MINISTRY OF MAHAWELI DEVELOPMENT & ENVIRONMENT
GOVERNMENT OF SRI LANKA

National Portfolio Formulation Exercise

GEF CYCLE VI

GEF SECRTARIAT-SRI LANKA
2015

Global Environmental Facility

National Portfolio Formulation Document of Sri Lanka-GEF VI

1. Sri Lanka and Global Environment Facility (GEF)

The developmental efforts of the successive governments of Sri Lanka during the last several decades have led to increase in per capita incomes, standard of living of people and decrease in overall poverty levels. As an emerging economy, the challenge for Sri Lanka is to achieve sustainable high economic growth with greater equity, whilst integrating in the process of globalization, achieving permanent peace and prosperity. Sri Lanka, with a total land area of 65,610 km^2 is a tropical island situated in the Indian Ocean, is blessed with a valuable biological diversity, abundant water resources, fertile soils, minerals, and a conducive but variable climate. Sri Lanka's geographic location, varied climatic conditions and topography have given rise to its unique biological diversity. Along with the Western Ghats of India, the country has been identified by Conservation International (CI) as one of the 34 global biodiversity "hotpots" considering not only the high concentration of endemic species, but also the loss of over 75% of the primary vegetation. Sri Lanka also has the highest species diversity per unit land area of all Asian countries in terms of flowering plants and all vertebrate groups, excluding birds.

The government is also committed to increasing external trade competitiveness, creating an enabling environment for private sector investment, and facilitating power sector and infrastructure/ reconstruction development projects to sustain the momentum for economic growth while meeting the domestic needs of a population exceeding 21 million. Accordingly Sri Lanka faces the critical challenge of ensuring that national development is systematic, equitable and environmentally sustainable. The government of Sri Lanka also made commitments to achieve the Millennium Development Goals (MDGs) at national level with the support of various Ministries and UN agencies. Targets with regard to goals 1-6 were well on track during reporting, while progress was being made with regard to goal #7: to ensure environmental sustainability by increasing protected areas, reduction of green-house gasses and CFCs, and formulating and initiating a range of policies plans and programmes.

Demographic pressures exacerbated by continuing economic development have led to a plethora of environmental problems, such as the excessive exploitation of the land (especially sloping land), deforestation, loss of biodiversity, water pollution and water scarcity, destruction of coral reefs, urban pollution, and solid waste and poverty. In the present context, Sri Lanka faces a host of environmental problems such as land degradation, pollution and poor management of water resources, loss of biological diversity, coastal erosion, increasing scarcity of water for agriculture, waste disposal in urban areas, and traffic congestion in the main cities. A sustainable high level of economic growth must be ensured without causing irreversible damage to the environment.

Serious attention must be paid to safeguard the environment and ensure that natural resources are used in such a manner as to ensure that development will remain sustainable. This will only be possible by managing the environment through protecting nature and the life support systems. The constitution of Sri Lanka 1978 makes it "The state shall protect, preserve and improve the environment" (Chapter iv, Article 27 (14), and it continues to place a duty and obligations on the people of the country when as "it is the duty of the every person to protect nature and conserve it's riches (Chapter iv Article 28). The National Environment Policy (2003) along with the Cleaner Production Policy (2002), National Watershed Management Policy (2004), National Policy on Sand for the Construction Industry (2005), National Land Use Policy (2006), National Agriculture Policy (2007),National Air Quality Management Policy (2000), National Forestry Policy (1995), National Policy on Wildlife Conservation (2000), National Wetland Policy (2006) and National Climate Change Policy 2012) together with legislations such as National Environmental Act (1980), Coast Conservation Act (1980), Forest Ordinance ((1885) amended in 1966), Fauna and Flora Protection Ordinance

(2009 No 22 (Amended)), has created an enabling environment for sustainable development. Environmental screening (EIA/IEE) is a mandatory requirement under the NEA for all the prescribed projects and within the coastal zone of the island it is under the purview of CCA.

The growing concern of the government in the management of environment and natural resources and ensure sustainable development is well reflected in the National Action Plan for "Haritha Lanka" programme (2008), National Environmental Action Plan: Path to Sustainable Development II (2008), National Biodiversity Conservation Action Plan – A framework for action (2001) and the National Biodiversity conservation Action Plan – the Addendum (2007), National Climate Change Adaptation Strategy and Action Plan (2011-2016), and National Action Plan to Combat Land Degradation are examples reflecting the commitment of the GOSL.

Sri Lanka has signed and ratified a number of Multilateral Environment Agreement (MEAs) paying a great attention to join hands with global community to address environmental problems and issues of global significance. The country is party to UNCCD, UNFCCC, UNCBD and Chemical Conventions such as Basel Convention on hazardous waste, Rotterdam Convention on industrial chemicals and Stockholm Convention on Persistent Organic Pollutants (POPs).

The Operational Focal Point (OFP), the Secretary Ministry of Mahaweli Development and Environment plays an important role in operation and coordination aspects while the Political Focal Point (PFP) the Minister of Mahaweli Development and Environment plays a vital part in policy and the governance issues related to GEF. Since the PFP and the OFP are placed in one agency it has created an enabling environment for smooth functioning of the activities.

Sri Lanka is one of the first countries, which accessed financing from the Global Environment Facility (GEF). The GEF support to Sri Lanka was initiated during the GEF pilot phase in 1992, with the preparation of the Development of Wildlife Conservation and Protected Areas Management project (GEF ID 352), implemented by the United National Development Programme (UNDP). Up to December 2012, 14 national projects have been completed, 6 projects are being implemented while 2 more projects are at approval stage, and one was at the proposal stage. The national portfolio consists of 23 national projects and 330 small grants. The total financial investment in the national projects is $396 million with GEF funding amounting to 15% (US$60 million) and co-financing from various sources including donors and the government amounting 85% (US$ 336 million) (Table 1). An equal number of projects (nine each) have been invested in biodiversity and climate change, but in terms of financial investment, climate change related projects have received 80% of the total budgetary allocations largely on account of renewable energy initiatives. The national portfolio consists of 14 Full Size Projects (FSPs), 3 Medium Size Projects (MSPs) and 6 Enabling Activities (EAs).

Table 1: GEF Supported National Projects in Sri Lanka

Focal Area	No of Projects	Budgetary allocation (US$ Million)			GEF %	Co-financing %
		GEF Financing	Co-Financing	Total		
Biodiversity	9	24.7	38.2	62.9	39%	61%
Climate Change	9	27.5	290.1	317.6	9%	91%
Multi Focal	4	7.5	7.6	15.1	50%	5%
POPs	**1**	**0.5**	0.02	**0.5**	**95%**	**50%**
Total	**23**	**60.0**	**336.1**	**396.1**	**15%**	**85%**

2. Sri Lanka Performance in the GEF Projects

2.1. National Projects

The national projects in Sri Lanka supported by GEF from 1992-2012 consisted of very small investments for enabling activities to large scale full-size projects. In the 23 national projects in the system up until 2012, 14 have been completed, 4 are implementation, 4 at approval and 1 at proposal stage. The older projects show a level of homogeneity especially in the biodiversity projects addressing protected area/forest area management and in the climate change projects addressing renewable energy. The national portfolio also shows a skewed distribution of the type of projects with 13FSPs, 3 MSPs and 7 enabling activities. There has not been a transition from enabling activities to Medium to Full Scale projects over time. Yet some of these large Projects such as on the Conservation and Sustainable Use of Medicinal Plants Project (GEF ID 95) and both the Wildlife Conservation and Protected Area Management projects (GEF ID 352, GEF ID 878) included development of action plans, capacity building, baseline studies, etc. that are generally undertaken as enabling activities.

2.2. Regional Projects

Sri Lanka is part of three regional projects in the areas of biodiversity and International waters. The information available does not provide an analysis of the allocation for investments made only for Sri Lanka. The project on Conservation of Crop Wild Relatives (GEF ID 1259) has been completed, whilst the other two projects are under implementation. These projects show linkages with other important sectors such as agriculture and livestock management as well as new area of work such as conservation genetic material. It also includes the only International waters project for Sri Lanka. However there are many projects that have been dropped. Interestingly the dropped projects show considerable variation and widening of the scope of project topics and interventions.

2.3. Global Projects

Sri Lanka has been part of eight global projects in biodiversity, climate change, land degradation and multi focal, with none under implementation and 13 projects in GEF-4 and GEF-5 have been approved. The last two rounds of global projects also include the allocations for SGP. The global projects show expansion or linkages to the national level renewable energy projects with a project promoting solar and wind energy (Solar and Wind Energy Resource Assessment- GEF ID 1281). Projects in the pipeline increase the focus on the marine ecosystem with a project that is aimed at conserving the dugong that is rated as a species vulnerable to extinction (Enhancing the Conservation Effectiveness of Sea-grass Ecosystems Supporting Globally Significant Populations of Dugong across the Indian and Pacific Oceans Basins - GEF ID 4930). The global projects also show wider scope into connecting conservation, sustainable use and human wellbeing by tackling issues such as nutrition (Mainstreaming Biodiversity Conservation and Sustainable Use for Improved Human Nutrition and Well-being -GEF ID 3808).

2.4. Small Grants Programme

The GEF SGP in Sri Lanka commenced in 1994. Since then it has developed into a fully operational programme and is now in its sixthoperational phase. A .After a delay in receiving funding for GEF 5, it did remarkably well in committing an allocation of US$ 1 million within a one year period.During the twenty year period from 1994 to 2012, 370 GEF projects have been implemented in Sri Lanka amounting to US$ 12,046,867 of which US$7,958,815 is GEF support and US$ 4,088,052 is co-financing either in cash or in kind by the grantees. There was also a special allocation for capacity building in GEF-5. Approximately 300 NGOs both national and local, old established organizations and new organizations that work around the island have benefitted from SGP grant funding. Initiatives in the districts of Jaffna,Vavuniya, Mullativu, Killinochchi and Mannar affected by the conflict and inaccessible until 2009are now being funded in GEF 5.

The capacity of NGOs/CBOs in implementing projects in GEF focal areaswith the engagement of civil society groups is gradually improving. However SGP considers capacity development as a continuous process for its partners.

In addition although there was no financial allocation by GEF, the GEF-SGP office administered the following small grants schemes:

(a) Community Water initiative (CWI): Sri Lanka was one of the ten countries to receive funds globally for CWI, towards achieving the Millennium Development Goals related to water supply.
(b) Mekong Asia Pacific/Community Based Adaptation (MAP/CBA): this initiative provided assistance for implementing community level climate change adaptation activities. Sri Lanka was one of the three countries in Asia selected to implement this programme.
(c) South-South Grants Facility (SSGF) Sri Lanka was one of five countries which participated in the program. SSGF was established by the Special Unit of UNDP South South Cooperation in 2005 to support specific community development initiatives for the rehabilitation and reconstruction of destroyed habitats and infrastructure in the aftermath of the December 2004 tsunami.
d) Sri Lanka SGP is part of the Community Based REDD+ program implemented by selected countries globally to pilot initiatives to address deforestation and forest degradation issues with the participation of communities.

The GEF-funded projects have also helped to develop in-country capacity to identify and address national environmental problems that will help conserve the global environment; strengthened governmental and non-governmental organizations, the corporate sector and communities to contribute towards environmental conservation. In doing so the GEF has communicated with not just key actors in government but with the public at large right down to the grassroots level. The capacities of the grass root level organizations, community at large has been increased tremendously with the input of GEF-SGP. Thus the commitment of the CBOs/NGOs and the community is very high today and the awareness on current national and global environment issues and concerns are commendable. The contribution of GEF agencies to achieve these outcomes has been significant.

The GEF support has contributed to fulfilling some requirements under the international conventions such as reporting, assessments and preparation of action plans through enabling activities. The completed MSPs and FSPs have focused on implementing changes that would contribute to the objectives of the conventions on achieving Global Environmental Benefits (GEBs). Enabling activities for climate change, land degradation, biosafety, POPS have also happened as separate projects and have been geared towards meeting obligations under the various conventions. In general, the focus has been on two focal areas – biodiversity and climate change.

The main contribution on biodiversity has been to improve the management of protected areas that span terrestrial and coastal protected areas in both the wet and the dry zones, which have contributed to the protection of globally valuable species and habitats. This has been aided by resource mapping (baselines, inventories, national red listing, etc.), preparation of action plans (BCAP and its addendum, gap analysis) and direct implementation of institutional and management processes such as restructuring institutions, skills development, infrastructure development, enhancing management tools and styles.

In the field of climate change, efforts towards improving the information base for planning climate change mitigation through enabling activities have been supported while the most significant result has been the increase in the use of renewable energy (hydro, solar, wind) that has contributed to greenhouse gas reduction. However, GEF support has not extended to transport, agriculture or waste related emissions that are also significant contributors to Sri Lanka's greenhouse gases. While emissions from biomass, mainly due to domestic use, has also not been addressed at a national level, it has been addressed in a number of SGP projects that have addressed better stove and kitchen designs.

In the case of enabling activities, the national capacity self-assessment (GEF ID 2417) process was a critical step to identify the priority capacity development needs and synergies across sectors to assist with the implementation of three conventions, namely the UNCBD, the UNFCCC and the UNCCD. This country-led process concluded that, while capacity was indeed a shortfall, weak law enforcement, lack of coordination and communication among institutions/agencies, and poor private sector involvement were all impeding the achievement of better results under these focal areas. However, the remedial measures identified through wide consultation during the NSCA have not been adequately addressed so far, mainly due to funding constraints and lack of a coordination mechanism to track and push these activities.

3. Description of the National Steering Committee

The proposed composition of the National Steering Committee for the GEF VI cycle will be as follows.

i. Secretary, Ministry of Mahaweli Development and Environment –GEF NOFP- Chairman
ii. Representatives from Ministry of Mahaweli Development and Environment and Forest Department
iii. Representative from Ministry of Finance and Planning
iv. Representative from Ministry of Irrigation & Water Resource Development
v. Representative from Ministry of Industry & Commerce
vi. Representative from Ministry of Power & Energy
vii. Representatives from Ministry of Tourism and Department of Wildlife
viii. Representative from Ministry of External Affairs
ix. Representative from Ministry of Plantation
x. Representative from Ministry of Fisheries & Aquatic Resources
xi. Representative from Ministry of Lands & Land Development
xii. Representative from Ministry of Agriculture
xiii. Representative from Ministry of Health and Indigenous Medicine
xiv. Representative from Ministry of Disaster Management
xv. Representative from the Private Sector Organization
xvi. Representative from Civil Society Organization
xvii. National Coordinator, GEF, Small Grants Programme

The functions of the Steering committee would be to

I. endorse projects for GEF funding
II. monitor and evaluate GEF funded projects in the country
III. review action/development plans and programmes at the national/sectoral/provincial level and identify areas best suited for GEF interventions including strategic directions
IV. Regular review on the country obligations under each of the GEF financed Conventions and advised relevant convention focal points accordingly
V. advise and assist NOFP to develop guidelines and coordination and dissemination mechanisms
VI. provide directions for the GEF Small Grant Programme

4. Process Adopted in GEF Cycle VI National Portfolio Formulation Exercise

4.1. Background

The Ministry of Mahaweli Development and Environment, as the GEF operational focal point, is responsible for leading the proposal planning and approval process of the GEF VI projects. Findings of the joint GEF/Sri Lanka Country Portfolio Evaluation (1991- 2012) has highlighted a number of areas that need improvement based on the past experience, and is dealt in detail elsewhere in this report. However, following are some

areas that were highlighted in the evaluation report, that also addressed influenced the workshop structure of the comprehensive stakeholder consultation carried out for GEF VI. These improvements were made with a view to create space and access to relevant information for participating agencies to address those gaps in designing projects/programs in the GEF VI.

The country portfolio Evaluation Report highlighted that;

- The need to embrace a participatory approach at portfolio formulation and project design stages and to link people/agencies consulted at design stage involved at the implementation stage. This will facilitate avoid situations such as resistance from concerned members of civil society and filing legal cases against the implementation of certain components of approved projects.
- The need to strengthen the ownership and buy-in by relevant government agencies in the implementation and continuity of project activities after the completion of externally funded project cycle.
- The need to promote stakeholder participation and cross sectoral linkages, though there was a limited number of collaborative plans that have been developed and implemented successfully. This is a difficult task to accomplish even among Departments with similar interests. More attention and commitment is thus required to develop synergies in content and resources allocation in collaborative planning, implementation and monitoring.
- The need to achieve the goal of sustainable development through incorporation of environmental aspects to sectoral plans. Absence of separate financing mechanisms allotted to these activities is an issue and needs incorporation to the annuals budgets of the state institutions.
- The need to strengthen the inter-agency coordination and monitoring and evaluation.
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It is assumed that incorporation of the above aspects in early stages of the preparatory processes would allow the implementing agencies to have a dialogue with key stakeholders participating in such processes to identify operational strategies to design and implement individual projects and programs. Further, this would also enable the Ministry of Mahaweli Development and Environment, to identify their own strategies in providing appropriate support services and create an enabling environment for the implementing agencies to address those gaps highlighted in previous evaluations.
In this context, The National Dialogue Workshop conducted in July 2014 can be considered as the most important event organized as part of the preparatory process of GEF VI STAR portfolio in Sri Lanka, which is described in the following section.

4.2. GEF-Sri Lanka National Dialogue workshop

A two-day National Dialogue Workshop was held in July 2014 with the participation of 87 agencies representing various sectors in the governmental and non-governmental organization. List of agencies participated in the workshop along the sectors they represent is annexed. (Annex 1). The objectives of the National Dialogue Workshop were to;

1. Promote awareness about the GEF and its strategies, policies, and procedures in the sustainable development context of Sri Lanka among a broad array of national stakeholders
2. Strengthen country coordination and ownership as well as mainstreaming of GEF activities into national planning frameworks
3. Understand and discuss Sri Lanka's performance in earlier GEF periods and identify best practices in the project formulation and implementation for GEF-6
4. Preparation of the NPFD for GEF-6

4.3. Workshop Structure

The workshop structure was determined to achieve the objectives of the workshop and to enable a conducive environment and space for a constructive dialogue to discuss and agree on remedial measures to

address the gaps identified in the joint evaluation report.The workshop was structured incorporating following sessions conducted during the two days.
The focus of the Day 1 was to provide the stakeholder agencies the background information on the GEF portfolio, share the findings of past evaluations and other relevant information such as linkages with national sectoral plans and strategies to facilitate a constructive dialogue in identifying priorities for the GEF Cycle 6 on the Day 2 of the workshop.

4.3.1. Day 1:

Session one of Day 1 started with the opening remarks made by the National GEF Focal Point and the GEF Secretariat, was followed by the Keynote Address delivered by the GEF political focal point, Hon. Minister of Environment and Renewable Energy. The follow up session was conducted by the GEF Secretariat with a view to introduce the GEF program. This session included the history of the GEF and operational issues, System of allocation of Funds, and strategic priorities for GEF 6.

The Session 2 focused on the National Environmental Strategies and Plans. Participants were presented an overview of National Environmental Strategies on Biodiversity, Climate Change, Land Degradation and Chemicals. The Session 2 also introduced the National Sectoral Development Plans of the Ministry of Agriculture, Ministry of Fisheries and Aquatic Resources Development, Ministry of Disaster Management and Ministry of Finance. The morning session of Day 1 concluded with a session on GEF-Sri Lanka, which included an overview of the current GEF portfolio, its linkages with national environmental policies, strategies, and the recommendations of the GEF country portfolio evaluation (1991-21012) conducted by the GEF evaluation office. All three sessions were moderated by a chairperson and followed by question and answer sessions.

The GEF implementing partners and agencies shared their past experiences in the Session 3 indicating the results achieved and recommendations to be considered in future program designs. The Session 4 was a panel discussion conducted by the GEF partners in Sri Lanka representing the civil society, academia, GEF agencies and the private sector. The Day 1 concluded with the Session 5 providing an overview of GEF Small Grants Program (SGP) implemented by UNDP/SGP Office.

4.3.2. Day 2

The entire day was dedicated to the consultative process for setting national priorities of the GEF Cycle 6. The days' proceedings started with a presentation made by the GEF Secretariat on GEF focal areas and programs for the Cycle 6. Thereafter, the participants were grouped into five working groups based on their respective areas of specialization, expertise and interest in relation to the focal areas and programming directions of the GEF 6. Three groups worked green issues,*i.e.*"Natural Resource Management including biodiversity", "land degradation and sustainable forest management",and "international waters", while the remaining two groups worked on the "chemical and waste management" and on "climate change".

Guidelines for the group work were developed to assist the participants to reflect back on the past projects and come up with innovative ideas to prevent the likelihood of repetition.Furthermore, this helped fostering ideas that would contribute to achieve incremental changes to already ongoing processes as applicable.

Accordingly, participants were requested to fill in details on a matrix with following information;

(1) Refer to the country priorities and GEF focal areas identify one or two program areas to be prioritized under the respective focal area,
(2) List at least 5 ongoing programs/donor projects at present under the focal area that the group was focusing on,
(3) List 3 to 5 innovative ideas that could be developed into projects under the prioritized program areas,an

(4) Identify synergies if the ideas prioritized under item 3 that cut across other GEF focal areas.

4.4. Workshop Findings

The summary of workshop findings under above categories under 4 thematic areas is depicted in Annex2.

4.5. Conclusions

The workshop was structured to provide the participating agencies and their representatives to express their opinions, comments and suggestions as well as clarifications in relation to the contents of presentations made during the two days. Further, the group work sessions of the Day 2 were structured to enable the participants to debate and discuss gaps, issues, and challenges faced by GEF (and other similar programs) in project implementation. Most of these concerns and challenges are closely linked to the aspects highlighted in the GEF joint evaluation report. However, the following are some major issues and concerns that were expressed by the participants during the formal and informal discussions of the two-day workshop.

- Almost all the project ideas surfaced during the workshop have the potential to be developed into multi-stakeholder, multi-sector programs of complex nature. Successful implementation of those ideas requires embracing a programmatic approach instead of log-frame based project interventions. Therefore, it is important to adopt new ways of program designing reflecting the complexity involved in the design, implementation and monitoring of development interventions by considering the fluidity and dynamic nature of having direct and indirect implications on the planned program activities.
- Past experiences of complex projects have clearly shown the importance of coordination between and among different agencies and the necessity to have a common platform for monitoring and shared learning. Further, a large number of environmental programs have been conducted by various agencies over the years with the support of external donor funding. Similarly, academic institutions and other research agencies have conducted multi-faceted research programs on various aspects that are relevant and can be used effectively in new project/program designs. Same is true for the projects/programs conducted by the I/NGO sector. However, this vast repository of knowledge is not easily accessible due to the absence of a centralized database maintained by the GEF focal point. This results in serious underutilization of valuable information that can be translated to practical use and would lead to repetition of similar activities supported by different donor agencies.
- There are sufficient policies and international conventions ratified by Sri Lanka on almost all aspects of sustainable environment management. However, most of those policies have not been translated into Acts, by-laws and regulations to enable and empower the Provincial and Local Government Authorities for their implementation. This would result in poor environmental governance. This is an area that needs careful scrutiny as it is the foundation on which the sustainability, expected outcomes and impacts can be achieved from the implementation of projects and programs.

5. Past experience of Sri Lanka with GEF and lessons to be considered in developing National Portfolio Document

Sri Lanka was one of the few countries to benefit from GEF funding for a project titled 'Development of Wildlife Conservation and Protected Area Management in its pilot phase immediately after the UNCED in 1992 while the GEF structure was still evolving. This project implemented by GOSL and FAO with funding support of U.S.$ 4.0 million from GEF aimed at enhancing the capacity of DWLC to manage Protected Areas (PAs) and enhance people's awareness of how these PAs contribute to their socio-economic development and secondly conserving Sri Lanka's elephants while reducing the human/elephants conflict.

With this beginning, Sri Lanka was successful in obtaining GEF funding for interventions in key focal areas of GEF that supported national environmental priorities of the country while contributing to achieve global environmental benefits (GEB).

The Joint GEF/Sri Lanka Country Portfolio Evaluation (CPE) of projects implemented from 1991 to 2012 proposed four recommendations based on the conclusions derived following the evaluation of findings. This provides a sound basis in designing the portfolio of projects for GEF VI. In addition the conclusion presented in the GEF Annual Country Portfolio Evaluation Report 2013 of December 2013 (ACPER 2013 Evaluation Report No 87) embedded the findings of the CPE of Sri Lanka and three other countries in the Region should also be considered as the key pillars to anchor the project concepts proposed for the next cycle of GEF.

The conclusions and recommendations in the CPE 2013 are therefore, succinctly presented and discussed below in order to highlight the importance of each recommendation in programming the GEF IV;(NOTE: according to the numbers given in CPE 2013)

- **Conclusion 1**:**"GEF projects in biodiversity have effectively supported actions identified by the Sri Lanka Ministry of Environment and related departments."**
  This is a positive conclusion that indicates the interventions seeking GEF support should respect and therefore should be based on national priorities identified by the authorities in the country and not otherwise.

- **Conclusion 2:In climate Change GEF supported activities have created enabling environment for renewable energy through removal of barriers and establishment of transparent tariff mechanisms, enabling market transformation and uptake beyond GEF support.**

- **Conclusion 3: Use and incorporation of lessons learned from previous projects have been best ad-hoc in the early GEF Phase; recent GEF projects (GEF 4 and later) refer to previous lessons in their design and include budget lines for disseminating lessons both locally and internationally**
  The reasons for this have been the lack of central depository of project information and lack of regular sharing of information among stakeholders. This is a highly valid conclusion that must be taken in to serious consideration in screening project proposals for the GEF VI. The project concepts proposed for GEF VI should therefore include a section on the previous lessons of the relevant GEF program area (i.e. Biodiversity, Climate Change, Land degradation, etc.) particularly highlighting how the proposed intervention incorporate the relevant lessons systematically in their current proposal.
  The initial GEF projects were aligned to sectoral plans such as NEAP, the Coastal Zone Management Plan, and Special Area Management Plan etc. In that respect GEF projects have largely addressed the country's environment and sustainable development objectives and also country's development programmes such as National Physical Policy and Plan, National Action Plan for *Haritha Lanka*programme(Green Lanka)

- **Conclusion 4: "Results are mixed in relation to the effectiveness of GEF support to Sri Lanka in producing results that last in time and continue after project closure"**

  This has been a common conclusion observed in almost all projects where continuity of the outputs produced during interventions are set aside and even forgotten. Yet propose completely new projects aimed at producing the same outputs in addressing the same issues with no reference at all to the previous attempt. Hence, GEF implementing agencies should be conscious of this important conclusion in proposing project concept for GEF VI. Equally important role should be played by GEF OFP in screening these concepts and accepting them for STAR allocations of GEF VI.

- **Conclusion 5: GEF supported projects have not proceeded on gradual progression from foundational activities to demonstration and then investment leading to less progress toward impact after project closure.**

  This is a significant concern that must be considered and adhered by project concept proponents as well as GEF OFP when developing and accepting concepts for GEF VI. Having progressed up to GEF VI, Sri Lanka must be able to submit sound concepts that comply with these attributes.

- **Conclusion 6: GEF support to Sri Lanka has had 'demonstration effect' linking environmental conservation measures with compatible livelihood and development activities.**

  This may not be necessary as the country committed to ensure "Sustainable Human Development" (SHD)since early 1970s. The consecutive governments have taken deliberate measures to make this a reality. However, GEF VI concept should not be limited to have only 'demonstration effects' but to focus beyond this.

- **Conclusion 7: Although limited in spread of activities and project ideas, GEF support has helped Sri Lanka meets its international commitments as well as number of national concerns.**

  The question here is why Sri Lanka was unable to spread activities and project ideas having commenced its association with GEF since its very inception in 1992. This implies a critical need that should be addressed in the project concepts proposed for GEF VI to build on wider spread of activities and ideas that will enable the country to achieve full commitment on national concerns while meeting its international obligations.

  The rest of the conclusions are on weaknesses of enforcing laws, GEF projects strongly focusing on biodiversity while placing less attention on other GEF areas, increased time taken for approval, not fully operationalizing GEF M&E, applying adaptive management to steer project implementation and mixed level of synergy and stakeholder coordination due to different project implementation modalities.

  The following recommendations proposed in the CPE 2013 should be the key pillars to anchor the GEF VI proposals;

  1. GEF OFP should steer the NPF formulation for GEF VI in a way that the crucial environmental challenges Sri Lanka faces are addressed in a systematic way that builds on and learns from previous GEF cycles, especially GEF 4 and 5
  2. Explore avenues for integrated approaches that combined STAR allocation with non-STAR to make substantial projects or programmes with strong potential for replication and up-scaling through government or other donor assisted programmes.
  3. GEF M&E reports are made available to GEF OFP and other relevant national stakeholders
  4. Ministry of Environment should play a stronger role in systematically coordinating GEF portfolio for greater impact and sharing lessons
  5. The GEF OFP should ensure that project proposals have a clear link to its national priorities prior to submission through the national as well as the GEF approval process.
  6.

In addition to the CPE 2013 conclusions and recommendations the conclusions of GEF Annual Country Portfolio Evaluation Report (ACPER) 2013 too should be considered in developing the Sri Lanka NPF of GEF VI.The "ownership of GEF support is mixed in Sri Lankaaccording to ACPER 2013 is due to (a) Externally driven project design, (b) Capacity issues and (c) Inadequate stakeholder consultation during implementation. These reasons seem to be valid for GEF Cycle 6 as well.

Long preparation times and delayed implementation affected overall efficiency. The Full Size Projects of Sri Lanka has taken an average of four years from entry in the pipeline to implementation start up. For the eleven (11) GEF projects implemented up to 2012, the average implementation period recorded was five (5 years). The enabling activity on CC-Initial Communication to UNFCCC has taken ten (10) years to complete. All biodiversity projects has been extended due to issues of design, management, staffing, insufficient technical capacity, changes in law, under-estimation of time required, funding and also external factors.

Within this backdrop, the project concepts submitted for consideration in GEF Cycle 6 from Sri Lanka by the implementing agencies scrutinized, improved and then accepted for submission for GEF approval.

Brief description country's environmental challenges in different sectors and strategies to address them

5.1. Environmental challenges in Sri Lanka and existing national strategies, plans, and priorities

A summary of key environmental challenges in Sri Lanka:

- Overlapping and complicated mandates for natural resources governance
- Impact of climate change on development and investment sectors
- Degradation of land and water due to multiple uses and pressures such as industrialization, agriculture, urbanization and infrastructure development
- Lack of data and information to measure and report on global environmental values
- Human Health and livelihood impacts upon poor communities due to unmanaged resources and resource use
- Lack of mechanism for effective engagement and benefit sharing with communities and
- Inadequate representation of rural community interests in natural resources decision making process.

During the last decade, large scale development projects implemented for human settlement and required food production and infrastructural development by clearing forests, wilderness areas and ecosystems with significant global biodiversity values reduced its extent while fragmenting forests in to smaller units, causing soil erosion that led to reduced fertility of the soil, loss of biodiversity and siltation of irrigation and hydro power systems. The use of agrochemicals to increase the productivity has also damaged the fertility of land resource while causing pollution in land and ground water resources. The extensive sand mining for construction and urbanization have had compound effects of land degradation. The coastal pollution from land based sources and severe coastal erosion along western and north western coastlines threatenfishery resources, land available for coastal villages, creates salinity, salt water intrusion affecting water resources and agricultural lands on the coastal belt of the island.Depletion and pollution of fresh water resources from agricultural residues, solid waste disposal, industrial effluent etc. are issues that the government is seriously attempting to address.Air pollution due to emission from transport, power generation and industries including indoor air pollution due to open hearth cooking by majority of the people are major challenges that Sri Lanka is confronted with.In addition, climate related weather anomalies have increased in the last decade causing immense hardship to agricultural and fishery communities living in rural areas.

The extent and the gravity of these challenges have been analyzed and recorded in many documents of national and international organizations. Hence, no attempt is made in this NPF document to quantify and thereby justify the seriousness of the present environmental challenges of Sri Lanka.However,realizing that environmental considerations andmanagement measures should be systematically and deliberately incorporated to the design strategies, action plans,programmes and projects governed by the Government of Sri Lanka (GOSL).

Sri Lanka has, or is developing sectoral strategies under biodiversity, climate change, land degradation and chemicals. The most recent of these are;

- Biodiversity Conservation Action Plan (BCAP) A Framework for Action (1998)
- National Biodiversity Strategy and Action Plan (underway 2016)
- National Action Program for combating Land Degradation in Sri Lanka (2014)
- National Climate Change Adaptation Strategy (2010-2016)
- National Climate Change Policy and the Recommendations of the Second National Communication (2011)
- National Implementation Plan under the Stockholm Convention on POPs for Sri Lanka

The *Haritha Lanka* (*Green Lanka) Strategy and Action Plan* which is also used as the National Action Plan for the environmental sector covers ten broad missions/thrust areas; namely (1) Clean air everywhere, (2) saving the Fauna, Flora and Ecosystems, (3) Meeting the Challenge of Climate Change, (4) Wise use of the Coastal belt and the sea around, (5) Responsible use of the Land resources, (6) Doing away with the dumps, (7) Water for all and always,(8) Green Cities for Health and Prosperity, (9) Greening the Industries and (10) Knowledge for Right Choices. All the environmental strategies and action plans developed so far have been incorporated in the relevant thrust area of *Haritha* Lanka action plan. The purpose of this effort was to effectively coordinate the implementation of environmental actions to ensure sustainable development.

6. Focus on GEF focal areas under STAR Allocation

6.1. Climate Change

Climate is one of the main determinants of national productivity in Sri Lanka. The overwhelming scientific research has provided evidence of two general trends in Sri Lankan climate, i.e., increasing ambient temperatures resulting in more heat stress, and more frequent and severe occurrence of extreme rainfall anomalies such as droughts and floods. The National Climate Change Policy of Sri Lanka, which was adopted in 2012, clearly endorses the need of appropriate adaptation strategies to reduce the impacts on the livelihood of people in the country.

Sri Lanka's Green House Gas (GHG) emissions are low, with the per capita GHG emissions being 0.6 tons/year while the global standard is 4.29 tons/year. Fossil fuel combustion for energy mainly from transport (49%) and power generation (29%) are the other large contributors to CO_2 emissions. The largest methane (CH4) emissions are from agriculture (mainly rice cultivation) and waste (agriculture and municipal). The largest source of Nitrous Oxide (N_2O) is also from agriculture. Sri Lanka is not obligated to reduce emissions under the UNFCC. A significant move to address climate change was the establishment of a Climate Change Secretariat (CCS) in 2010 within the Ministry dealing with Environment to better facilitate, formulate and implement projects and programmes at national level with regard to climate change

Climate change also affects health, especially the health of young children and older people who are less able to adapt or respond quickly to change.

<u>GEF support to national programmes in Climate Change</u>
GEF has supported a number of enabling activities for climate change including the Initial and Second National Communications to UNFCCC. In the GEF 4 and 5 STAR allocation was used for projects that supported national development objectives and promoted renewable energy sources and energy efficiency in key sectors.

GEF 6 investments should build on the lessons and experience of these projects, respond to national requirements in energy and transportation sectors; and in addition, use the tested models for REDD (Reducing Emissions from Forest Degradation and Deforestation) to capitalize on ways of integrating forestry and land-use management in to landscape level environmental management plans.

6.2. Biodiversity

Sri Lanka has globally recognized biologically rich areas such as two UNESCO World heritage sites (Sinharaja and Central Highlands which comprises the Peak Wilderness Protected Area, the Horton Plains National Park and the Knuckles Conservation Forest. These montane forests, have an extraordinary range of flora and fauna. The region is considered a super biodiversity hotspot) four UNESCO Man and Biosphere Reserves (Hurulu, Sinharaja, Kanneliya-Dediyagala-Nakiyadeniya (KDN) Forest Complex and Bundala), and six Ramsar sites (Bundala, Madu Ganga, Anawilundawa, Vankalei, Kumana wetland cluster, and Wilpattu wetland cluster).

The rich biological wealth of the country is a result of a combination of factors such as distinct climatic zones and different soil conditions. Topographically, the island consists of a south-central mountainous region which rises to an elevation of 2500 m, surrounded by broad lowland plains at an elevation of 0 – 75 m above sea level.

With a long history of agriculture and a unique hydraulic civilization, agro-biodiversity (crops and livestock) in the country has been enhanced. Despite a process of selection through the ages, introduction to new areas and climatic conditions, some varieties still show close genetic links to their wild relatives (i.e. rice varieties. Apart from more than 4100 accessions of rice that have been reported in Sri Lanka, the country is also a valuable repository for more than 500 selections of pepper and about seven wild species, 10 wild races of cardamom, and several indigenous varieties of betel and chili. Among domesticated animals of economic value are wild species of buffalo, cattle and fowl where the local cattle show high resistance to disease and tolerance of internal parasites while the local breeds of poultry are resistant to tropical diseases.

GEF Support to Biodiversity objectives

The National Biodiversity Conservation Action Plan (BCAP) termed “Biodiversity Conservation in Sri Lanka: a framework for action” (GEF ID 95) and for the “Conservation and Sustainable Use of Medicinal Plants”.

The GEF funded National Capacity Needs Self-Assessment for global environmental management (GEF ID 2417) enabled a comprehensive review of the biodiversity related legal framework, plans, policies and projects. This revealed that the 10 priority areas with inadequate national capacity to implement the CBD. Policies, plans and programmes in the forestry and wildlife sub-sectors reflect concern for biodiversity conservation, and significant steps have been taken to better manage natural resources and biodiversity. In the past GEF has supported biodiversity projects that include protected area management, wetland conservation, Community based forestry resources management, protecting agro-biodiversity, crop wild relatives and indigenous livestock, integrated coastal management, invasive species management andIn GEF 5, Biodiversity projects included developing a framework for the management of environmentally sensitive areas outside of the current network of protected areas, developing a Bio-Safety Protocol for Sri Lanka and The Dugong and Seagrass Conservation Project (regional).

In addition for 15 years, the GEF Small Grants Programme has supported community level biodiversity conservation projects throughout the country, some of these have informed larger project development (eg. Invasive Alien Species project, Climate Adaptation and Chemicals) however most are independently implemented and the connection to larger GEF financed or other environmental projects implemented by national level agenciesis not explicitly demonstrated.

In GEF 6, given the long history of biodiversity projects with good demonstrative ability but unquantifiable long term impact, it is recommended to focus the biodiversity resources in to addressing some of the key challenges that have emerged in the past decade, especially in relation to fast-tracked development projects and investments in economic sectors.

6.3. Land Degradation

Sri Lanka consists of 6.5 million ha.of land, where only about 50% is arable due to unsuitable terrain, inland water bodies and forest reservations. At present with an estimated population of about 20.2 million, the per capita arable land area is less than 1.5ha indicating heavy pressure on land resources. At present about 37% of the people in the country are dependent on land-centered activities, for their sustenance.

Land degradation is one of the most critical problems affecting the future economic development in Sri Lanka. More than 39 laws address various aspects of land degradation in the country. According to the Global Assessment of Soil Degradation (GLASOD), about 50% of land in Sri Lanka is degraded. The area affected by soil fertility decline is 61% of the total agricultural land. The major contributors to land degradation are soil erosion and soil fertility degradation. This in turn affects productivity. Over exploitation of ground water, salinization, water logging and water pollution are also becoming important contributors to land degradation.

There are a few important ground water sources in Sri Lanka. The Karstic ground water resource found in the lime stone belt in the Jaffna Peninsula has been exploited for agriculture for over 100 years. In this aquifer, a shallow lens of fresh water is found to float over the saline water. Over exploitation has led to increased salinity. Intensive agricultural developments in the North western Province over the last few decades have also caused several problems due to over-exploitation of ground water and over use of agro chemicals.

<u>GEF Support to Land Degradation objectives</u>
As a Party to the UNCCD, Sri Lanka prepared the National Action Programme (NAP) of 2002 with support from GEF (GEF ID 4829) to address land degradation in Sri Lanka. The thematic assessment on land degradation of the National Capacity Needs Self-Assessment (NCSA) Project (GEF ID 2417) found that the main capacity constraints underlying land degradation in Sri Lanka were weak coordination and communication among institutions/agencies, the lack of a proper coordination mechanism/body and poor private sector involvement.

In addition to enabling activities,GEF supported land degradation projects in GEF 4 and 5. In GEF 5 an important project was developed by the FAO on managing hill country lands addressing the severe issue of slope erosion and downstream sedimentation. This project has not yet been CEO Endorsed.

In GEF 6 it is recommended that an integrated approach to landscape management be adopted with greater coordination between state and non-state actors. A stand-along project for land degradation given the low amount of STAR allocation is not recommended. Using the basis of environmentally sensitive land-use planning, the scope to integrate a large number of overlapping concerns in to a sector or landscape is recommended and elaborated below in the next section.

7.4 Chemicals and Waste

Sri Lanka's priorities in the chemicals and waste areas include controlling and managing pollution of land and water resources from urban, industrial and agricultural sources. This includes priorities outlined in the National Implementation Plan for the Stockholm Convention, managed by the Central Environmental Authority of Sri Lanka. However new and emerging areas of pollution control that have not received earlier financing are also evident. Sri Lanka signed the Minamata Convention last October and will soon be conducting an assessment of Mercury pollution. This is expected to open avenues for further interventions on controlling Mercury use in sectors such as health, power generation and goldsmithing. Electronic waste is an emerging problem, as Sri Lanka has a high density of cell phones and other cheap electronics from South East Asia.

GEF Support to Chemicals and Waste objectives

Sri Lanka has one large GEF Chemicals Project approved, with UNIDO as the GEF Agency on PCB Management in the Power Sector. For GEF 06 the chemicals priorities are in integrated waste and chemicals management in environmentally sensitive landscapes and promoting safe alternatives for agro-chemicals which are causing harmful health impacts in certain geographical regions. GEF support will also be prioritized for initiatives addressing electronic waste and mercury pollution.

7.5 International Waters

Sri Lanka, being an island nation, has a highly populated and economically important coastline. Coastal degradation and pollution issues are multiple and have very strong impacts on livelihoods, domestic infrastructure and economic sectors such as tourism and fishery. Coastal erosion is a serious threat to the highly populated western and north-western coastal line, while land based pollution including solid waste threaten marine life and beaches important for tourism. Sri Lanka was recently categorized among the high disposers of plastic waste into the marine environment. As a shipping hub, the country also has issues with disposal of solid and oil waste from ships.

GEF Support to International Waters objectives

The Bay of Bengal Large Marine Ecosystems Project (BOB LME) is the only IW project that Sri Lanka has been recipient to. At the GEF NDI, the Strategic Action Plan (SAP) of the BOBLME project and its country action plan for Sri Lanka were discussed. In these discussions several priorities for GEF 6 programming emerged. The top priorities were; following up the country-level actions and recommendations of the BOBLME, design integrated coastal resources management projects and design mechanisms to intercept land-based pollution from upstream sources.In order to implementation of the phase 2 of the BOLME Project, Sri Lankan government is in agreement to allocate USD 250,000 from the GEF VI STAR allocation.

7. Proposed Approach and Prioritized Projects for GEF 6

The STAR allocation for the GEF cycle 6 is presented below.

Agency	**Country**	**Is Flexible?**	**Climate Change (USD)**	**Biodiversity (USD)**	**Land Degradation (USD)**	**Country Total (USD)**
Country Allocation	Sri Lanka	No	2,000,000	7,123,646	1,917,338	11,040,984
GEF SGP-UNDP	Sri Lanka		500,000	1,800,000	500,000	2,800,000
UNEP* (INDC)	Sri Lanka (climate change secretariat)		100,000	-	-	100,000
UNEP (BOBLME)				250,000		250,000
Remaining amount for GEF PIF development			**1,400,000**	**5,073,646**	**1,417,338**	**7,890,984**

* Preparation of INDC

Sri Lanka strategically used the GEF resources (FSP, MSP, EA etc.) in the past to build the capacity in a number of areas. However with the ending of the 30 year old conflict has opened up a number of opportunities to enhance the global environmental benefits and the GEF6 can play a key transformational role in the new context. As identified by the NDI process and guided by the GEF evaluation finalized both in year 2014, the following approach is proposed for Sri Lanka GEF6 through the NPFE.

1. The country context described above requires a transformational change in institutions that are responsible for conservation and management of natural resources to address poor coordination between agencies and weaknesses in monitoring global environmental benefits of interventions.
2. It is recommended that GEF resources be used to bridge some of the key gaps that have continued to remain unaddressed in the National Capacity Self-Assessment (2007) and GEF Country Portfolio Evaluation (2013).
3. A joint capacity improvement, data sharing systems and opportunities for agencies to communicate, work together and deliberate and conflict resolution of different land use options are to be incorporated. This can be done by both sector wise (key sectors) and at landscape level targeting important and globally threatened ecosystems.
4. A comprehensive identification of areas that are environmentally important and characterization according to international norms and standards should be adopted – This require the gap filling of data covering key ecosystems in the country and adopting a range of tools and approaches to make the data and information reporting globally aligned.
5. Environmental processes, ecosystem valuation, what-if-scenarios related to the adoption of environment best practices as opposed to business as usual and other mainstreaming tools among political, government. media, public and others requires extensive knowledge management apparatusthat support advocacy, national policy changes, general awareness and education. In addition other factors that arerequired for the anticipated transformational change in adopting systems to support enhancing global benefits and reporting should also be met.
6. Enhancing resilience and benefit sharing in communities linked to natural resources (forest, wildlife, coastal etc.) should be the main way to translate global benefits related investments to local benefits. This is critical inensuring the continuity of benefits to local communities and also for the reporting on global benefits in a systematic manner.
7.

The above overarching GEF6 approach calls for a multi-focal approach that also includes STAR and non-STAR resources. Therefore the NPFE recommends that the agencies:

1. Recognize the limited amount of funds allocated under STAR allocation and make every effort to leverage the STAR funds such as SFM.
2. Make effort to upscale the past experiences and mainstream them and use GEF6 funds strategically to remove barriers and mainstream the concepts.
3. Pay special attention to the GEF resources that were not tapped to the fullest extent in earlier GEF cycles such as International Waters and Chemicals.

Prioritized Production Sectors and Ecosystems

Sectors: Agriculture (including plantations), fishery, transport, industry, energy and tourism

Ecosystems and Landscapes: Of the 15 bio-regions detailed in the BCAP there are priority areas which either are highly diverse and biologically rich; or have been inaccessible due to the conflict and hence present new opportunities. Some of these are;

- Sub-montane wetlands and wet highlands
- Identified environmentally sensitive areas in the Dry and Intermediate Zone
- Wildlife habitats including seascapes from Tangalle to Panama
- Mannar to Kandakuliya including off-shore coral beds
- Mullaitivu to Mannar including Jaffna Peninsula

7.1. Description of projects and programs eligible under GEF 6 for both STAR and Non STAR focal areas

Based on the NDI outcomes, the OFP has requested GEF Agencies to submit project concepts to match with the focal area priorities along with the indicative STAR allocations. Due to the limited amount of the STAR allocation available to the country, a programmatic approach may be applied for this cycle with the concurrence of OFP, all the relevant convention focal points and GEF agencies considering the top priorities

identified and recommendations given above. The summary of the concepts received from each agency are as follows;

1. Developing a sustainable strategy for low carbon, biodiversity-friendly nature based tourism in Sri Lanka (UNDP-Single Country)
2. Mainstreaming Ecosystem based Partnership Approaches in Development (IUCN-Single Country)
3. Promoting sustainable forest management and improving livelihoods through integrated land use planning and forest landscape restoration (FAO-Single Country)
4. Healthy Landscapes, Healthy Food Systems: Managing Agrobiodiversity in Production Landscapes for Secure Local Food Systems, Sustainable Production and Consumption (UNEP-Single Country)
5. Building Development and Finance Planning Frameworks for Effective Management of Ecosystem Services (UNEP-Multi Country)
6. Enhancing Climate Resilience in Greater Colombo (ADB-Single Country)
7. Sixth Operational Phase of the GEF Small Grants Programme in Sri Lanka (GEF SGP Sri Lanka)

Project Title	**Components/ Outcomes/Outputs**	**Implementing Partner**	**Budget**	**Co-finance**
1.Developing a sustainable strategy for low carbon, biodiversity-friendly nature based tourism in Sri Lanka **(UNDP Sri Lanka)**	Component 1. Biodiversity-friendly nature-based tourism model developed and applied in selected landscapes and seascapes with heavy tourism pressure Component 2. Implemented biodiversity and environment-friendly tourism plans through public private partnerships	Ministry of Mahaweli Development and Environment, Ministry of Tourism and Sports (Wildlife Department and Tourism Development Authority)	USD 4.5 M (STAR) USD2,500,000 (CC) USD1,390,500 (BD) USD 2M (SFM	USD 25 M
2.Mainstreaming Ecosystem based Partnership Approaches in Development **(IUCN Sri Lanka)**	Component 1 Multi-sector stakeholder engagement, identification of appropriate ecosystem models/tools, gap filling of essential information and development of a multi-agency road map through a Programmatic Strategic Environment Assessment on Management and Conservation of locally and globally important Natural Capital (PSEA-MCNC) Component 2 Institutional capacity including human resources strengthened to adopt the tools, models and concepts identified in outcome 1.1 to mainstream locally and globally important conservation	Ministry of Mahaweli Development and Environment	USD 3.74 M (STAR) (USD 2.52 M (BD) USD-1.22 M (LD) USD 1.87 M (SFM)	USD 19 M

	considerations into key development plans and national budgetary processes			
3.Promoting sustainable forest management and improving livelihoods through integrated land use planning and forest landscape restoration (**FAO Sri Lanka)**	<u>Component 1</u> Enhance the contributions of trees outside forests (TOF) to food security, income, and biological diversity. <u>Component 2</u> Improving the flow of forest ecosystem services and resilience to climate change through restoration of degraded forest landscapes <u>Component 3</u> Reducing pressures on natural forests from competing land uses in the wider landscape through integrated land use planning at landscape level. <u>Component 4</u> Knowledge management, monitoring and evaluation, scaling up adaptation practices and information sharing.	Ministry of Mahaweli Development and Environment	USD 4 M (STAR) (USD 2M (BD) USD 1M(CC) USD 1M (LD) USD 2 M(SFM)	-
4. Healthy Landscapes, Healthy Food Systems: Managing Agrobiodiversity in Production Landscapes for Secure Local Food Systems, Sustainable Production and Consumption ***(UNEP)***	<u>Project Objective</u>: To enhance agricultural landscape resilience through strengthening local food system sustainability and improve sustainable production and consumption for the well-being of rural and urban populations in Sri Lanka <u>Component 1</u> Integrated sustainable land (SLM) and forest management (SFM) and production 1.1Strengthened sustainable land and forest management and production practices in support of improve ecosystem services and enhance food security	<u>Executing Agency:</u> Ministry of Mahaweli Development and Environment (CBD, UNCCD SFM and SDG focal points) <u>Key implementing agencies:</u> Mahaweli Authority of Sri Lanka Department of Agriculture Forest Department Department of Agrarian Development	USD 2.9M (STAR) USD 750,000 (BD3) USD 750,000 (BD4) USD 1,400,000 (LD1 & LD2) USD 1.450,000 (SFM-3)	USD14.5 M (supporting with SCP project EU)

	1.1.1 Improved knowledge sharing platforms, decision support and management capacities of farmers and land managers in agroecological intensification 1.1.2 Improved farm/forest system models designed that support agricultural biodiversity management recommendations 1.1.3 Enhanced climate-resilient and climate-smart investments in SLM and SFM 1.1.4 Reduced land degradation and enhanced restoration 1.2 Improved alternative sustainable production practices and incentives including voluntary sustainability standards 1.2.1 Improved organization of rural farmers and land managers, NGOs, private sector, producer networks and traders to support alternative sustainable agricultural practices including voluntary sustainability standards (certification schemes, organic farming, fair-trade etc) 1.2.2 Strengthened research and extension capacity to support farmers and land managers in alternative sustainable production practices including voulntary sustainability standards 1.2.3 Capacity building, training activities, workshops, guidelines, farmer-farmer extension, training materials and modules, packages of practices, schools, colleages and university certificates and diplomas to support	Department of Animal Production and Health Department of Health. Ministry of Health		

	alternative sustainable practices and voluntary sustainability standards <u>Component 2</u> Institutions, policies and markets 2.1 Policies and Institutional arrangements which restore and manage multi-functional farm and forest landscapes, enhance sustainable local food systems and improve rural-urban linkages 2.1.1 Strengthened policies, legal and regulatory frameworks that supports SLM and SFM and sustainable production 2.1.2 Enabling environment that addresses gaps and conflicts and identifies synergies between public and private policies that improves the political-legal and institutional framework of local food systems 2.1.3 Regulations and voluntary sustainability standards (certification schemes, organic farming, fair-trade, fair-wild, environmental and social responsibility policies of private sector) that support alternative sustainable production practices in place 2.1.4 Strengthened institutions and certification bodies that support alternative sustainable production practices and voluntary sustainability standards 2.2 Market mechanisms and payments for agro-ecosystem services rewarding and supporting farmers and land managers for sustainable management and production			

	2.2.1 Market and non-market incentives identified including potential export markets and subsidy and support schemes 2.2.2 Pathways developed and tested for value chain options, which are nutrition-sensitive and use agricultural biodiversity, that provide farmers with the added value of sustainable production systems and connect producers of food with consumers in peri-urban and urban areas 2.2.3 Strengthened public (school feeding) and private (links to urban based restaurants, chefs and sustainable tourism) procurement schemes in rural and urban settings <u>Component 3</u> Sustainable diets and consumption 3.1 Strengthened local food systems promoting sustainable diets and sustainable consumption 3.1.1 Mainstreaming agricultural biodiversity into Sri Lanka's national sustainable Consumption and Production (SCP) policy framework 3.1.2 Assessment of dietary habits in Sri Lanka and their health and environmental impacts using life cycle analysis to identify how diets can be modified to become healthier and more beneficial to the environment through local food systems and consumer education 3.1.3 Perceived nutritional, healthy and culturally acceptable benefits for consumers of foods from alternative sustainable			

	production practices identified and which enhance demand for nutritious, diverse foods sourced from sustainable production systems 3.1.4 Consumer education, awareness and information events foster greater appreciation of foods from alternative sustainable production practices and sustainable local food systems 3.1.5 Guidelines for improved use of nutritionally-rich biodiversity and foods targeting public (schools) and private (businesses, restaurants) institutions 3.1.6 Information and decision support tools that better support voluntary sustainability standards (certification schemes, organic farming, fair-trade, fair-wild, environmental and social responsibility policies of private sector) and contribute to sustainable diets and consumption <u>Component 4</u> Knowledge and Information Management 4.1 Improved knowledge base on sustainable production and consumption systems 4.1.1 Data base and Information sharing mechanism established with decision support system 4.1.2 Officials of key implementing agencies involved in higher level training programmes 4.2 Enhanced capacities of accounting values of agriculture biological diversity for effective			

	implementation of sustainable production and consumption policy framework 4.2.1 Tools and models developed for accounting values of agriculture biological diversity and quantified and predicted using tools and models			
5.Building Development and Finance Planning Frameworks for Effective Management of Ecosystem Services **(UNEP)**	The overall goal of the project is to create enabling conditions for linking ecosystem service valuation, accounting, and other economic analyses with development policy and financial planning. Output 1 Natural Capital Accounting is institutionalized Nationally Output 2: A framework for mainstreaming biodiversity and ecosystem services into national development planning is developed Output 3: A methodology for using natural capital accounts in government budget planning is developed Output 4: A framework for natural capital responsive budgeting at national level is developed Output 5: The project team delivers and disseminates the planned outputs Output 6: Horizontal and vertical information exchange established on valuation, accounting, tools and policy processes, Output 7: Outreach strategy developed to engage with policy platforms on biodiversity and ecosystem services.	<u>Executing Agency</u> Ministry of Mahaweli Development and Environment Sustainable Development Division Biodiversity Secretariat	USD 2.0 M (STAR)	Not mentioned

6.Enhancing Climate Resilience in Greater Colombo *Sustaining Ecosystem Services for Greater Colombo: Integrated Approach to Strengthen Urban Resilience, Conserve Biodiversity and Minimize Impacts of Land and Sea-Based Pollution* **(ADB)**	**Climate Change Focal Area components** Component1 Development of a Greater Colombo Resilience Strategy Component 2 Integration of climate resilience strategies within relevant strategies and plans For Greater Colombo. Component 3 Demonstration of infrastructure climate proofing Component:4 Development of novel financial mechanisms Outcome: Climate resilient infrastructure, including transport and energy, water resources management and natural resources management Biodiversity Focal area outcomes 1.Improved management frameworks to prevent, control, and manage invasive alien species(IAS) 2.Increased area of production landscapes and seascapes that integrate conservation and sustainable use of biodiversity into management 3.Sector policies and regulatory frameworks incorporate biodiversity considerations International water Focal Area outcomes 1.Increased water / food/energy/ecosystem security and sharing of benefits on basin/sub-basin	Executing Agencies: Ministry of Mahaweli Development and Environment, Ministry of Urban Development, Water Supply and Drainage, Greater Colombo Municipal Council and other local authorities Partners: Marine Environment Protection Authority (MEPA), Ministry of Mahaweli Development and Environment (MMDE) □ Central Environment Authority (CEA), MMDE □ Wetlands Management Division, Sri Lanka Land Reclamation Development Corporation (SLLRDC) □ Coast Conservation and Coastal Management Department □ Ministry of Ports, Shipping and Aviation □ Climate Change Secretariat, MMDE	Biodiversity Focal Area: USD 1,000,000 International Waters Focal Area: USD 3,500,000 Sustainable Cities Integrated Approach Pilot: USD 1,000,000 (as match for Biodiversity STAR) Special Climate Change Fund (SCCF): USD 4,015,000 Total: USD 9,515,000	USD 128 million (Greater Colombo Water and Wastewater Management Improvement Investment Program)

	scale underpinned by adequate regional legal / institutional frameworks for cooperation 2.Elimination or substantial decrease in frequency and extent of "dead zones" in marine ecosystems 3.Coastal areas protected from further loss and degradation of coastal habitats while protecting and enhancing livelihoods <u>Integrated Approach Pilot outcomes</u> Pilot demonstration of integrated urban planning and design with sustainable, climate-resilient development and sound ecosystem management	□ Ministry of Buddha Sasana, Public Administration, Provincial Councils, Local Government and Democratic Governance □ Colombo Municipal Council (CMC) □ Ministry of Urban Development, Water Supply and Drainage □ Ministry of Irrigation and Agriculture □ National Physical Planning Department		
7.Sixth Operational Phase of the GEF Small Grants Programme in Sri Lanka **(GEF SGP Sri Lanka)**	Resilient rural landscapes for sustainable development and global environmental protection	UNOPS	USD 2.8M (STAR) (BD- 1.8M CC-0.5M LD-0.5M)	USD 3M

Annex 1

List of Agencies participated in GEF National Dialogue Workshop

Ministries	Departments and Government Agencies	Provincial Councils & Local Government Authorities	Universities	UN/INGOs/NGOs and Civil Society
Ministry of Finance	Board of Investment	Central Provincial Council	University of Colombo	Bio-Energy Association
Ministry of Petroleum Industries	Central Environment Authority	Eastern Provincial Council	Eastern University of Sri Lanka	Ceylon Chambers of Commerce
Ministry of Disaster Management	Climate Change Secretariat	Northern Provincial Council	University of Kelaniya	Centre for Environmental Justice
Ministry of Environment & Renewable Energy	Coast Conservation & Coastal Resource management Department	Sabaragamuwa Provincial Council	University of Moratuwa	Center for Poverty Analysis
Ministry of Health	Department of Agriculture	Southern Provincial Council	Open University	Eco-Friendly Volunteers
Ministry of Highways Ports and Shipping	Department of Animal Production & health	Western Provincial Council	University of Peradeniya	FAO
Ministry of Irrigation and Water Resource Management	Department of Ayurveda		University of Ruhuna	Federation of Chambers of Commerce & Industry of Sri Lanka
Ministry of Plantation Industries	Department of Export Agriculture		Sabaragamuwa University of Sri Lanka	Green Movement of Sri Lanka
Ministry of Power & Energy	Department of Irrigation			IWMI
Ministry of Technology & Research	Department of Meteorology			IUCN
Ministry of Water Supply & Drainage	Department of Motor Traffic			Lanka Rain Water Harvesting Forum

	Department of National Planning			Plantation Services Group
	Department of Wild Life Conservation			Practical Action
	Department of Project Management & Monitoring			Sri Lanka Red Cross Society
	Department of External Resources			The Institute of Engineers of Sri Lanka
	Forest Department			UNDP
	HARDI			UNIDO
	Industrial Technology Institute			UN-REDD
	Land Use Policy Planning Department			World Bank
	Mahaweli Authority of Sri Lanka			
	Field Crops Research & Development Centre			
	South Asia Corporative Environment Program			
	Marine Environment Protection Agency			
	National Budget Department			
	National Building Research Agency			
	National Engineering Research & Development Centre			
	National Science Foundation			
	National Institute of Health Sciences			

	Office of the Registrar of Pesticides			
	Public Utilities Commission of Sri Lanka			
	Road Development Authority			
	Royal Botanical Gardens			
	Sri Lanka Customs			
	HADABIMA Authority			
	Sri Lanka Land Reclamation & Development Corporation			
	Sri Lanka Railway Department			
	Sri Lanka Sustainable Energy Authority			
	Urban Development Authority			
	Plastic & Rubber Institute of Sri Lanka			
	National Aquatic Resources Agency			
	Waste Management Authority			
	Water Resource Board			

Annex 2

NDI Discussions: Summary of Workshop Findings

Priority Areas	List of ongoing programs	Innovative ideas to be considered under GEF 6	Cross cutting themes of GEF focal areas
Biodiversity			
Program 2: Natures, last stand – expanding the reach of the global protected areas extent Program 10: Integration of biodiversity and ecosystem services into development and finance planning	• Community Forestry project • REDD+ readiness • MFF • Pricing the island • Ecosystem services valuation in forestry sector • Wetland management strategy • Community based REDD • *DeyataSevana* • WRM projects – NCD canal project ADB	• Multipronged approach to the expansion of and sustainability of PA network with the focus on the post-conflict areas of the NE including terrestrial, coastal and marine habitats • Implementation of gap analysis recommendations- Coastal ecosystem conservation and corridors • Expansion of ex-situ conservation networks and wetland systems inclusive of riverine, islands and deltas • Incorporation of Aichi targets and Nagoya protocol into national development plans • Integrating biodiversity values into large scale development programs • Incorporating human-biodiversity concerns into large scale development programs • Incorporating BES values into tourism sector for community benefits	• Land degradation
Land degradation and Sustainable Forest Management			
LD 3: Integrated landscapes- Reduce pressure on natural resources on competing land uses in the wider landscape SFM 3: Restored forest eco-systems – Reverse the loss of ecosystem within degraded forest landscapes	• Rehabilitation of degraded agricultural land in Kandy, Badulla and NE districts in the central highlands • Community forestry projects in dry and intermediate zones • GEF SGP	• Enhancing catchment water storage • Eco-based adaptation in water management systems • Promotion and development of alternative feed resources particularly in dry zone areas • Land suitability, mapping and classification • Improvement of perennial home gardens • Integration of agro-forestry, livestock in rural landscapes • Restoration of degraded forest lands	• Climate change • Chemical and waste • Biodiversity
International Waters			
• Fisheries and Aquaculture • Transboundary Actions	• Coastal zone ecological survey • Indian Mackerel management plan	• Integrated Coastal Management (ICM) projects developed from the	• Biodiversity

• Coastal Pollution	• Coastal marine health monitoring • Development of shark management plan • Mariculture for economically important species • Vessel monitoring system • Ecosystem based fishery management • Conservation of marine mammals and turtles • Seaweed culture in Mannar area • Implementation of protocol for ballast water discharge • Implementation of dumping regulations • Licensing of fishing boats • Remote sensing • Management of shared fishery stocks of gulf of Mannar& Point Pedro • Off shore fisheries management • Marine Council	BOBLME Project • Intercepting land based pollution and catchment conservation • Ridge to reef to protect coral reefs • Expansion of protected area in Gulf of Mannar • Mariculture of edible /ornamental fish • Ecosystem based fishery management • Sea weed culture • Conservation of marine mammals/turtles • Implementation of the protocol for ballast water discharge • Implementation of dumping regulations	
Climate Change			
• Promote timely development, demonstration and financing of low carbon technologies and mitigation options • Development and demonstrate innovative policy packages and market initiatives to foster new range of mitigation actions • Promote integrated low-emission urban systems • Promote conservation and enhancement of carbon stocks in forest and land use and promote climate smart agriculture • Integrate findings of convention obligations and enabling activities into national planning process and mitigation contributions	• National Biogas Program • Renewable energy road map • Sunithyaloka • National Energy Conservation Program • Vehicle emission testing program • Energy efficient environment sustainable transport program • MRV component of REDD program • Energy efficient building program • Expansion of mass transport program • Energy efficient labeling program • UN-REDD Program • Promote climate smart agriculture in dry zone • Organic manure promotion • Development of climate smart varieties and technologies • Community based adaptation to climate change • National liquid milk program • Community forestry program • Extension to the existing gene bank	• Optimization of absorption of wind & solar energy to the national grid • Electrification of Three Wheelers • Supporting SMEs (Small and medium industries) for energy efficiency and Renewable Energy • Energy labelling system • Solar operated lights and appliances • Increase awareness on innovative technologies among general public with national level recognition system • Fuel economic standards for vehicles • Energy efficient rural households • Small holder biomass for energy & electricity • Sustainable climate smart farming systems	• Biodiversity