Global Environment Facility

GEF SPECIALLY MANAGED PROJECT REVIEW (SMPR) - 2004

Summary Report on the Review of the GEF/UNEP Project:

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

Date of the Review: December 2004

What are SMPRs?

Specially Managed Project Reviews (SMPRs) are project reviews by panels composed of members from the GEF Office of Monitoring and Evaluation, the GEF Secretariat focal area teams, external consultants and implementing agencies. SMPRs aim to (a) assess whether projects are implemented in compliance with project objectives and GEF policies and standards and (b) identify systemic lessons in project design and implementation that are of relevance to the overall GEF portfolio.

Project Description

Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand is a GEF/UNEP project currently executed by 43 specialized executing agencies in 7 countries.[1] This five-year project was started in 2002 under the GEF operational program *OP8 – Waterbody-based Operational Program*.

The overall goals of this 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. The project is designed to improve regional coordination of the management of the South China Sea marine and coastal environment, improve national management of the marine and coastal habitats, and improve the integration of fisheries and biodiversity management in the Gulf of Thailand.

From the *EIA Country Analysis Brief*

The project was originally developed based on a request from the Coordinating Body on Seas of East Asia (COBSEA), which includes representatives of the seven governments participating in this project. The project is being implemented in line with the East Asian Seas Action Plan (Regional Seas Action Plan). The project also reports to COBSEA.

Through the implementation of nine demonstration activities in particular, this project was originally designed to achieve the following six main outcomes:

- Adoption of improved mechanisms for regional cooperation in the management of the South China Sea environment;
- Jointly agreed-upon actions relating to fisheries and the environment in the Gulf of Thailand;

[1] Cambodia, China, Indonesia, Malaysia, Philippines, Thailand and Vietnam.

- Adoption of the Strategic Action Program at a regional level;
- Acceptance of the Transboundary Diagnostic Analysis and Strategic Action Program at national levels;
- Implementation of components of the Strategic Action Program; and
- Establishment of a regional database for planning and management.

The GEF allocated US$335,000 for the preparation of this project and contributed US$16.4 million for its implementation. The co-financing originally proposed by the governments and other co-donors was over 16 million US dollars.

Project Achievements to Date

This is a highly innovative project, which fully utilizes an ecosystem approach focusing on critical habitats. The project effectively promotes regional cooperation and the sharing of experiences within and between the participating countries. These factors are likely to have a positive influence on effective demonstration and replication. It is also likely that the project will have a significant policy impact both in the individual countries and at the regional level. **Overall, project progress is considered highly satisfactory.**

Generally speaking, the project is being implemented as planned at the time of CEO endorsement. Some delays as well as some negative changes have occurred (such as delays in the implementation of demonstration activities and decreased efficiency of the Fisheries component). However, several significant additions have been made that have enhanced the quality of project outputs and outcomes, such as: the addition of a Regional Task Force on Legal Affairs and a Regional Task Force on Economic Valuation of Natural Resources and Habitats; the creation of a GIS database; and the creation of an internship program to support the work of the Project Coordination Unit and to develop capacity in the participating countries. Overall, the project has demonstrated the ability to adapt well to changing circumstances during implementation.

It is too early to assess actual replication, as the demonstration sites are not yet operational. Nevertheless, the project has approached replication in a very systematic manner through scientific criteria; ensuring local buy-in into the demonstration sites; broad national-level cooperation through the national technical working groups and the inter-ministry committees; and strong regional cooperation through the regional working groups, the Regional Scientific and Technical Committee and the Project Steering Committee. This rigorous and transparent process—combined with the strong regional cooperation and exchange of information—would suggest high replication potential within the region.

In addition, while the demonstration sites focus on a specific habitat (mangroves, seagrass, coral reefs, wetlands), there have been some good attempts at integrating various aspects into a single demonstration site. For example, mangroves can serve numerous purposes, including biodiversity conservation, spawning grounds for fish and mollusks, pollution filtration, storm protection, alternative income generation (e.g., tourism), etc.

The project ensures a good combination of involvement from government institutions and academic organizations. Additionally, one of the specialized executing agencies is an NGO. This has brought about horizontal cooperation between academic institutions and reoriented them towards applied work. In its early phase the project had a strong tilt towards research and academic work.

The project is already demonstrating a certain level of policy impact. For example, China and Indonesia had no policy or strategy concerning the conservation and management of seagrass beds prior to the project. Now, both countries have recognized their importance and are working towards this goal.

In addition, the work of the Economic Valuation Task Force is contributing to the recognition of the value of the coastal and marine resources. While much work has already been done with respect to coral reefs, the project is expanding to cover new areas, such as those in the South China Sea (*Natuna*) in Indonesia.

Strong Aspects

The project design, project implementation approach and stakeholder participation is considered highly satisfactory.

One of the strong features of the project design is the division of the project into clear preparatory and implementation phases. The preparatory phase has been essential in ensuring that all the necessary work related to the selection of the demonstration sites through scientific analysis and wide consultations at all levels was performed. The selection of the demonstration sites has been done very carefully and based on scientific criteria developed by the regional working groups. The selection was done through a participatory process involving both the national and local levels, including sub-national administrations (and legislative bodies in countries like Indonesia, where there has been an extensive decentralization policy) and local communities.

The elaborate process of listing a relatively large number of possible candidates (altogether 136) for review, comparison and final selection (of 9), and the fact that the demonstration sites are of importance not only nationally but also regionally, are factors that are likely to contribute to the replication of successful models. For instance, the Filipino officials are actively considering how to expand the impact of and replicate the project's demonstration sites (which are all naturally located on the South China Sea coasts within the country) to other areas of the country.

Similarly, the demonstration sites will serve all countries in the region through the project and other exchange mechanisms. A good practice initiated by the project is that all Regional Working Group meetings are held at different demonstration sites, allowing for the hands-on exchange of experiences and lessons learned.

The management structure at the national and regional levels can be considered innovative, highly efficient and cost-effective.

The management structure has been very effective in several areas. In fact, the clear separation of roles of the policy and decision-making structures from scientific and technical functions has been a key aspect of the success of the project. The highest-level decision-making structure is the Project Steering Committee, which consists entirely of government officials from the participating countries. The main scientific and technical forum, the Regional Scientific and Technical Committee, forms the bridge between the Project Steering Committee and the regional working groups dealing with the scientific and technical aspects of the project. The Regional Scientific and Technical Committee makes recommendations to the Project Steering Committee with respect to appropriate actions, based on the scientific work carried out within the regional working groups and at the national level. **Hence, a particularly important feature of this project is the clear delineation of scientific and political roles and functions, which has resulted in the strong scientific basis for policy making.** This structure has allowed the Project Steering Committee to make its decisions based on accurate and appropriate scientific and technical advice.

At the national level, there is coordination within particular sectors through the national technical working groups, as well as across sectors, through the inter-ministry committees, which bring to the table all of the sectoral ministries with a stake in the project. **The management structure is exemplary, as it combines both top-down and bottom-up approaches**, involving participants and stakeholders not only from the highest levels, sub-national governments and the scientific and technical communities, but also NGOs and local communities, in decision-making and implementation processes and the selection of demonstration sites. **Another important characteristic of this project is that the scientific and technical expertise employed by the project are local resources from participating countries** (except for two experts in the Project Coordination Unit).

Strong country ownership has been secured through various mechanisms including the inter-ministry committees, national technical working groups and the systematic involvement of local/sub-national authorities and stakeholders in the selection of demonstration sites.

At many levels, the project appears to be highly cost-effective. For example, the Project Coordination Unit was established directly under UNEP with key personnel hired as UNEP staff.

This decision has proven cost-effective as it reduces transaction costs between the project and UNEP headquarters, as well as with the UNEP-GEF Division. In addition, the Project Coordination Unit is located in the same building as UNEP's Regional Office for Asia and the Pacific and the East Asian Seas Regional Coordinating Unit, which can provide opportunities for synergies and efficiency.

In addition, at the country level, the various components have been incorporated into the regular work of the specialized executing agencies, which have been selected on the basis of their experience and expertise in their respective fields. The demonstration projects are designed to be implemented in collaboration with local authorities at the sub-national level with a view to mainstreaming them at the local level. At the same time, the project design—comprised of both national- and regional-level cooperation—would appear to be very conducive to the cost-effective dissemination of the results of the demonstrations. All Regional Working Group meetings take place in the field, in locations proposed as demonstration sites within the project. In this way, a regional exchange of information, experiences and lessons learned between the proposed demonstration sites and relevant stakeholders is built into project implementation, and thereby facilitates an ongoing connection and exchange of information and staff between various demonstration sites and areas where activities would be replicated throughout the region.

The independent Midterm Evaluation of the project (July 2004) stated that: "By comparison with similar GEF projects elsewhere, this project is a model of cost-effectiveness."

Key Challenges

The Fisheries component experienced a setback due to the inability of the relevant Malaysian institutions to participate. Other components seem to be less affected by the somewhat weak project participation demonstrated by these institutions.

The project document emphasizes the need for close coordination with ongoing related GEF and other projects in the region, especially the PEMSEA project (Partnerships in Environmental Management for the Seas of East Asia), implemented by UNDP. However, coordination between the two projects has not been adequate. PEMSEA involves cooperation with the same seven, as well as an additional five countries. While there is little duplication between the two projects, they have not taken full advantage of potential complementarity. Whereas the South China Sea project focuses more on the protection of specific habitats, PEMSEA is more directed towards addressing pollution and hazardous waste and the overall health of the ecosystems; and while the South China Sea project is primarily linked up with national environmental ministries, PEMSEA cooperates more with sectoral and planning ministries. PEMSEA prepared a "Sustainable Development Strategy for the Seas of East Asia," which was approved by ministers of the participating countries in December 2003 as a basis for national strategies and action programs. A regional mechanism for follow-up of the strategy has been accepted. In sum, **the full potential for coordination of the South China Sea project and PEMSEA has not been exploited so far.**

The project design includes a centralized structure to coordinate the participation of the 7 governments and the direct engagement of 43 specialized executing agencies. This entails a very high workload for the Project Coordination Unit. In fact, the **Project Coordination Unit is currently overworked**, which has to a degree contributed to a slow-down in some of the work as time allocation conflicts arise between, for example, the organization of periodic meetings and administrative duties such as the clearing of semiannual reports by the specialized executing agencies. This is partly a result of the project design and partly because some of the positions in the Project Coordination Unit have remained vacant for extended periods of time. **Addressing the issue of inadequate staffing in the Project Coordination Unit will be crucial to maintaining satisfactory project progress.** The Project Coordination Unit plays an important role in the project by facilitating the various processes, preparing documentation, organizing meetings, supporting the regional working groups and participating in the proceedings of the Project Steering Committee. Its role is seen as essential in

supporting and prodding all the participants along. The project's success therefore depends on the continued effective functioning of the Project Coordination Unit and also on solving the institutional matter of regional coordination following project expiration in 2007.

Concluding Remarks/ Key Lessons

The project has fostered regional cooperation through the involvement of renowned scientific institutions and participating country governments in the protection and sustainable use of common waterbodies. It has created a framework for transparent cooperation—involving the sharing and comparison of information—within and across countries, and has also enabled scientists and governments to make common decisions on the basis of agreed-upon environmental and socioeconomic criteria. The project also emphasizes awareness-raising and stakeholder involvement at all levels on relevant issues.

Areas for improvement:

Although the project is efficient and cost-effective, the Project Coordination Unit's role in the project is pivotal and its capacity is currently overstretched. It is therefore important to strengthen the Project Coordination Unit, most importantly by filling the vacant posts.

The project has very actively promoted and fostered inter-country cooperation amongst scientific and government stakeholders, which could bode well for regional cooperation. It has also very effectively mobilized regional experts and champions. However, it has come to rely on a very active Project Coordination Unit for its implementation, the funding for which was approved only until 2007.

Although the overall sustainability of the project outcomes at the national level appears highly likely, sustainability is not as likely at the regional level, which would provide the main global environmental benefits of the project. Regionally, the project was initially endorsed by and will end with the approval of the Strategic Action Program by COBSEA. Ensuring regional sustainability would require further efforts to ensure that COBSEA would play a more active role in coordinating environmental efforts than in the past. Regional sustainability would also be further improved through closer collaboration with PEMSEA and other projects.

Main lessons learned:

- One of the key systemic lessons learned so far through this project regards the separation of scientific/technical and political/decision-making spheres of the project. This distinction has proven important to ensure that the main forums for each—the Regional Scientific and Technical Committee and the Project Steering Committee—are able to focus on their respective areas of expertise. This separation has also helped to ensure that the scientific and technical considerations have not been diluted by political considerations; consequently, the Regional Scientific and Technical Committee has been able to provide sound advice to the Steering Committee.
- Regarding the demonstration sites, there is a need to consult both local/subnational government authorities as well as other stakeholders, including those from productive sectors. Involvement of local/subnational authorities as well as other stakeholders increases the buy-in and impact of the demonstration sites.
- Using regional mechanisms to systematically promote the ongoing exchange of experiences and lessons learned in combination with visits to demonstration sites enhances the potential for replication beyond individual countries.

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