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

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UNDP/GEF/YS/AWG.2/4 rev.1  
Date: 25 July 2007  
English only

### **Second Meeting of the Strategic Action Programme Ad-hoc Working Group for the UNDP/GEF Yellow Sea Project Hangzhou, China, 18-20 August 2007**

#### **Draft Guideline for Feasibility Study**

Following the identification of potential management options, it is critical to carry out feasibility studies to examine the feasibilities of the proposed management actions to address the environmental problems. The feasibility studies will include mainly the following elements:

- technical feasibilities;
- costs and benefits analysis; and
- political and social acceptability

Each of these analyses should be carried out at national and regional levels, and should follow guidelines prepared by the regional experts and approved by the Project.

#### **1 Technical feasibility of the management actions**

A technical feasibility study will need to be produced for each listed action. The study will determine which actions are technologically possible. The feasibility study should provide results on the most effective and technically feasible solutions of the management actions. It should not only provide recommendations, but also provide justifications behind those recommendations.

The technical feasibility studies should address each of the proposed management actions, and include:

- (i). *Background information of the identified transboundary environmental problems in the Transboundary Diagnostic Analysis for the Yellow Sea (TDA), and the identified causes and root causes of the problem;*

The management actions (and/or options) were prepared based on the environmental problems in the Yellow Sea and causes and root causes identified in the TDA. Necessary information on the problems and causes are essential information for the management actions and the feasibility studies. Information on the relevant problems and current management situation are necessary for the feasibility studies.

- (ii). *Long-term Ecosystem Quality Objectives (EcoQO) or the regional targets for the management actions were identified in the First Meeting of SAP Ad-hoc Working*

(iii). *Group. These targets represent the goals that the management actions should reach, to address the priority transboundary issues.*

Regional Ecosystem Quality Objectives (EcoQO) or the regional targets for the management actions have been initially identified for a period up to the year 2020.

(iv). *Description of various options for management actions agreed during discussions at the Second Meeting of the SAP Ad Hoc Working Group will consider relevant elements of the feasibility studies*

(v). *It is expected that management actions and/or options would be prepared following the discussion and agreements of the Second Meeting of the SAP ad hoc Working Group. These actions and/or options will be carefully examined in the feasibility studies*

(vi). *Technical background of the options*

Technical background information needs to be provided at national level to provide technical specifications of proposed management actions under consideration. For instance, if waste water treatment is proposed, the relevant information on the treatment facilities, their effectiveness of operations and limitations are the basic information needed.

(vii). *Discussion of each point of comparison*

A list of elements to be considered in the technical feasibility studies needs to be prepared for comparison, such as technical points, costs of installation and operation and requirements of operational environment, etc.

(viii). *Conclusions of the comparison section*

Technical feasibility studies need to be carried out by comparing various technical considerations identified for each identified management action.

(ix). *Recommendations*

As an outcome of the studies, recommendations should be prepared by the study group to be considered by the regional working groups and RSTP, and approved by PSC.

## **2 Cost and benefit analysis of the management actions**

This task will be carried out based on the regional guidelines for economic valuation and cost and benefit analysis, prepared by PMO, and approved by RSTP.

While considering the widely-used techniques for management actions, there is a need to consider the economic aspects of the actions, which will provide additional information for the management actions to be implemented. The purpose of the economic analysis is to create a basis for sound decisions about the allocation of financial resources.

Cost-Benefit Analysis (CBA) will enable all available options to be assessed on an equal, objective footing so that they can be prioritised rather than relying on the judgement of a decision-maker as to whether the benefits of an action justify its costs.

During the process of preparing the TDA, the Project also started the preparation of a regional guideline for economic valuation. The guideline, in which CBA is an important part, which provides theoretical and practical information. Efforts have also been put forward for a case study in mariculture. It is expected that relevant CBA for the defined management actions would be carried out according to the guideline. Considering the amount of work required, the CBA may focus on a few major identified actions (and/or options) that would contribute greatly to understanding of economic implications of the management actions (and/or options).

The details of CBA can be found in the regional guideline (Document UNDP/GEF/YS/AWG.2/inf.3).

### **3 Political and social acceptance**

While the TDA provides technical information on the environmental problems, priorities and root causes, the SAP will define management actions (and/or options) covering measures for harmonisation of policies and legislations, institution reform and technical solutions. The ultimate goals of the SAP are to achieve commitment at the highest governmental levels, to move forward on a selected set of priority actions and strategies within the framework of agreed EcoQOs (or regional target for management actions).

The TDA, together with national and regional governance analyses have provided analytical results covering legislative, institutional and stakeholder issues. These results will provide basic information for potential management actions. It will also provide necessary guidelines on political and social acceptance of the SAP.

As the management actions are further defined based on the governance analyses, and in parallel to the technical and economic feasibility analyses, it is necessary to further sound out the social and political acceptability of each option. This is necessary at both the regional and national levels. At the regional level, regional and international conventions and agreements in protecting marine environment and sustainable use of marine and coastal resources will be the fundamental elements to examine the management actions (and/or options). At the national level, stakeholders that may be directly impacted by the management actions (and/or options) or that will play a role in its implementation will need to be consulted.

The following issues will need to be considered:

- *What sectors are involved in the management actions identified in the SAP? Are there conflicting interests? Has an inter-sectoral response/approach been negotiated within the SAP?*

There is need to identify what sectors are involved in the SAP, either with roles of implementing the management actions of SAP, or being impacted by the management actions. It is critical that the Inter-Ministerial Co-ordinating Committee (IMCC) in the participating countries are fully consulted during the SAP process. In particular, those management actions that suggest harmonisation of legislation and reform of institutional arrangement need to be fully negotiated within the IMCC.

- *Have all relevant stakeholders been identified and fully consulted?*

The national and regional governance analyses provide information and results on the stakeholders' relationships to each management action. Based on the information, there is a need to check whether all the relevant stakeholders that would be affected by the management actions have been identified, and are fully aware of the management actions and their impacts. It is expected that NGOs involved in the Project would assist in this respect.

- *Do stakeholder groups understand the potential benefits and/or costs of a specific action?*

Understanding of relevant stakeholders on the potential benefits and costs of a specific management action will certainly contribute to the acceptance by the groups. To answer this question, there is a need to have appropriate dialogues and consultation with the various stakeholders.

- *Are the management actions appropriately translated into a common understandable language to avoid misunderstanding and misconceptions?*

Management actions (and/or options) identified in the SAP need to be appropriately translated into a common understandable language, to avoid misunderstanding and misconceptions caused by imprecise or fragmented information or previous negative experiences.

#### **4 Proposed Mechanism for Carrying Out the Feasibility Studies**

In order to carry out the feasibility studies for the management actions (and/or options) identified in the SAP, the following mechanism is proposed:

For the technical feasibility study,

- (i) Following identification of management actions (and/or options) at the second meeting of the SAP Ad Hoc Working Group, the National Working Groups for the project components should discuss possible approaches to carrying out the technical feasibility study;
- (ii) The Regional Working Groups for the Project Components should discuss the national proposals and provide comments and guidance to the National Working Groups;
- (iii) National Working Groups are responsible for the relevant feasibility studies in the participating countries, and the study results will be reported to the members of the SAP Ad Hoc Working Group through PMO.

For the Cost-Benefit Analysis,

- (i) Following the regional guideline prepared by the PMO's Environment Economist, in consultation with experts of the Regional Working Group for Investment, a detailed workplan should be prepared. The proposal will be discussed in the next meeting of the Regional Working Group for Investment for consideration and agreement;
- (ii) With defined activities, small group(s) consisting of economic experts should be formed to carry out relevant activities of CBA. The group should submit the study report to the SAP Ad-hoc Working Group through PMO.

For the Political and Social Acceptance,

- (i) NPCs should organise national IMCC meetings to introduce the management actions (and/or options) to discuss relevant issues on the management actions, their impacts and national co-ordination for action implementation in the future;
- (ii) NPCs will be invited to find an appropriate mechanism to carry out consultation with potential stakeholders that will be involved in the implementation of SAP or

will be affected by the actions, e.g. using well-known NGOs in the participating countries,;

- (iii) NPCs will report the results to the SAP Ad Hoc Working Group through PMO

The final results will be considered by the RSTP and PSC.