conditions of service of those employed at the demonstration site;
- An allowance for food and essential incidental expenses will be paid in accordance with a scale agreed between the Demonstration Site Manager and the PCU at the time that the site is selected for inclusion in the programme⁵;
- Costs of travel to and from the demonstration site will be met from the GEF grant;
- *[Costs of medical and other insurance will be met by the employer of the individual participating in the exchange programme and will neither be the responsibility of the United Nations Environment Programme nor of the Institution/organisation running the demonstration site.]*⁶

⁵ The rates of this allowance will be site specific reflecting local costs.

⁶ The Project Steering Committee agreed that each National Technical Focal Point would investigate the costs of obtaining appropriate medical insurance in the home countries and the Project Director agreed to investigate further alternatives, prior to the finalisation of this clause. The PSC did agree however that the individuals selected should receive an allowance that would enable them to purchase appropriate medical insurance since the existing government schemes in many countries were inadequate and would not cover the costs of medical treatment in another country.

Table 1 Available allocation (commitments) for support to the exchange programme.

		2002 Expenditure			2003 Expenditure			2004 commitments			2005 commitments			2006 commitments			2007	Total
		1st	2nd	Total	1st	2nd	Total	1st	2nd	Total	1st	2nd	Total	1st	2nd	Total		
3100	Fellowships (total stipend/fees, travel, costs, etc)																	
3101	Support for young scientists working in demonstration site (mangrove)	0.00	0.00	0.00	0.00	0.00	0.00	12,000.00	22,000.00	34,000.00	22,000.00	22,000.00	44,000.00	10,000.00	0.00	10,000.00	0.00	88,000.00
3102	Support for young scientists working in demonstration site (coral)	0.00	0.00	0.00	0.00	0.00	0.00	12,000.00	22,000.00	34,000.00	22,000.00	22,000.00	44,000.00	10,000.00	0.00	10,000.00	0.00	88,000.00
3103	Support for young scientists working in demonstration site (seagrass)	0.00	0.00	0.00	0.00	0.00	0.00	12,000.00	22,000.00	34,000.00	22,000.00	22,000.00	44,000.00	10,000.00	0.00	10,000.00	0.00	88,000.00
3104	Support for young professionals in project management and implementation	0.00	0.00	0.00	11,379.61	44,000.00	55,379.61	22,000.00	0.00	22,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	77,379.61
3199	Total	0.00	0.00	0.00	11,379.61	44,000.00	55,379.61	58,000.00	66,000.00	124,000.00	66,000.00	66,000.00	132,000.00	30,000.00	0.00	30,000.00	0.00	341,379.61
3200	Group training (study tours, field trips, workshops, seminars, etc)																	
3201	Study tours to demonstration sites (mangrove)	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00	30,000.00	50,000.00	30,000.00	24,000.00	54,000.00	22,000.00	0.00	22,000.00	0.00	126,000.00
3202	Study tours to demonstration sites (coral)	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00	30,000.00	50,000.00	30,000.00	24,000.00	54,000.00	22,000.00	0.00	22,000.00	0.00	126,000.00
3203	Study tours to demonstration sites (seagrass)	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00	30,000.00	50,000.00	30,000.00	24,000.00	54,000.00	22,000.00	0.00	22,000.00	0.00	126,000.00
3204	Study tours to pilot sites (pollution)	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00	30,000.00	50,000.00	30,000.00	20,000.00	50,000.00	20,000.00	0.00	20,000.00	0.00	120,000.00
3205	Training courses workshops mangroves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,000.00	0.00	30,000.00	30,000.00	0.00	30,000.00	0.00	60,000.00
3206	Training courses workshops on coral reefs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,000.00	25,000.00	0.00	25,000.00	25,000.00	0.00	0.00	0.00	0.00	50,000.00
3207	Training courses workshops on seagrass	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,000.00	25,000.00	0.00	25,000.00	25,000.00	0.00	0.00	0.00	0.00	50,000.00
3208	Training workshop on wetland management	0.00	0.00	0.00	0.00	0.00	0.00	50,000.00	0.00	50,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50,000.00
3210	Training workshop on blast fishing detection system (fishery)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40,000.00	40,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40,000.00
3211	Regional workshops to promote the Code of Conduct for Responsible Fisheries	0.00	0.00	0.00	0.00	0.00	0.00	30,000.00	0.00	30,000.00	0.00	30,000.00	30,000.00	0.00	0.00	0.00	0.00	60,000.00
3212	Training courses, workshops on water quality management and pollution control	0.00	0.00	0.00	0.00	0.00	0.00	30,000.00	0.00	30,000.00	30,000.00	0.00	30,000.00	30,000.00	0.00	30,000.00	0.00	90,000.00
3213	Training courses, workshops on resource evaluation and environmental economics	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,000.00	30,000.00	0.00	0.00	0.00	30,000.00	0.00	30,000.00	0.00	60,000.00
3214	Group training unspecified	0.00	0.00	0.00	0.00	0.00	0.00	30,000.00	0.00	30,000.00	30,000.00	0.00	30,000.00	20,000.00	0.00	20,000.00	0.00	80,000.00
3299	Total	0.00	0.00	0.00	0.00	0.00	0.00	220,000.00	240,000.00	460,000.00	210,000.00	172,000.00	382,000.00	196,000.00	0.00	196,000.00	0.00	1,038,000.00

ANNEX 9

Proposed Work Plan and Timetable for the Project 2004 - 2007

Background

According to the work plan agreed by the Project Steering Committee at its first (Bangkok, Thailand, 22-23 October 2001) and second (Hanoi, Vietnam, 16-18 December 2002) meetings, final selection of demonstration sites for the habitat component and pilot activities for the land-based pollution component should have been completed by the end of 2003.

As reported to the third meeting of the Regional Scientific and Technical Committee (RSTC) (Phuket, Thailand, 16-18 June 2003, some delays had been encountered that required adjustment of the schedule of meetings such that the fourth RSTC meeting and the third PSC meeting were deferred to February 2004 from December 2003. The causes of the delays were also reported to the RSTC in the document UNEP/GEF/SCS/RSTC.3/10.

Changes and Causes of the Changes of Programme

The major causes of the changes in the implementation of the project activities during 2002-2003 included:

- Late start of the project: The project commenced on 28th January 2002;
- Late conclusion of MOUs with some Specialised Executing Agencies (SEAs); For instance, in the case of Malaysia, MoUs were signed for the coral reef, seagrass, wetland and land-based pollution components only in September 2002. Although these represent delays in individual cases, they resulted in some delay to regional activities in the components and sub-components concerned;
- Negative impacts of the SARS outbreak, which severely restricted travel in the region and necessitated the re-scheduling of some meetings including the third meeting of the RSTC. Some national activities in the countries concerned were also delayed;
- Late receipt of national inputs contributed also to the delay in national and regional actions. Not all national review reports on past and on-going activities for example were received as planned in advance of the third round of regional working group meetings.

As a consequence of these delays, the RSTC discussed the problems and made a decision during its third meeting that the Regional Science Conference, the meetings of the Regional Scientific and Technical Committee and the Project Steering Committee be deferred to February 2004.

In order to finalise the outstanding activities at national level, following discussion with national focal points and national technical focal points of the participating countries, it was further decided to extend the MoUs between UNEP and the Specialised Executing Agencies to 30 June 2004, without additional financial implication.

Decisions Required of the Project Steering Committee in Order to Commence the Operational Phase of the Project

As a consequence of the deferral of the fourth meeting of the Regional Working Group on Land-based Pollution such that it is now scheduled to take place after the fourth RSTC meeting and third PSC meeting it was impossible for the RSTC to review, and the PSC to approve, the envisaged pilot activities. Part of the reason for the rescheduling of the meeting was the late submission of proposals for such activities, which have still only been submitted by four countries.

The RSTC discussed this matter and agreed on the following procedure:

- Fourth meeting of the RWG-LbP will consider only those proposals available to the meeting and will make recommendations to the RSTC;

- A specially constituted Executive Committee of the RSTC will meet in Bangkok to review the proposals and prepare a set of recommendations for the consideration and approval of the PSC;
- The PCU will circulate the recommendations to all full members of the PSC for their approval on a non-objections basis.

The Project Steering Committee approved these arrangements.

Revised Work Plan

Tables 1 and 2 present the outline and detailed work plans for the project and Table 3 an overall work plan for the RSTC, which were prepared, based on the work plans of the habitat sub-components agreed during their fourth meetings. As the fourth meetings of the fisheries and land-based pollution components have been deferred, the relevant activities and plans need to be added after the meetings. Table 4 presents the schedule of meetings for 2004.

- (i) Based on the agreements reached by the regional working groups, the deadlines for finalising the national review reports are slightly different from one country to another, and among the different sub-components. In the table, the latest dates were taken as the one for completion of national review reports;
- (ii) The detailed work plan for implementing individual demonstration site activities approved by the PSC will be prepared before June 30th 2004;
- (iii) Negotiation and finalisation of new MoUs with the SEAs commencing July 2004 will be based on the decisions of the PSC, regarding the nature of activities to be included in the MoUs and their financial implications.

The Project Steering Committee

- ***Endorsed the overall project work plans as presented in Tables 1, 2, and 3;***
- ***Approved the schedule of meetings contained in Table 4 of this document.***

Table 1⁷ Outline Work Plan & Timetable - Overall duration of the project operational phases 66 months.

Component ⁹	Appr. Phase	GEF Project Implementation ⁸															
		Phase 1						Phase 2									
		2001	2002		2003		2004		2005		2006		2007				
1. Habitat Degradation & Loss																	
1.1 Mangroves																	
1.1.1 National Mangrove Committees; data reviews.(N)																	
1.1.2 Development & adoption of national management plans (including legislation) (N)																	
1.1.3 Regional expert meetings; criteria; priority areas & actions; (R) ¹⁰			1	2	3	4	5	6	7								
1.1.4 Implementation of 3 demonstration projects ¹¹ (N & R).																	
1.2 Non-oceanic Coral Reefs																	
1.2.1 National non oceanic coral reef working groups; data reviews (N)																	
1.2.2 Prepare & adopt national legislation and management plans (N).																	
1.2.3 Regional expert meetings; regional data man.; criteria; priority areas and actions (R) .			1		3	4	5	6	7								
1.2.4 Implementation of 3 demonstration projects (N & R).																	
1.3 Seagrass																	
1.3.1 National seagrass working groups; data reviews (N)																	
1.3.2 Prepare & adopt national management plans (N).																	
1.3.3 Regional task team; criteria; priority areas and actions (R).			1		3	4	5	6	7								
1.3.4 Implementation of 3 demonstration projects (N & R).																	
1.4 Wetlands																	
1.4.1 National wetlands working groups (N)																	
1.4.2 Review, & implement management regimes & legislation (N)																	
1.4.3 Regional expert task team (R); regional review; criteria, guidelines; priority areas and actions, portfolio (R)			1	2	3	4	5	6	7								
1.4.4 Raise Co-finance & implement demonstration activities																	
1.5 Elaboration of habitat component of SAP																	

⁷ The dates in this revised work plan are based on the actual dates planned and/or approved by the Project Steering Committee and Regional Scientific & Technical Committee for the period 2002 to 2004 inclusive. Subsequent dates are to be confirmed during the third meeting of the Project Steering Committee in February 2004.

⁸ ■ inception phase (periods of intense project related activities); ■ preparatory and/or operational phase (periods of reduced intensity of activities relating to project execution).


⁹ N = National level activity; R = Regional level activity.

¹⁰ Numbers refer to the sequential meetings of the Regional Working Groups on Mangroves (RWG-M); on coral reefs (RWG-C); on seagrass (RWG-S); on Wetlands (RWG-W).

¹¹ Three demonstration sites funded through GEF grants plus up to 4 additional sites for each habitat supported through co-financing.

Table 1 continued Outline Work Plan & Timetable - Overall duration of the project operational phases 66 months.

Component ¹³	Appr. Phase	GEF Project Implementation ¹²													
		Phase 1						Phase 2							
Sub-component	2001	2002		2003			2004			2005		2006		2007	
2. Over Exploitation of fisheries in the Gulf of Thailand															
2.1 Regional determination of priorities for action¹⁴			1	2	3		4	5		6		7			
2.1.1 Regional Task Force; regional fisheries overview (R)															
2.1.2 Criteria for stocks and areas & priority actions (R)															
2.2 Develop regional and national management plans															
2.3 Evaluation of a prototype blast fishing detection system															
2.4 Information and public awareness															
2.4.1 Provide information to artisanal fishers in the priority areas;															
2.4.2 Workshops on Code of Conduct for Responsible Fisheries								1		2		3			
3. Land-Based Pollution															
3.1 Regional Water Quality standards			1	2	3		4	5		6		7			
3.1.1 Working groups; review data (N & R)															
3.1.2 Prepare, adopt region water quality objectives & standards															
3.1.3 National and Regional management plans (N & R)															
3.1.4 Capacity building & pilot activities (N & R)															
3.2 Determination of Regional Priority Hot Spots															
3.2.1 Criteria; priority actions and areas															
3.2.2 Evaluation of costs & benefits & pre-feasibility studies															
3.2.3 Adopt a strategic approach to priority transboundary hot spots for inclusion in the SAP for the SCS															

¹²  inception phase (periods of intense project related activities);  preparatory and/or operational phase (periods of reduced intensity of activities relating to project execution).

¹³ N = National level activity; R = Regional level activity.

¹⁴ Numbers refer to the sequential meetings of the Regional Working Groups on Fisheries (RWG-F); on Land-based Pollution (RWG-LbP).

Table 1 *continued* Outline Work Plan & Timetable - Overall duration of the project operational phases 66 months.

Component ¹⁶	Appr. Phase	GEF Project Implementation ¹⁵															
		Phase 1						Phase 2									
Sub-component	2001	2002		2003		2004		2005		2006		2007					
4. Project Co-ordination and Management																	
4.1 Establishment of co-operative framework																	
4.1.1 Signature of MoUs	X																
4.1.2 Meetings of the Project Steering Committee	1		2			3			4			5			6		
4.2 Convening of regional expert meetings for elaboration of the SAP¹⁷		1		2		3		4		5		6					
4.2.1 Regional Scientific & Technical Committee.					1		2		3		4		4				
4.2.2 Regional Task Force on Legal Matters					1		2		3		4		4				
4.2.3 Regional Task Force on Economic Valuation															8		

¹⁵ ■ inception phase (periods of intense project related activities); ■ preparatory and/or operational phase (periods of reduced intensity of activities relating to project execution).

¹⁶ N = National level activity; R = Regional level activity.

¹⁷ Numbers refer to the sequential meetings of the Regional Scientific & Technical Committee (RSTC); the Regional Task Force on Legal Matters (RTF-L) and Regional task Force on Economic Valuation (RTF-E).

Table 2 Detailed Work plan for the UNEP GEF Project entitled: “Reversing Environmental Degradation Trends In The South China Sea And Gulf Of Thailand”. (Green indicates regional level activities, blue national level activities)

	2001		2002				2003				2004				2005				2006				2007				
	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
Project Steering Committee Meetings		■				■					■				■				■				■				
Establish Inter-Ministry Committee and organise meetings			■																								
Establish National Technical Working Group & organise meetings			■																								
Regional Scientific and Technical Committee			■			■			■		■			■				■				■			■		
Regional Working Group mangroves (RWG-M)				■		■			■			■					■					■					
Regional Working Group Corals (RWG-C)				■		■			■			■					■					■					
Regional Working Group Seagrass (RWG-S)				■		■			■			■					■					■					
Regional Working Group Wetlands (RWG-W)				■		■			■			■					■					■					
Regional Working Group Fisheries (RWG-F)				■		■			■			■					■					■					
Regional Working Group Pollution (RWG-LbP)				■		■			■			■					■					■					
Regional Task Force on Legal Matters									■			■			■				■								
Regional Task Force on Economic Valuation									■		■				■				■								
Develop regional management plans for a regional system of <i>refugia</i> for transboundary fish stocks											■																
Agree on priority regional hot spots for inclusion in the SAP for the SCS											■																
Consideration of regional priority actions, targets and approaches for inclusion in the SAP											■																

Table 2 continued Detailed Work plan for the UNEP GEF Project entitled: **“Reversing Environmental Degradation Trends In The South China Sea And Gulf Of Thailand”**. (Green indicates regional level activities, blue national level activities)

	2001		2002				2003				2004				2005				2006				2007											
	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4								
Working Group Meetings (6 members 12 per year) (pollution)			[Blue bar spanning from 2002 Q1 to 2006 Q4]																															
Preparation of Review on water quality data (pollution)			[Blue bar spanning from 2002 Q1 to 2003 Q2]																															
Evaluation of fate of transboundary pollutants (pollution)							[Blue bar spanning from 2003 Q3 to 2004 Q1]																											
Evaluation of Costs & Benefits of alternatives (pollution)							[Blue bar spanning from 2003 Q4 to 2004 Q3]																											
Pre-feasibility studies for priority sites (pollution)											[Blue bar spanning from 2004 Q2 to 2004 Q4]																							
Review and Editorial supervision of reports (pollution)							[Blue bar spanning from 2003 Q4 to 2006 Q4]																											
Working Group Meetings (6 members 12 per year) (fishery)			[Blue bar spanning from 2002 Q1 to 2006 Q4]																															
Preparation of National Overview of Fisheries data (fishery)			[Blue bar spanning from 2002 Q1 to 2003 Q3]																															
Development of criteria for evaluation of transboundary significance of fish stocks (fishery)							[Blue bar spanning from 2003 Q3 to 2004 Q2]																											
Evaluation of blast fishing detection (fisheries)											[Blue bar spanning from 2004 Q1 to 2005 Q3]																							
Development of awareness programmes among artisanal fishing communities (fishery)											[Blue bar spanning from 2003 Q4 to 2004 Q3]																							
Development of educational and public awareness materials (fishery)											[Blue bar spanning from 2004 Q2 to 2005 Q4]																							
Review and Editorial supervision of reports (fishery)			[Blue bar spanning from 2002 Q1 to 2006 Q4]																															

