

GEF-8 PROJECT IDENTIFICATION FORM (PIF)

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General Project Information

Project Title

Promoting sustainable economic benefits through the conservation of critical biodiversity and ecosystem services in the Eastern Coastal Region of Sri Lanka

Region	GEF Project ID
Sri Lanka	11116
Country(ies)	Type of Project
Sri Lanka	FSP
GEF Agency(ies):	GEF Agency ID
UNDP	9623
Executing Partner	Executing Partner Type
Ministry of Environment	Government
GEF Focal Area (s)	Submission Date
Multi Focal Area	4/11/2023

Project Sector (CCM Only)

Taxonomy

Climate Change, Focal Areas, Climate Change Adaptation, Ecosystem-based Adaptation, Livelihoods, Community-based adaptation, Climate resilience, United Nations Framework Convention on Climate Change, Nationally Determined Contribution, Climate Change Mitigation, Agriculture, Forestry, and Other Land Use, Land Degradation, Sustainable Land Management, Sustainable Livelihoods, Sustainable Forest, Integrated and Cross-sectoral approach, Sustainable Agriculture, Improved Soil and Water Management Techniques, Community-Based Natural Resource Management, Sustainable Fire Management, Restoration and Rehabilitation of Degraded Lands, Ecosystem Approach, Income Generating Activities, Land Degradation Neutrality, Carbon stocks above or below ground, Land Productivity, Biodiversity, Protected Areas and Landscapes, Coastal and Marine Protected Areas, Community Based Natural Resource Mngt, Productive Seascapes, Productive Landscapes, Terrestrial Protected Areas, Biomes, Coral Reefs, Sea Grasses, Tropical Dry Forests, Lakes, Mangroves, Wetlands, Rivers, Mainstreaming, Agriculture and agrobiodiversity, Fisheries, Infrastructure, Forestry - Including HCVF and REDD+, Tourism, Financial and Accounting, Payment for Ecosystem Services, Species, Threatened Species, Invasive Alien Species, Sustainable Development Goals, Convene multi-stakeholder alliances, Influencing models, Transform policy and regulatory environments, Strengthen institutional capacity and decision-making, Deploy innovative financial instruments, Demonstrate innovative approaches, Indigenous Peoples, Stakeholders, Civil Society, Academia, Non-Governmental Organization, Community Based Organization, Private Sector, Financial intermediaries and market facilitators, Individuals/Entrepreneurs, SMEs, Beneficiaries, Type of Engagement, Partnership, Participation, Information Dissemination, Consultation, Local Communities, Communications, Behavior change, Public Campaigns, Education, Awareness Raising, Gender Mainstreaming, Gender Equality, Women groups, Sex-disaggregated indicators, Gender-sensitive indicators, Gender results areas, Access to benefits and services, Knowledge Generation and Exchange, Capacity Development, Access and control over natural resources, Participation and leadership, Knowledge Exchange, Capacity, Knowledge and Research, Enabling Activities, Targeted Research, Knowledge Generation, Theory of change, Learning, Adaptive management, Indicators to measure change, Innovation

Type of Trust Fund	Project Duration (Months)
GET	60

GEF Project Grant: (a) 4,507,534.00	GEF Project Non-Grant: (b) 0.00
Agency Fee(s) Grant: (c) 428,216.00	Agency Fee(s) Non-Grant (d) 0.00
Total GEF Financing: (a+b+c+d) 4,935,750.00	Total Co-financing 26,500,000.00
PPG Amount: (e) 150,000.00	PPG Agency Fee(s): (f) 14,250.00
PPG total amount: (e+f) 164,250.00	Total GEF Resources: (a+b+c+d+e+f) 5,100,000.00
Project Tags	
CBIT: No NGI: No SGP: No Innovation: No	

Project Summary

Provide a brief summary description of the project, including: (i) what is the problem and issues to be addressed? (ii) what are the project objectives, and if the project is intended to be transformative, how will this be achieved? (iii), how will this be achieved (approach to deliver on objectives), and (iv) what are the GEBs and/or adaptation benefits, and other key expected results. The purpose of the summary is to provide a short, coherent summary for readers. The explanation and justification of the project should be in section B “project description”. (max. 250 words, approximately 1/2 page)

The project aims to address the current and future development pressures to the biologically rich terrestrial, coastal and marine ecosystems in the Southern and Eastern parts of the country. The emerging economic pathways would likely accelerate encroachment of coastal and terrestrial habitats; promote destructive harvesting practices and indiscriminate use of natural resources, increase pollution and invasive alien species and enhance impacts of climate change. The project would help address these threats through a holistic, multi-disciplinary and multi-sector effort aimed at promotion of an integrated and coordinated approach to the planning and management of ecosystems that will engage all sectors that impact or have a stake in these ecosystems. The proposed intervention pathways entails improved governance, policies and capacities of institutions for promotion of integrated landscape/seascape approaches to resource management; improved financing and incentives for nature-positive practices; demonstration of integrated ecosystem-based management and nature-based solutions; and replication/up-scaling. Through this integrated landscape/seascape approach, the project aims to: (i) improve the management effectiveness of 252,863 hectares of eleven terrestrial protected areas; (ii) improve the management effectiveness of 953 hectares of marine protected areas; (iii) improve the management effectiveness of 80,000 hectares of terrestrial and coastal areas (outside protected areas); (iv) improve management of 15,000 hectares of marine areas (outside protected areas); (v) restore 4,800 hectares of degraded wetland, forest and agricultural lands; (vi) mitigate 3,139,242 mt.CO2e over a 20-year period; and (vii) directly benefit 8,500 people through improved natural resource and agricultural management practices, livelihood improvement and small scale enterprises and climate mitigation measures.

Indicative Project Overview

Project Objective

To conserve biodiversity and critical ecosystem services through an integrated and inclusive climate-resilient terrestrial, coastal and marine resource management approach that generates commensurate benefits to the local economy and communities in Sri Lanka

Project Components

Component 1: Enabling framework for safeguarding biodiversity, combating coastal and marine degradation and securing a nature-based economy

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing (\$)	Co-financing (\$)
700,000.00	3,900,000.00

Outcome:

Outcome 1: Improved governance and institutional capacities and strategies to mainstream climate-resilient and sustainable terrestrial, coastal and marine management, biodiversity and LDN in the eastern and southern coastal regions of Sri Lanka. This will be measured by:

- (i) Functional coordination mechanisms established and operational at provincial, district, divisional and village/community levels for integrated planning
- (ii) Priority policies, regulations and standards reviewed and developed to support integrated nature-positive coastal and marine economic development planning.
- (iii) Monitoring system developed/upgraded with standards, protocols and procedures for assessing the status of the coastal and marine ecosystems
- (iv) Institutional capacities of key institutions increased by 20 points from baselines as measured by UNDP's capacity development scorecard.

Output:

Output 1.1 Functional governance and coordination mechanisms support decision-making between provincial, district, sector, community and private entities for achieving integrated and sustainable land and seascape planning and management.

Output 1.2: Relevant policies, regulations and standards reviewed and revised to ensure coherence and complementarity to align with the integrated landscape and seascape planning approach.

Output 1.3: Development/upgrading of monitoring, enforcement and reporting framework to support the maintenance and enhancement of ecosystem goods and services that can be applied to individual coastal and marine ecosystems.

Output 1.4: Development and roll out of a comprehensive capacity building program for integrated landscape/seascape management and coastal spatial planning for enhancing the health and economic benefits from coastal and marine ecosystems

Component 2: Improved financing and incentives for nature positive practices in the eastern coastal and marine regions

Component Type	Trust Fund
Technical Assistance	GET

GEF Project Financing (\$)	Co-financing (\$)
420,000.00	2,800,000.00

Outcome:

Outcome 2: Increased financing from public and private sectors to implement local actions for biodiversity conservation and sustainable resource use. This will be measured by:

(i) At least 2-3 new nature-friendly financial instruments developed and tested in the project clusters

(ii) At least 20% increase in private-sector funding for nature-positive activities that focus on nature-based economic solutions

(iii) At least 15

of small-scale community enterprises supported through private partnerships

(iv) Improved capacity of district, divisional and community organization capacity to improve financial management as measured through capacity development scorecard.

Output:

Output 2.1 Development and application of a standardized methodology for economic assessment of pilot coastal landscape/seascapes to evaluate current state of economic value and future economic growth potentials.

Output 2.2: Resource gap assessed, and financial solutions and resource mobilisation strategy developed and tested at **the local government authority or Pradeshya Sabah level.**

Output 2.3: Models for public-private business ventures aimed at sustainable and diversified financial options developed based on the resource gap assessment and work done through BIOFIN to support long-term financial sustainable transformation **at local government authority (Pradeshiya Sabha^[1])** levels

Output 2.4: Institutional and technical capacities of key stakeholders strengthened for implementing new financial instruments.

[1] Pradeshiya Sabha is a legislative decision-making body relating to administrative and development activities at a local level.

Component 3: Ecosystem and nature-based solutions to enhance the environmental and economic benefits of coastal and marine ecosystems piloted in selected coastal clusters.

Component Type	Trust Fund
Investment	GET
GEF Project Financing (\$)	Co-financing (\$)
2,563,000.00	15,400,000.00

Outcome:

Integrated ecosystem-based management approaches demonstrated and up-scaled to support blue/green economic development opportunities. This will be measured by:

- (i) Management strategies developed and approved by all stakeholders for the two landscapes/seascapes
- (ii) Management effectiveness of at least 252,863 ha of eleven terrestrial protected areas enhanced by at least 20 points
- (iii) Management effectiveness of at 953 ha of a single marine protected area enhanced by at least 20 points
- (iv) At least 80,000 hectares of terrestrial and coastal areas (outside PAs) under improved management to benefit biodiversity, enhance connectivity and support sustainable agricultural, fisheries and ecotourism practices
- (v) At least 15,000 hectares of marine areas outside PAs) under improved management to benefit biodiversity and enhanced sustainable tourism and fisheries practices
- (vi) Restoration of around 4,800 hectares of degraded coastal and marine ecosystems (forests, mangroves, salt marshes and seagrass) and degraded agricultural lands restored
- (vii) Populations of globally important species (CR, EN, VU on IUCN Red List) at landscape/seascape sites are stable or show improvement (to be defined at PPG)
- (viii) At least 8,500 persons (4,500 men and 4,000 women) benefiting from fisheries and marine resource use, livelihood improvement and small-scale enterprises

Output:

Output 3.1 Development, adoption and implementation of a spatially explicit integrated land and sea management plan for each landscape/ seascape site

Output 3.2. Developed/Improved Public-Private Partnerships for mangrove, coral reefs and seagrass rehabilitation, protection and management.

Output 3.3 Environmentally friendly tourism operations promoted within terrestrial, coastal and marine habitats to facilitate biodiversity-friendly tourism and promotion of blue-green economic opportunities

Output 3.4 Sustainable fisheries co-management models promoted through establishment of community-managed Special Fisheries Management Areas, business development and value-addition.

Output 3.5. Small and medium biodiversity-friendly public-private business ventures promoted for local community income improvement.

Output 3.6. Promote protection, restoration, ecological connectivity and nature-based development opportunities to enhance management effectiveness of protected areas

Component 4: Awareness raising, knowledge management and gender mainstreaming to promote replication and scale-up of integrated approaches to resource management

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing (\$)	Co-financing (\$)
400,000.00	2,300,000.00

Outcome:

Outcome 4: Enhanced awareness and capacity of stakeholders promote replication and scale-up of integrated approaches to biodiversity conservation and sustainable resource use. This will be measured by:

- (i) At least 60% of sampled population aware of threats and benefits of nature-friendly activities as indicated by KAP survey
- (ii) At least 10 good practices of nature-based solutions codified, adapted and disseminated
- (iii) At least 10 South-South knowledge sharing events completed

Output:

Output 4.1: Develop and roll out training to enhance capacity of key stakeholders to effectively integrate biodiversity conservation and ecosystem services into their plans and investments.

Output 4.2: Replication, scaling up, and long-term sustainability strategy/plan; communication and knowledge shared and exchanged on integrated land and seascape planning and nature based solutions

Output 4.3: South-South exchange events and information sharing

M&E

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing (\$)	Co-financing (\$)
209,890.00	840,000.00

Outcome:

Outcome 5: Enhanced monitoring for adaptive management. This will be measured by: (i) Adaptive management measures applied to adjust changing needs.

- (ii) MTR evaluation recommendations addressed effectively

Output:

Output 5.1: M&E system supports project impact including gender and youth mainstreaming

Component Balances

Project Components	GEF Project Financing (\$)	Co-financing (\$)
Component 1: Enabling framework for safeguarding biodiversity, combating coastal and marine degradation and securing a nature-based economy	700,000.00	3,900,000.00
Component 2: Improved financing and incentives for nature positive practices in the eastern coastal and marine regions	420,000.00	2,800,000.00
Component 3: Ecosystem and nature-based solutions to enhance the environmental and economic benefits of coastal and marine ecosystems piloted in selected coastal clusters.	2,563,000.00	15,400,000.00
Component 4: Awareness raising, knowledge management and gender mainstreaming to promote replication and scale-up of integrated approaches to resource management	400,000.00	2,300,000.00
M&E	209,890.00	840,000.00
Subtotal	4,292,890.00	25,240,000.00
Project Management Cost	214,644.00	1,260,000.00
Total Project Cost (\$)	4,507,534.00	26,500,000.00

Please provide justification

PROJECT OUTLINE

A. PROJECT RATIONALE

Briefly describe the current situation: the global environmental problems and/or climate vulnerabilities that the project will address, the key elements of the system, and underlying drivers of environmental change in the project context, such as population growth, economic development, climate change, sociocultural and political factors, including conflicts, or technological changes. Describe the objective of the project, and the justification for it. (Approximately 3-5 pages) see guidance here

Sri Lanka is popular for its rich biodiversity owing to its wide range of (micro) climatic, topographic, and soil varieties. In fact, Sri Lanka has been designated as a biodiversity hotspot along with the Western Ghats of India. It has a diverse range of coastal habitats that include estuaries and lagoons, mangroves, sea grass beds, salt marshes, coral reefs and large extents of beaches including barrier beaches, spits and sand dunes. Each of these coastal habitats possess a significant number of species and provides an array of ecosystem vital services including for tourism, fisheries, agriculture and navigation. In addition, these habitats support livelihoods of the coastal communities. Moreover, coastal and near shore resources associated with the coastal habitats support a developing export industry based on export of prawns, lobsters, crabs, sea cucumber, shells and other fishery products. The country's coastal ecosystems include large lagoons and estuaries, covering various climatic zones and geographical ranges and leading to high biodiversity. The country is home to over 21 species of mangroves, one third of global true mangrove species, and 208 species of hard corals of 71 genera representing 19 families.^{[1]²} Coastal ecosystems in Sri Lanka provide several benefits: they act as excellent nursery areas for fisheries species by providing nutrients, shelter, and protection from predators;^{[2]³} they are major attractions for tourists due to the presence of corals and other ecosystems that allow for activities such as boat rides and nature trails; and they minimize the susceptibility of coastal communities to hazards by action as barriers and wave breakers. As per the prevailing information, the marine and coastal waters are home to over 1,800 pelagic species of fish; 5 species of turtles; 38 species of endangered and rare marine mammals including the dugong and 37 species of cetaceans^{[3]⁴}. These areas also contain several species of sea snakes and a diverse array of coral and reef associated organisms. In addition, estuaries and lagoons, coral reefs, mangroves, sea grass beds and salt marshes function as vital breeding and/or nursery grounds for numerous species of fish, crustaceans and mollusks, many of which are of commercial value. The water bodies of lagoon and estuaries function like buffer zones, protecting coastal communities from full force of weather-related events, such as storm surges, floods and cyclones by damping wave action, dissipating river discharge and temporarily storing water. Furthermore, mangroves, sea grass beds and salt marshes function as large filters to extract pollutants, excess nutrients and sediment carried out from agriculture, municipal and industrial wastewater inland and storm water runoff. Seagrass beds associated with coral reef ecosystems or estuaries and lagoons, including in the eastern coast slows water currents, traps particles, nutrient rich organic matter and pollutants, and as such act as natural filters, clearing and cleaning coastal waters. Like mangroves, sea grass beds are also important for fish breeding, rearing, and shelter and support artisanal fisheries. Coastal vegetation such as mangroves is traditionally used by coastal communities for various purposes, such as providing food and beverages, timber for house building and boat construction, firewood, material for preparation of fishing accessories, etc. Many coastal habitats, particularly coral reefs and sand dunes help to stabilize the shoreline. Coral reefs act as natural barriers against coastal erosion by dissipating high-energy wave action, which is particularly heavy during the monsoons.

Project Areas

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Southern landscape/seascape^{[4]⁵}: It has a diverse range of terrestrial, coastal and marine habitats. The coastal and marine habitats include estuaries and lagoons, mangroves, sea grass beds, salt marshes, coral reefs and large extents of beaches including barrier beaches, spits and sand dunes. Each of these coastal habitats possess a significant number of species and provides an array of ecosystem vital services including for tourism, fisheries, agriculture and navigation. Notable among the vertebrates in coastal wetlands are at least 14 species are endemic (3 fish, 4 reptiles, 5 birds, and 2 mammals) and 17 species are nationally threatened (2

fish, 7 reptiles, 5 birds and 3 mammals). Among the fish species are *Esomus thermoicos*, *Clarias brachysoma* and *Puntius singhala* are endemic. Aquatic reptiles include *Crocodylus palustris*, *Lissemys punctata* and the endemic serpent *Xenochrophis asperimus* and the endemic frog *Bufo autkoralei*, while *Python molurus* inhabits the mangrove areas. Rare and/or locally declining wetland bird species include *Esacus recurvirostris*, *Vanellus malabaricus*, *Phalacrocorax carbo*, *Pelecanus philippensis* and *Porzana fusca*. All five species of globally endangered marine turtle nest on the beaches of the sanctuary. The mammals present in the surrounding mangroves include two endemic species (*Macaca sinica* and *Moschiola meminna*) and three rare and locally declining carnivores (*Prionailurus viverrinus*, *P. rubiginosus* and *Lutra lutra*). The highlight of the southern wetlands is the presence of over 50 species of migrant birds and large flocks of Greater Flamingo (*Phoenicopterus ruber*). The southern reefs contain coral habitats, algal beds and significant sea grass patches within the reef lagoons. Over 150 species of reef fish have been recorded from the reef as well as several species of marine birds such as gulls and terns. The rare and protected *Labroides bicolor* has been recorded at the reefs, while *Carcharhinus melanopterus* is also occasionally seen along the outer reef slopes. The terrestrial habitats are dominated by the Yala protected area system (Yala National Park and Yala Strict Nature Reserve) that includes 32 species of mammals, including the threatened sloth bear (*Melursus ursinus*) and leopard (*Panthera pardus*) and endangered elephant (*Elephas maximus*) and water buffalo (*Bubalus bubalis*) and many species of birds and reptiles.

Eastern landscape/seascape: The eastern landscape/seascape is dominated by coastal wetlands, including lagoons, estuaries, river deltas, salt marshes, mangroves, seagrass beds, coral reefs and dune vegetation. These wetlands are important habitat for large waterbirds, including migratory ducks, shorebirds, gulls and terns. Over 65 bird species have been recorded from these wetlands, including the threatened *Leptoptilus javanicus* and *Pelecanus philippensis*, and threatened reptiles such as *Crocodylus palustris*. Among the fish species is *Clarias brachysoma*, which is endemic. Among the freshwater wetlands are the endemic amphibians such as *Bufo athukoralei*, while aquatic reptiles include the freshwater turtles *Melanochelys trijuga* and *Lissemys punctata*. Within is the marine environment the reefs are generally live hard coral cover along with extensive areas of soft coral as well. Over 100 species of corals and more than 300 species of reef fish have been identified from reef areas in the Eastern region. The protected reef fish *Labroides bicolor* has also been recorded from the reef, while *Chlorurus rhakoura* which is restricted to Sri Lanka has also been recorded. The globally endangered *Cheilinus undulates* is also found in deeper areas of the reef. Juvenile and adult *Carcharhinus melanopterus* are commonly seen around the shallow coral areas. Three species of globally endangered marine turtles (*Eretmochelys imbricata*, *Chelonia mydas* and *Lepidochelys olivacea*) also visit the reef. Several species of birds visit the islands, which is an important breeding habitat for the wild race of *Columba livia*. The terrestrial landscape is dominated by three protected areas, namely Lahugala-Kitulana national park, Galoya national park and the Kumana National Park. The Gal-Oya national park has a total of 32 terrestrial mammals, including the endemic toque macaque (*Macaca sinica*), threatened leopard (*Panthera pardus*), endangered elephant (*elephas maximus*) and water buffalo (*Bubalus bubalis*). There are over 300 elephants that occupy this area. Noteworthy birds include the endemic red-faced malkoha (*Phoenicophaeus pyrrhocephalus*) and endemic spurfowl (*Galloperdix bicalcarata*) as well as the endemic painted francolin (*Francolinus pictus*), of which this area is the last refuge. The Kumana national park is significant because of its connectivity to the Yala protected area system and provides an opportunity for improving connectivity with important protected areas forests in the Eastern province. This landscape provides perhaps one of the most important and contiguous habitats for the preservation of the endangered elephant in the country.

The key threats and problems that need to be addressed in the two landscape/seascapes are discussed below:

Degradation of terrestrial, coastal and marine habitats: The pace of annual of land in the coastal belt of the country is estimated at around 175,000-285,000 m²/year^[5] and is expected to increase particularly in the Eastern and Southern parts of the country on account of the surge of new developments in the form of hotels, tourism resorts and related infrastructure development that will continue to be a significant threat to the fragile coastal and marine ecosystems. Without a more sustainable and integrated approach to development that the project is promoting that mangroves, salt marshes and sand dunes will continue to be reclaimed for housing construction, shrimp farms, and lowland agriculture. Similarly, indiscriminate harvesting of commercially important species, unauthorized encroachments and land reduction will continue with destruction of habitats through further cutting of mangroves and filling of lagoon margins. Coral reefs will continue to be removed and damaged through unregulated construction of tourist facilities and the activity of tourists. Seagrass beds will be further damaged by influx of tourist, following the end of the Covid pandemic through dragging of boat hulls and removal of coral in connection with nearshore construction activities. Salt marshes and mudflats will be affected by poor water quality and grazing pressure, while inland freshwater marshes will continue to be directly impacted by use of agrochemicals that can cause eutrophication and growth of undesirable weeds.

Destructive practices and over-exploitation: This is another key threat, that in the absence of measures to protect wetland habitats, coral ecosystems will continue to be damaged by the unregulated harvesting of vulnerable and rare species of ornamental fish for the export market, while bottom set net, spear fishing and anchoring from unregulated fishing and tourism will continue to damage coral reefs and sea grass beds. Mining of coral will continue to provide building material for new constructions and lagoons will be affected by indiscriminate harvesting of commercially important species, e.g., brood stock of tiger prawns for culture purposes and pressure on mangroves comes mainly from the clear-cutting of wood for fuel and from land clearing.

Pollution: Without the project, the expansion of industries, commercial and agricultural activities will result in pollution and degradation of coastal and marine ecosystems from industries and domestic waste and agricultural chemicals, along with discharge of waste oils from boats, and wastewater and sewage from urban and industrial sources^{[6]7}. The increased dumping of solid waste (due to the lack of waste management facilities) into lagoons, increased siltation due to unplanned development activities such as irrigation schemes, soil disturbance for agriculture continues to block water flows into and out of lagoons resulting in higher pollutant levels, lower salinities, and poor larval exchange and presence of algal blooms that can lower oxygen levels in lagoon waters. Coral reefs will be affected by pollution due to incorrect siting of tourist facilities and poorly designed infrastructure.

Invasive alien species: With increased agricultural and human activities there will be an increase in the proliferation of IAS that will cause the further depletion of unique biodiversity as well as affecting agriculture, fisheries and tourism productivity. The 'Water Hyacinth' (*Eichhornia crassipes*) has been identified as one of the worst aquatic weeds affecting water ways, boat traffic, swimming and fishing. In addition, this aquatic invasive plant prevents sunlight and oxygen from reaching the water column and submerged plants.

Climate Change: The East and Southern Coast will feel the brunt of the impacts of climate change, which is expected to lead to higher temperatures, a rise in sea level, more frequent and prolonged droughts, high intensity rainfall, and increased thunder activity in the future. An increase in the sea level by about a half a meter could result in many adverse impacts including inundation of low-lying areas displacing settlements, migration of fishery habitats, loss of sandy beaches affecting tourism, intrusion of salinity to ground water aquifers, and to low lying rice fields affecting their yields. The lowering or loss of sandbars due to sea level rise can increase the tidal prism of coastal water bodies with larger volumes of water entering during the tidal cycle. This would result in the risk of greater inundation of coastal areas, intrusion of salt water and associated environmental impacts on coastal eco-systems. Penetration of salt water inland through alterations in the balance between the freshwater and saltwater hydraulic regimes, which is likely to be felt in the dry season can cause the penetration of saltwater into cultivated areas, an increase of saline water in aquifers, migration of freshwater fish, and impacts on other habitats causing breaks in the food chain of some species. Due to climate change, commercially important fish stocks may change their spawning areas and distribution patterns. Fishery activities which would be affected include beach seine fishery, sea ranching in coastal areas, stilt fishery, boat landing sites and fisher folk settlements along the beach. Due attention should also be focused on shrimp fishing under coastal aquaculture. Climate change can result in loss of the shore front that has already had impacts for tourism, particularly in the case of beach resorts.

System drivers, future trends and transformative actions:

The economy of the two project areas is based on tourism, agriculture and fisheries. The drivers of environmental and ecological degradation that would further exacerbate the threats and increase challenges are: (i) pervasive policies and practices that prevent collective and coordinated development planning that takes into consideration environmental externalities; (ii) limited incentives for achievement of conservation outcomes in economic development planning; (iii) poverty and population growth; and (iv) climate impacts. In particular, and in terms of trends, the growing need to accelerate development following the economic crisis of 2022,

increased inflation and demands for social change (new employment opportunities and wage increases) are likely to further exacerbate these drivers, along with the added effects of climate change, that are likely to cause significant effects on ecosystems and biodiversity. To manage these threats and challenges, the project seeks to reorient economic development towards a transformation that promotes greener and bluer outcomes in the economic productive sectors, while reducing social gaps and environmental impacts. This approach would require recognition of the: (i) critical importance of coastal, marine and terrestrial ecosystems in these two regions for sustainable economic development; (ii) complexity of the geological, geomorphological and climatic reality of the landscape/seascape inter-relationships and the spatial dimensions in which these interactions take place in a connectivity context; (iii) importance of maintaining habitat connectivity for retaining biodiversity in fragmented landscapes, (iv) importance of ecosystem goods and services for producers and society as a whole; and (v) engagement of protected area practitioners, resource managers, local communities and the private productive sector (mainly tourism, fisheries, wildlife conservation and small/medium business operators) in collective and coordinated actions. As part of this effort, the project aims to promote sustainable agriculture and fisheries systems, sustainable tourism and many other activities that are vital for the local economy and economic development in large. The integration of biodiversity conservation, SLM and SFM principles in economic development planning in the two provinces will contribute to the protection and restoration of ecosystems and the preservation of wildlife habitats. Introduction of nature-based business opportunities will help to reduce threats and demands on natural resources, enhance ecosystem services and improve local incomes. To achieve these goals, the project will ensure that economic and social development plans are undertaken in an integrated and coordinated manner that engages all sector to ensure that such development integrates biodiversity, climate risks, ecosystem services and local economy outcomes in a sustainable manner. Through this approach, the project will identify what is needed to build resilience of local communities, prevent further degradation of natural resources and ecosystems to buffer future climate risks associated with coastal erosion, flooding, drought and fire risks posed to terrestrial ecosystems. Overall, on the long run, the intent is to catalyze work on innovative financial instruments that can be piloted to test their viability and thus promote some level of financial sustainability to continue to buttress against threats. The project will build on the current baseline and take into consideration lessons learned from previous projects as discussed in the section below:

Baseline

The baseline investments upon which the project in Eastern and Southern Provinces will be built are diverse and include various ongoing initiatives, projects, and commitments including to key MEAs such as the NDC, NAP, LDN, and NBSAP, which will be supported through policy-level interventions and on-the-ground demonstrations. The country's commitment through its 'Sustainable Sri Lanka 2030 Vision and Strategic Path' aims to address the challenges to development of the economy in an inclusive and sustainable manner that will guide policies, strategies and programs in economic, social and environmental sectors. In the marine and coastal sector, the strategic plan entails improving coordination for governance, promoting ecosystem- and area-based, integrated, adaptive, strategic and participatory approaches that would provide useful policy platforms to resolve spatial conflicts. The National Physical Plan 2017-2050 intends to: (i) align conservation goals with local livelihood development; (ii) establish localized conservation priorities in order to ensure that local needs are accounted for in development activities; (iii) improve awareness on local conservation priorities among community groups; (iv) enlist greater public consultation processes to devise localized plans for conservation and mitigating existing strains vis-à-vis rural livelihoods and socio-economic need; (v) establish conservation and environmental protection focused legally-binding minimum standards framework for large businesses; (vi) explore potential for strengthening ecologically-sensitive community tourism initiatives; (vii) ensure participatory environment and social impact and risk assessments are carried out in relation to development activities; and (viii) mitigating detrimental impacts on ecosystems due to potential for exploitation or the disruption of community stewardship or conservation practices; etc. Other baseline activities that are relevant are the district and LGA plans that provide a framework for integration of sustainable resource management, the department of wildlife (DWLC) and forest department conservation management frameworks on which the project will build on, as well as the baseline work of the fisheries, environment and coast conservation sectors as well as the 2030 development agenda of Sri Lanka for integration of planning approaches at the landscape/seascape levels. Without the project, it is likely that extraction and habitat degradation would continue unabated, and these habitats would continue to decline. The skills, capacities and competencies among local administrators and managers, ecosystem-related knowledge and skills and strategic skills development in relation to the marine, coastal and related terrestrial ecosystems will remain low. Similarly, without integrated and comprehensive responses to deal with climate risks, there will be limited actions to restore impacted habitats and conserve important species, conduct timely monitoring and assessment of vulnerable ecosystems and thus prevent the provision of enhanced protection for impacted ecosystems with key stakeholder participation.

Other relevant baseline investments and projects include: the *GEF-4/IFAD Participatory Coastal Zone Restoration and Sustainable Management in the Eastern Province of post-tsunami Sri Lanka (GEF ID 2753) (2009-2016)* that recognizes the need to take into consideration and cognizance the full complexity of the geological and geomorphological reality of the landscape/seascape

(including the various ecological systems within them) inter-relationships and the spatial dimensions in which these interactions take place within the coastal marine and terrestrial ecosystems. The *World Bank Ecosystems Conservation and Management Project (ESCOMP) (2016-2023)* and experiences with landscape approaches that takes into consideration consultation processes, participatory planning and decision-making and adaptive measures for addressing resource conflicts and management of human-elephant conflicts. The *GEF-6/UNDP Enhancing Biodiversity conservation and sustenance of ecosystem services in Environmentally Sensitive Areas (2015-2021) (GEF ID 5337)* provides valuable lessons on mechanisms for engagement of local administrative entities in a timely and effective manner to facilitate local community planning and decision-making and mechanisms to integrate conservation outcomes in local level planning and budgeting processes. The *GEF-6/UNEP Healthy Landscapes: Managing Agricultural Landscapes in Socio-ecologically Sensitive Areas to Promote Food Security, Well-being and Ecosystem Health (GEF ID 9409, 2020-2023)* offers examples of methods to strengthen community engagement in the agricultural sector that is vital to communities in both the Southern and Eastern provinces through strengthening the village tank cascade system on which farmers depend for their food security. *GEF-6/UNDP Managing Together: Integrating Community-centered, Ecosystem-based Approaches into Forestry, Agriculture and Tourism Sectors (GEF ID 9372, 2021-2025)*, while having many implementation difficulties and delays, can offer lessons on landscape definition and design, integrated planning and management and modalities for integration of biologically sensitive investments for livelihood improvement. The *GEF-7/UNDP Partnerships and Innovative Financing to Mainstream Biodiversity and Sustainable Land Management in the Wet and Intermediate Climatic Zones (GEF ID 10537)*, while yet, to commence, will provide valuable lessons on how to engage the private sector, financial solutions for resource management and identification of incentive mechanisms that drive private sector engagement in conservation action. The *GEF-7/IUCN Natural Capital Values of Coastal and Marine Ecosystems in Sri Lanka Integrated into Sustainable Development Planning (2023-2026), (GEF ID 10552)*. The GEF 8 project will benefit from landscape and spatial planning being promoted through this project in similar coastal and marine ecosystems in the country, provide guidance on approaches for assessment of economic values to such resources so as to enable identification of financial resources needs and new and innovative financial solutions and partnership arrangements, including with the private sector in promoting ecotourism, sustainable fisheries, nature-positive livelihoods and conservation efforts. Specifically, the project will incorporate the lessons learned and best practices from these projects to identify and support communities to strengthen biodiversity conservation, improve sustainable land use, and promote nature-based initiatives and biodiversity-friendly business enterprises to address biodiversity and ecosystem loss and land degradation.

Barriers

The main barriers that the project aims to address are:

Barrier 1: Limited coordination, institutional capacity and monitoring systems for improving the management of coastal and marine natural resources for economic development.

Despite the fact, that inland watershed forests are connected to the coastal and marine environment means, there is a lack of recognition for an integrated and inclusive management approach to conserve biodiversity and address threats from degradation and unsustainable uses. Intersectoral coordination and enforcement (in part due to lack of resources and planning) is insufficient to effectively implement an integrated and collective actions. There is also no clear policies, strategy, tools or processes to mainstream the benefits of a nature-based economy and protect biodiversity and land/seascapes on which it depends as part of the economic development agenda. The limited coordination across sectoral institutions at the district, divisional and local levels, private sector and local community institutions is compounded by the limited understanding of the condition of wetland resources, their carrying capacity limits, and best practices for habitat protection and management, along with the application of equitable, transparent and accountability procedures and practices related to the management of these systems. The urgent need is for a concerted and committed effort, with adequate human resources, technical skills and funding to monitor the condition of different resources and build the institutional, technical, human and infrastructural capacity needed to support integrated resource planning at the landscape/seascape level and to facilitate improved and on-going biodiversity monitoring and decision-making.

Barrier 2: Inadequate funding to integrate biodiversity conservation programs into district and local level economic development planning and implementation.

While there are many studies that make a compelling economic argument for investing in biodiversity conservation [7]⁸, [8]⁹ there is limited funding for conservation of biodiversity and ecosystem services and thus new sources of funding need to be identified to bridge the financing gap. While there has been a national level assessment of finance gap, sources of finance, and screening of finance solutions, a national biodiversity finance plan (BFP) has been developed, under BIOFIN Sri Lanka (2019), that includes a number of country specific finance solutions having potential to reduce the biodiversity finance gap in the country. However, on account of the current economic crisis facing the country, the blended finance solutions identified in the BFP of 2019 are now of limited relevance and applicable in today's context. To address this concern, a new BIOFIN assessment is to be undertaken in 2024 in consonance with the update of the National Biodiversity Strategy and Action Plan (NBSAP) in the same year. Innovative finance solutions will need to emerge from this new assessment to meet the changing economic situation in the country, so as to identify suitable financial options for conservation action in a constrained economic situation, which is a key barrier. Following the update of the BIOFIN assessment and BFP that is in line with the new NBSAP, new financial models are appropriate for application at a local institutional level would be essential for application where there is a legally defined institutional mandate for environmental management and a demonstrable responsibility in biodiversity finance. The lack of sustainable alternative livelihoods and absence of financial/social incentives for resource-dependent communities, along with the lack of integration of biodiversity consideration into coastal and marine development planning is another constraint. Business entities in rural economic sectors that have direct impacts on biodiversity could be one of the key stakeholders for implementing actions for positive biodiversity outcomes and enhancing biodiversity finance - through greening of technologies and practices in their supply, trade and value chains. Similarly, financial sector/institutions (e.g. banking, tourism) in the country can play a critical role in developing and integrating biodiversity risk assessment and monitoring policies and processes in their business development as well as in implementing innovative financing tools for biodiversity.

Barrier 3: Limited technical capacities and proven models for effective integration of biodiversity friendly economic development activities at local level in a truly interdisciplinary and integrated way

While there are examples of community-based natural resources management in Sri Lanka, there are only a very few cases that focus on integrated approaches to management of ecosystems and their resources for sustainable economic benefit. The examples that have been tested, include the Cooperative Trust-Community mangrove-based ecotourism in Kalpitiya (Puttalam district) and public-private partnerships to clean polluted mangrove lagoons that enhances lagoon fisheries productivity. In addition, IFAD's Participatory Coastal Zone Restoration and Sustainable Management program in the Eastern Province helped local fishermen enjoy economic benefits from lagoon tourism. It helped local fishermen realize the importance of conserving mangroves to sustain their livelihoods from fisheries. It is likely that activities also helped women to earn supplemental household incomes to reduce pressure on restored ecosystems. There are significant opportunities for further promotion of community or small-scale private business-based management in the project areas. However, farmers, fishers and tourism developers may not likely have the full range of knowledge and experience to adopt sustainable economic development approaches and technologies which could contribute to maintaining (or increasing) incomes and thus food security. An integrated approach to problem solving including resource use planning at all levels would allow communities to make informed choices about their future sustainable resource and business interests, as they face the impacts of economic crisis and risks from climate change. In the cases of the Eastern and Southern Province (in particular, the project seascape/landscape in the Eastern Province) there are even more challenges due to the geographic isolation from the main economic centers of the country, financial resources availability and linkages/chains with global and regional markets.

Barrier 4: Inadequate awareness and knowledge exchange to conserve biodiversity and achieve environmentally sensitive development of marine and coastal ecosystems.

The global significance of the biodiversity of coastal and marine ecosystems in Sri Lanka, the threats (many of which may remain undocumented), and the wide range of ecosystem services provided by these ecosystems remain poorly understood/appreciated by most people, despite their dependencies on these ecosystem services for their food security and livelihoods. There is currently limited communication within the country to raise awareness of the benefits and need for conservation of globally threatened and endemic species, ecosystem management and threat reduction. There is also limited understanding of how men and women use ecosystem resources differently due to gendered roles and responsibilities and how workloads and relations are being affected by changes in natural resources. Low awareness of risks means that there is little local and public investment in conservation and management of these ecosystems. Underlying these difficulties is the lack of appropriate and sustainable solutions for effective management of the marine, coastal and terrestrial ecosystems and their productive resources. Although there has been documentation of experiences from the past, there is also a lack of regular review processes that involve community organizations, non-governmental environmental organizations and research agencies, thus limiting opportunities for replication and scaling up of best practices.

[1] The National Red list 2012

[2] Manson, F. J., Loneragan, N. R., Skilleter, G. A., & Phinn, S. R. (2005). An evaluation of the evidence for linkages between mangroves and fisheries: a synthesis of the literature and identification of research directions. *Oceanography and marine biology*, 493-524

[3] Ananda Kodikara (2021). Coastal Zone Management in Sri Lanka. Department of Coast Conservation and Coastal Resources Management. Ceylon Digest. September 24, 2021

[4] Information on the biology and ecology of the Eastern and Southern landscape/seascape is provided in IUCN Directory of South Asian Protected Areas and IUCN Directory of Asian Wetlands

[5] Coastal Zone and Coastal Resources Management Plan, Coast Conservation Department (2016)

[6] Sri Lanka: Managing Coastal Natural Wealth. The World Bank (2017)

[7] <https://www.nature.org/en-us/what-we-do/our-insights/perspectives/nature-funding-swif-impact-investing/>

[8] Mobilizing Private Finance for Nature, World Bank (2020)

B. PROJECT DESCRIPTION

Project description

This section asks for a theory of change as part of a joined-up description of the project as a whole. The project description is expected to cover the key elements of good project design in an integrated way. It is also expected to meet the GEF's policy requirements on gender, stakeholders, private sector, and knowledge management and learning (see section D). This section should be a narrative that reads like a joined-up story and not independent elements that answer the guiding questions contained in the PIF guidance document. (Approximately 3-5 pages) see guidance here

National policies currently do not identify the need for an integrated and coordinated approach to the planning and management of coastal and marine ecosystems as an explicit priority. At the same time economic, environmental, and administrative entities do not plan and manage their activities in an integrated manner. Similarly, local government entities undertake development activities with little consideration of ecology and ecosystems. Given the above baseline factors, the probability of further loss and degradation of biodiversity and ecological services forecast across the regions will remain **high**, particularly in the economic development hotspots around the coastal wetlands and marine ecosystems in areas that are of high population growth and tourism potential. Based on the above, different baseline/external drivers are being presented below with and without GEF intervention, though generalizations pose challenges due to gaps in comparable baseline data across the two target areas and will have to be elaborated further during the PPG stage. In the effort to assess the project's robustness, the project team has developed simple narratives that explore potential changes in key drivers beyond the project's scope. These narratives are not centred on varying degrees of integrated landscape/seascape management or biodiversity mainstreaming, which the project already addresses. Instead, they focus on external factors. Three key narratives are outlined below, which are now supporting the proposed project in better assessing its resilience to external factors and uncertainties:

External Driver 1 – Deepening economic crisis: Given, the economic crisis of 2021 and the unprecedented impact on Sri Lanka’s economy and people’s livelihoods on account of Covid-19, the focus is now on an enhanced export-oriented growth model that taps the full potential of private investment, so as to increase the country’s competitiveness and raise growth in a sustainable manner. The new economic model entails a four-pronged approach to economic development, namely: (i) increase agricultural productivity and earnings through support for farmers’ transition toward high-value, export-oriented crop mixes that support adoption of climate-smart technologies, improved agro-logistics, or expanded access to value chains; (ii) increase in non-farm activities through diversification into strategic investments in tourism to support rural income growth, given its job creation potential for low-skilled and vulnerable groups; (iii) support broader reforms to increase labor productivity and create jobs which could ultimately help improve the quality of jobs by addressing the causes and consequences of informality rather than target informality itself; and (iv) promote spatial transformation and strengthen inclusion by investment in human capital—health, education and social protection—to unlock the potential of Sri Lankan citizens in boosting future productivity and economic growth. This economic approach will lead to increased development activities in coastal and marine areas and potential intensified urbanization, tourism, and industrialization. The pressure on ecosystems may escalate, causing higher biodiversity loss and ecological service degradation. The project’s resilience would be tested by this external driver, requiring adaptation to unforeseen developmental impacts. However, this approach also offers opportunities to ensure that development is undertaken in an ecologically and socially acceptable manner that addresses issues related to sustainability and maintenance of the ecological base on which development can take place. The project through the work done by Component 1 (enabling framework that supports nature-positive economy), Component 2 (improving financial solutions for promotion of nature-positive practices) and Component 3 (testing and demonstrating ecosystem-based solutions in key economic sectors) will add value in future economic development investments.

External Driver 2 - Climate Crisis: This scenario envisions a future where climate change effects intensify beyond current projections. Sea-level rise, extreme weather events, and ocean acidification become more severe. An increase in the sea level by about a half a meter could result in many adverse impacts including inundation of low-lying areas displacing settlements, migration of fishery habitats, loss of sandy beaches affecting tourism, intrusion of salinity to ground water aquifers, and to low lying rice fields affecting their yields. The project’s capacity to withstand and respond to heightened climate impacts becomes critical. Adaptation strategies for more dire climate-related challenges will need to be explored. However, the project due to its nature of interventions in the areas of biodiversity and governance will produce results that enhance the resilience of ecosystems to climate change but also provide the Sri-Lanka with mechanisms that can be utilized and provide support even within the context of severe Climate impacts. In this regard, Component 2 is aimed at identification of specific management measures to ensure that activities are environmentally sustainable and supporting best practices managed for their climate risks, including protection and management of critical wetlands and coastal and marine ecosystems to help increase the overall resistance of the natural systems to climate risks in the target areas compared to business as usual. At PPG stage, further assessment will be undertaken of potential future climate projections and risks to help design management intervention to manage and mitigate these risks.

External Driver 3 – Potential for Future Pandemics: Lessons from the Covid-19 pandemic has revealed the need for a clear, consistent voice and an actionable message that reflects best practices based on sound science. Preparedness would require an “all of community approach” that engages everyone in the planning stages, especially those from underserved or vulnerable populations, including building relationships how to improve access to information and resources when the next disaster strikes, helping ensure equity and agility in response. In this respect, the project through Component 3 will promote a coordinated and inclusive approach to integrated land and seascape planning that will evolve through an improved understanding of the ecological, economic and social relationships that operate within the coastal and marine areas and hence prepare communities to improve their responses to any future pandemics.

External Driver 4 - International Collaborations: In this scenario, international policies and collaborations prioritize biodiversity conservation. Global agreements and partnerships result in increased funding and support for conservation efforts. The project’s alignment with such initiatives enhances its impact, but also necessitates careful coordination to leverage external resources effectively. The project is already aligned with the current international and national frameworks (please see respective section on the PIF – Table 6) and more work will be done during the PPG stage to catch up on the developments in the biodiversity arena and generate and maintain specific links.

Based on the above-referenced plausible changes in key drivers, which are outside the scope/control of the project, we suggest the following possible scenarios, with the aim to delineate the desired function of the project as well as its limitations.

- Scenario 1 - Business-as-Usual i.e. without the project intervention: This scenario envisions a slower transition characterized by business-as-usual practices. Terrestrial, coastal and marine ecosystems and their attendant biodiversity will largely continue to be lost (on account of the accelerated development push and increased impacts of

climate change) and remain largely confined to the most inaccessible areas within the legally defined protected areas. Far-ranging species such as the elephant will lose part of their habitat leading to increased human-animal conflict and create food security and food deficits for the most vulnerable rural communities. Conservation of species and ecosystems takes a back seat and minimal priority is given by the government, private sector and communities to safeguarding species and ecosystems. Adaptation cannot buffer impacts and climate change will likely disrupt social-ecological systems in more vulnerable communities.

- Scenario 2 - Project-Based reality i.e. with project intervention: Acceptable transformative changes brought by interventions that focus on a broader inter-sectoral and integrated planning approach across a wider landscape/seascape. The inter-relationships and spatial dimensions within the landscape/seascape would likely be recognized leading to reduced fragmentation and less diffused impacts of interventions. In this situation, terrestrial, coastal and marine ecosystems may likely be conserved, not only with protected areas, but in intervening natural habitats. Biodiversity and ecosystem service losses may be reduced. Remaining forests outside protected areas would likely benefit from conservation actions and reduce the fragmentation of habitat ranges of the far-ranging wildlife species (such as the elephant). Coastal and marine habitats may be less likely to be degraded on account of enhanced community actions to promote improved and more sustainable fisheries and tourism opportunities. Climate change risks will be reduced.
- Scenario 3 – In an ‘ideal world’ scenario, i.e. the theoretical optimum, the project catalyses a rapid and comprehensive shift towards a full integrated and inclusive planning and management of terrestrial, coastal, and marine ecosystems. This transformation would likely address the full threats to biodiversity and ecosystems, including those intensified by climate change. It hinges on acknowledging the intricate interplay between geological, geomorphological, and climatic factors within the landscape/seascape. It also calls for an enabling policy, regulatory, financial and institutional framework that integrates conservation outcomes into local government planning and budget allocation, while promoting blue/green economic pathways and landscape connectivity

Scenario 2 will be the most likely scenario given the project investment. It would promote a gradual shift to innovative approaches to integrated and area-based conservation, that collectively include protected areas, forest reserves, coastal and marine habitats and economic development actions that are commensurate with sound ecological principles. It would need a collective and coordinated approach to economic development based on sound ecological principles. Stakeholder engagement, including women and marginalized groups, the private sector, public sector entities and NGOs needs to be enhanced. It would be also critical to restore and protect degraded ecosystems, build habitat connectivity, and increase the health and quality of the landscape/seascape, along with monitoring that informs adaptive management and development of sustainable financing for these priority ecosystems. To achieve the above, the project will seek to work with key stakeholders, in particular government institutions, such as the Provincial, district and divisional governments and elected local government authorities (LGAs), the latter having a clear mandate and responsibility for local economic planning and decision-making, budgetary allocations and investment. The basic assumptions underlying this feasibility is the potential to reverse, or at least, not accelerate the ongoing process of environmental degradation of the Eastern and Southern Coastal resources. It is also premised on the commitment of the key stakeholders to actions in achieving this overall objective through the potential and sustainable uses of available terrestrial, coastal and marine resources. Most importantly, it is also dependent on the commitment of institutions (public and private) collective agreement to an integrated and inclusive approach to planning and management of landscapes/seascapes within existing democratic governance structures (e.g., at local government level), with the participation of community organizations (farmer, fisheries, tourism and other local organizations) that take into active consideration the role of women, youth and indigenous people. Best management practices, new and innovative technologies, improved and sustainable production systems, and financial solutions are factors that would help catalyze change and bring about a more nature-positive development scenario decisions. More stakeholder entities and individuals will be actively engaged during project preparation through a sequence of steps: (i) stakeholder mapping to analyze interest and influence; (ii) early communication through various and appropriate means; (iii) development of a stakeholder consultation strategy to enhance engagement; and (iv) active consultation to solicit views, assess stakeholder expectations, create ownership and participation, etc. This will lead to the development of a stakeholder engagement plan for application during the implementation of the project.

In that sense, scenario 2 depicts the most anticipated outcome of the project, however, scenario 3, presented as an ideal case scenario, is what the project will look up to and aspire to achieve by enhanced design during PPG and by robust implementation.

The Project's Theory of Change (as presented in Figure 1) makes the assumption that underlying the project's feasibility is the potential to reverse, or at least, not accelerate the ongoing process of environmental degradation of the Eastern and Southern Coastal resources. It is also premised on the commitment of the key stakeholders to actions in achieving this overall objective through the potential and sustainable uses of available terrestrial, coastal and marine resources. Most importantly, it is also dependent on the commitment of institutions (public and private) collective agreement to an integrated and inclusive approach to planning and management of landscapes/seascapes within existing democratic governance structures (e.g., at local government level), with the participation of community organizations (farmer, fisheries, tourism and other local organizations) that take into active consideration the role of women, youth and indigenous people. Best management practices, new and innovative technologies, improved and sustainable production systems, and financial solutions are factors that will help catalyze change and bring about a more nature-positive development scenario. To achieve this transformational change, the project's logical pathways are discussed below:

Four categories, comprising fourteen barriers, were identified as key hinderances for maintaining the integrity of globally important coastal, marine and terrestrial ecosystems in the Southern and Eastern coastal regions of Sri Lanka. These include the following:

- Barriers relating to policy and capacity.
- Barriers related to financing.
- Barriers relating to availability of proven models for protected and conserved areas, coastal and marine wetland areas, productive landscapes/seascapes, etc.; and
- Barriers related to knowledge management, replication and scale-up.

The project's logical pathways are discussed below:

In response to these barriers, 18 key outputs were identified consistently applying six system transformation levers of the GEF-8: policy and capacity, coordination with parallel initiatives^{[1]⁴⁰}, multi-sectoral governance, financial leverage, innovation and learning. The transformation levers also helped to thematically cluster program outputs into **five** inter-linked and inter-dependent components. In particular, the outputs and outcome of **Component 1** apply the levers of policy, capacity and multi-stakeholder dialogues and are thus important in setting the enabling conditions to improve the likelihood of success of components 2, 3 and 4. **This intervention pathway sets a route to arrive at an agreed 'enabling framework for action' under which governance, policies, institutions and regulations promote an integrated and inclusive approach to planning and management of multiple use landscapes and seascapes. Component 1 consolidates the work of four key actions: (i) the establishment of mechanisms and the development of co-constructed strategies to facilitate inter-sectoral collaboration and informed decision-making, (ii) the alignment of policies, (iii) the implementation of a comprehensive programme aimed at enhancing the capacity of institutions and stakeholders in utilizing integrated spatial planning tools, and (iv) the implementation of a robust framework for monitoring, reporting, and enforcement. The outputs and outcomes of components 2 and 3 will operate in an integrated manner in the same target landscapes, delivering together innovative and transformational change on the ground. Component 2 primarily hinges on the finance transformation lever, which is critical to the sustainability of component 3 outcomes. on the pathway of Component 2 includes the assessment of landscape-scale biodiversity finance gaps and the development of appropriate financial solutions to unlock private sector investments in biodiversity as a means to coordinate limited public and private financial flows for biodiversity. In this regard it will also notably leverage LGA mandate on biodiversity finance and promote new models of private and public investments at the local level. Component 3 is based on the premise that if local communities receive adequate benefits from environmentally-positive practices, it will catalyze lasting behavioral changes towards sustainable resource use. Component 3 will thus demonstrate nature-based solutions and sustainable resource use on the ground within the framework of integrated land and marine use plans, with a particular attention to the generation and sharing of benefits. Component 4 will facilitate replication and the expansion of efforts across various landscapes and seascapes within the country. This will be achieved through, among other means, the generation of guidance notes to address existing deficiencies in integrated planning, policy, and legislation; the institutionalization of training programs developed as part of the project; and the synthesis and dissemination of knowledge and best practices derived from this initiative as well as other relevant initiatives and projects. Component 5 will**

support monitoring protocols to track progress towards meeting planned environmental and socio-economic benefits from the project and to provide for adaptive management as needed.

[1] Such as the projects in the baseline section for component 3 of the proposed as well as e.g. BIOFIN for component 2

[1] Such as the projects in the baseline section for component 3 of the proposed as well as e.g. BIOFIN for component 2

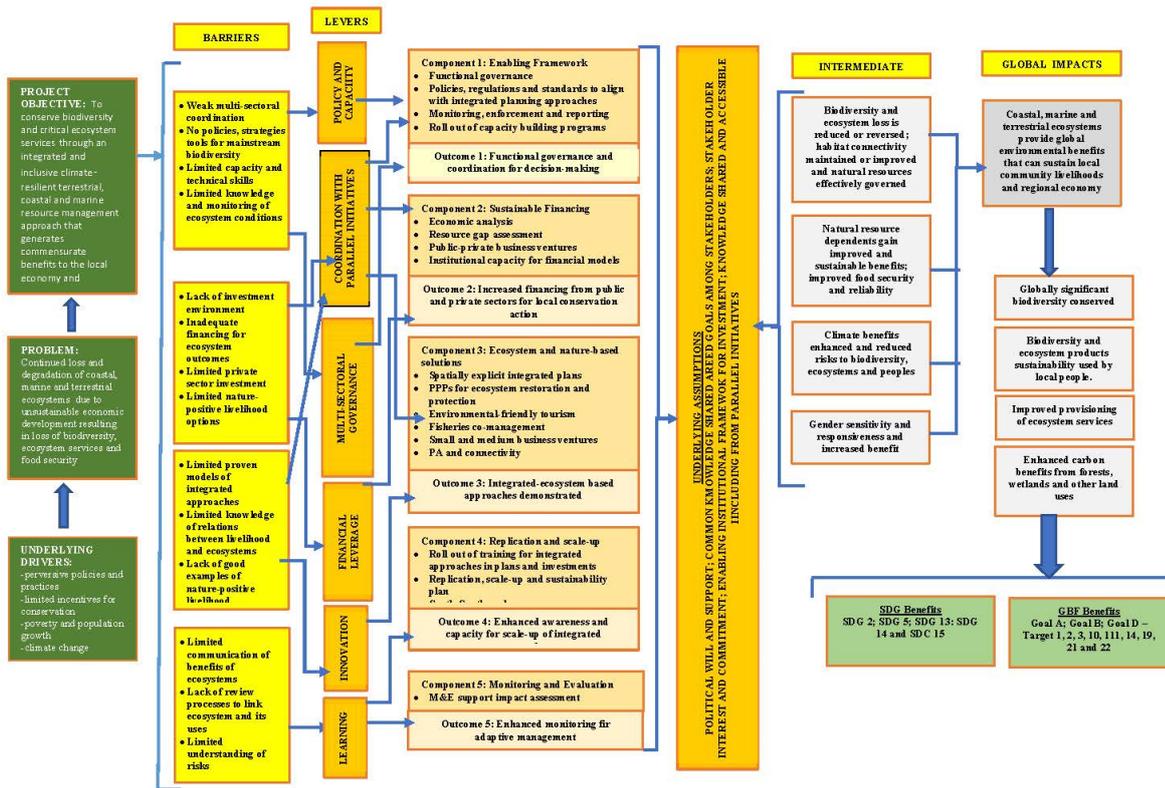


FIGURE 1: THEORY OF CHANGE

Figure 1: Theory of Change.

Project Components

Based on the Theory of Change (above), the proposed alternative scenario involves the following Components, Outcomes and Outputs:

Component 1: Enabling framework for safeguarding biodiversity, combating coastal and marine degradation and securing a nature-positive economy.

This will entail strengthening the institutional framework that enables the participation of all relevant public, NGOs, and private stakeholders to develop integrated strategies for conservation of biodiversity and sustainable land management within the landscapes/seascapes in consonance with sustainable and environmental-friendly economic development. The intent is to develop a common framework that integrates protected areas, forest reserves, biodiversity rich coastal and marine habitats and ecosystems and the intervening human settlements and community productive use areas. This would entail the strengthening of existing multi-level governance frameworks and capacities for management of the two landscapes/seascapes to enable the convergence of planning, human and financial resources among the different development sectors. Site-specific participatory natural resources and land/seascape management plans would focus on interventions that can generate critical environmental services and promote community sustainable land and marine resource use and livelihoods in tandem. This Component will have four Outputs:

Output 1.1 Functional governance and coordination mechanisms established to support decision-making between provincial, sector, community and private entities for integrated land and seascape planning and management.

Under this Output, the project will support the enhancement of existing multi-stakeholder platforms at the provincial, district, divisional and village levels for ensuring coordination, convergence and synergy across the public and private sector development planning and budgetary processes to facilitate integrated and coordinated terrestrial, coastal and marine development and economic planning. The platforms will bring together a range of stakeholders across government, industry and community into a common platform for dialogue on the biodiversity and natural resource assets and approaches for their long-term management and sustainable economic use that would build lessons and experiences for replication and scaling up beyond the two landscapes/seascapes. The proposed multi-sectoral and multi-stakeholder platforms will include (i) existing Provincial Coordination Committees (PCCs), (ii) existing District Coordination Committees (DCCs). The PCCs and DCCs would be responsible for policy decisions, ensure provincial and district government funding cooperation and support, promote private financing, human resource development and scaling up and (iii) Divisional Coordination Committees to ensure effective integration of conservation and sustainable resource use, facilitate convergence of planning across the different sectors that operate at that level, private sector and community-based organizations that operate within the landscape/seascape support implementation and monitoring, and synergy with the other ongoing development projects and processes in the area. It will also work with community systems (through the Local Government Authorities of Pradeshiya Sabahs) to coordinate on-the-ground development investments. These coordination mechanisms

Output 1.2: Relevant policies, regulations and standards reviewed and revised to ensure coherence and complementarity to align with the integrated landscape and seascape planning approach

This Output is intended to review and evaluate existing policies and legislation (including standards, guidelines, mandates, etc.) in order to assess gaps, overlaps and inconsistencies so as to identify the best option(s) to support the mainstreaming of biodiversity and sustainable land and resource use and management principles into sustainable economic development. Based on the review, this Output, will contribute to the provide guidance for development/improvement of relevant policies, standards, strategies and regulations to support the development of integrated nature-positive terrestrial, coastal and marine economic development planning. It is anticipated, however, that a key element of this Output will be an improved recognition of an integrated approach to landscape/seascape planning that incorporates measures for nature-positive agriculture, tourism, environment, coast conservation and fisheries development as well as potentially covering infrastructure and waste management. This might include the adoption of national certification standards for biodiversity friendly tourism, fisheries, and infrastructure development, strengthening Environmental Impact Assessment procedures, adopting standards for biodiversity friendly development and operations, and provincial and district regulations to empower local governments to regulate development in sensitive coastal zones. During PPG stage, the project would consider a few policies, regulations and standards that are relevant for the assessment, to be strategic and limited in its scope.

Output 1.3: Development of a monitoring, enforcement and reporting framework to support the maintenance and enhancement of ecosystem goods and services that can be applied to individual coastal and marine ecosystems.

This Output will focus on establishing standards, protocols and procedures for monitoring the status of the coastal and marine ecosystems, initially trialed in the Eastern coastal region and subsequently promoted nationally. It will review existing standards for water quality, status of fish and coastal and marine species and habitat conditions, etc. and decide on the need to upgrade standards and improve enforcement. This will require benchmarking of the status of a selected number of coastal (and marine ecosystems) and species and identifying measures to restore them to 'favorable' conditions and setting short-, medium- and long-term targets within specific timeframes to achieve these conditions.

Output 1.4: Development and roll out of a comprehensive capacity building program for integrated landscape/seascape management and coastal spatial planning with the intent of enhancing the health and economic benefits from coastal and marine ecosystems

Output 1.4 will deliver a program to build the capacity of government, private sector, NGO and community level stakeholders at national, district and local levels to enforce key mandates related to conservation of species, ecosystem and habitats, sustainable agriculture, tourism, forestry and fisheries, management of Fisheries Management Areas (FMAs) and livelihood development. The project will deliver training in priority areas in support of an integrated, inclusive approach to management of marine and coastal spaces and sustainable resource management (sustainable fisheries, tourism, climate smart agriculture, mangrove restoration and conservation and livelihood improvement). This will entail a capacity needs assessment to facilitate the development of a Gender Equality and Social Inclusion (GESI) responsive five-year capacity development plan for the project. This Output will also help support the establishment of a confidential reporting mechanism to enable concerned citizens to report illegal activities and breaches of the law. During PPG stage, an assessment will be undertaken to identify potential agencies for institutionalization, part or whole of the capacity development program. Potential institutes might include (i) the Eastern University that has strong agriculture, science and gender studies faculties that have been in the fore front of research, training and development on ecological, farming and wetland management; (ii) the University of Ruhuna (Southern Province) through its Agriculture, Science and Fisheries studies faculties. The fisheries faculty program deals with fisheries, marine sciences and technology and oceanography, while its agriculture faculty is supporting studies on a range of innovative agricultural practices and its Science faculty has been in the fore front of supporting management of environmental sensitive areas, biodiversity conservation, etc. The Open University of Sri Lanka is another possibility that has regional branches, including in the Eastern and Southern Provinces and offers a range of short courses (diploma and certificate courses and short-duration training) in addition to undergraduate and graduate courses. In terms of the short-term courses, the Open University offers courses in natural resources and ecotourism, wildlife conservation and management, environmental sciences and sustainable development, plant breeding, etc.

Component 2: Improved financing and incentives for nature-positive practices in the eastern coastal and marine regions

Building on the findings of anticipated BIOFIN 2024 analysis^[1], the intent under Component 2 is to identify innovative financial instruments and their implementation mechanisms for the two-project target landscape/seascapes that could be applied at the local institutional levels that have a clear mandate on biodiversity and a demonstrable role in biodiversity finance. As part of this process, the GEF project will attempt to mobilize potential sources of financing for conservation activities, particular at the local level. The proposed Biodiversity Finance Plan (2024) for Sri Lanka will likely identify a mix of potential replicable and scalable financial solutions (e.g. corporate social responsibility, ecological fiscal transfers, sustainable standards and labeling, ecolabels, ecotourism, augmentation of public budgetary support, diaspora savings and investment, revenue from environmental penalties and PES based on tourism) for filling the funding gap, recognizing that public financing has been the mainstay of biodiversity finance in the past, will likely be less relevant in today's economic situation in the country. This means that other sources of funding, including public-private partnerships will likely have to contribute significantly towards conservation and sustainable nature-friendly use of

biodiversity. The project will support a very targeted, but limited biodiversity funding gap analysis and mapping at the local level (LGAs) to identify local biodiversity finance requirements and to help identify the relevant public and private sector institutions and programs that can effectively support conservation and sustainable use of biodiversity. The aim is to identify a few financing mechanisms for testing to enhance current funding for conservation. This Component will have four outputs.

Output 2.1 Development and application of a standardized methodology for economic assessment of pilot coastal landscapes/seascapes to evaluate current state of economic value and future economic growth potential.

The opportunities for development of a blue/green economy will be explored for the eastern coastal region of Sri Lanka. This will draw on economic valuation experiences from other countries to identify and test an appropriate, but standardized methodology to assess the current state of economic value of coastal and marine ecosystems, particularly in a target landscape/seascape area and identify future economic avenues for a sustainable blue/green economy in the project area. Existing development plans and investment plans will be reviewed covering both public and private sectors that into consideration the current financial, social, environmental and economic constraints to achieving more sustainable and environmentally friendly economic benefits. This will help identify potential growth potentials and recommendations to achieve these desired outcomes. The result of this Output will be a report identifying best practices and financial resource requirements for equitable and inclusive benefit sharing that will maximize ecosystem protection for blue/green economy benefits that will be taken into consideration in the resource gap assessment under Output 2.2.

Output 2.2: Resource gap assessed and financial solutions and resource mobilisation strategy developed and tested.

Under this output, the project will undertake resource gap assessment at the LGA and DWLC levels. The gap assessment will define biodiversity goals and targets that are aligned to the new NBSAP and based on the mobilization strategy emanating from the proposed new BIOFIN assessment and BFP. This will be backed by assessment of relevant institutional structures, processes and ability for mobilizing new resources. Output 2.2 will use the updated BIOFIN and BFP to identify innovative financial instruments and their implementation mechanisms for the two-target project landscape/seascapes that could be applied at the local institutional levels that have a clear mandate on biodiversity and a demonstrable role in biodiversity finance. This is, for the local government authorities (LGAs or Pradeshya Sabahs) that have a legally defined environmental management mandate level and financial responsibilities, including for biodiversity conservation. They can pass bylaws in support of environmental actions related to programs in their jurisdiction. Sustainability of such initiatives will be based on the capacity of the LGA, potential to mobilize resources, potential for private sector involvement, availability of mechanisms to ensure accountability and transparency. Another example is the Department of Wildlife Conservation (DWLC) which has the mandate to collect part of guide and visitor fees, vehicle fees and service charges related to protected area management. The DWLC operates the Wildlife Fund that can serve as a useful instrument for conservation purposes. The intent is to evaluate the capacity of the LGAs to identify suitable LGAs for project participation and to improve their mandate functions and financial management capacities. This outcome will assist in supporting the implementation of key elements of the conservation plans for the selected LGAs and DWLC Protected Areas to demonstrate scalable financial solutions for implementation of priority conservation action. Screening and prioritisation of finance solutions and most suited finance solutions will be chosen for implementation in consultation with the relevant institutions within the two landscapes/seascapes.

Output 2.3: Models for public-private business ventures aimed at sustainable and diversified financial options developed based on the resource gap assessment and work done through BIOFIN to support long-term financial sustainable transformation in the pilot landscape/seascapes (to support investments under Component 3).

Output 2.3 is aimed at supporting community and local stakeholder-based nature-positive small enterprise and livelihood improvements using financial instruments (particularly those tested in Output 2.2). Several options will be evaluated, including

innovation in new agricultural techniques and products, organic farming, NTFP and wetland natural resource-based enterprises, community-based ecotourism, forest and wetland-based livelihoods and sustainable fisheries-related activities, etc. It will also support the preparation of a database of nature-friendly enterprises that are promising for the eastern coastal region that will be regularly updated as new and innovative value chain opportunities become available. To ensure that biological and other risks of selected value chains are managed, an assessment will be undertaken for each proposed enterprise, including value chain feasibility, supply and demand, availability of raw materials and the feasibility of the intermediary processes, marketing and linkages with service providers, as well as their environmental and social impacts. Capacity building and skills development for a selected number of small-scale community enterprises (around 15 number) will support this effort. The feasibility of these enterprises, the interest of the community, capacity needs and availability of service providers will be assessed during the PPG stage and a few value chains identified and tested under the project. The intent of this Output is to introduce sustainable low impact nature-positive livelihood activities based on assessment of their economic feasibility.

Output 2.4: Institutional and technical capacities of key stakeholders strengthened for implementing new financial instruments.

This Output will entail building institutional capacity at the Provincial, Divisional and District levels, and community organizations (fisheries associations and cooperatives, ecotourism associations, and other relevant community-based organizations) in tracking and tagging biodiversity expenditures, results-based biodiversity budgeting, mechanisms for leveraging existing sectoral budgets and private financing for positive biodiversity outcomes, identifying and implementing innovative financial mechanisms, negotiation skills development for accessing financial solutions, etc.

Component 3: Ecosystem-based solutions to enhance the environmental and economic benefits of coastal and marine ecosystems piloted in selected coastal landscapes/seascapes.

This Component will build-on the strategies developed under Component 2. The intent is to ensure that the assessments, tools and solutions developed under Component 2 gets integrated in the planning, decision-making and implementation process at the landscape/seascape sites. The overall expectation is that through this process, conservation, sustainable resource management and economic decisions are integrated into landscape/seascape planning process covering around 900,000 hectares, and later demonstrated at the district or LGA levels to help populate a range of such practices in the eastern and southern coastal region. Through this effort, it is expected that around 30% (or over 300,000 hectares) of the area of the two landscape/seascapes would directly or indirectly benefit from improved biodiversity and natural resource friendly practices in key sectors. The target landscapes/seascapes largely follow natural boundaries (to the extent feasible) and have been selected for the following values: (i) biological and ecological; (ii) intricate relationships between its coastal and marine (and terrestrial catchments) that are critical for the ecosystem services and productive potential of the resources contained therein; (iii) the tremendous economic potential in terms of tourism, fisheries and agriculture and centers of economic growth potential; and (iv) existence of institutional structures that can serve as a vehicle for the coordination of planning and management at the landscape/seascape level, etc. The landscapes/seascapes have now been included in their entirety. The global significance of the two landscapes/seascapes are provided in the project 'rationale' section. Overall the intent of this Component is to improve the management effectiveness of 252,863 hectares of terrestrial PAs and 953 hectares of marine protected areas; (ii) the restoration of around 3,000 hectares of degraded forests, mangroves, salt marshes, seagrass and coral reefs and degraded and abandoned crop lands, and shifting cultivation lands; and (iii) area of landscape and seascape under improved management covering around 15,000 hectares of marine fore shore areas and 80,000 hectares of terrestrial areas (coastal wetlands, agricultural lands, forest lands, etc.) located outside PAs to benefit biodiversity. This effort will be supported through financing from the GEF 8 project, existing budgetary allocations of national and district level schemes as well as additional financial resources that might be envisaged under Outputs 2.2. This Component will have six outputs. It will also support developing guidelines and provide best practices for NbS in key sectors (tourism, fisheries, agriculture and climate risk management).

Output 3.1 Development, adoption and implementation of a spatially explicit integrated land and sea management plan for each landscape/seascape

Output 3.1 will elaborate integrated landscape/seascape management plans with strengthened community governance and implementation in the two landscape/seascapes, integrating existing and new knowledge to reduce threats, and deal with resource degradation and unsustainable natural resource and land and marine resource use. Open and active dialogue across multiple stakeholder groups will be adopted to build a common understanding of the priorities, co-benefits and resolve conflicting aspirations in each landscape/seascape, target setting for biodiversity, ecosystem services and sustainable resource use. The design of these activities will involve the identification of diversified blue/green livelihood options that can deliver meaningful economic benefits and facilitate a shift away from unsustainable and/or illegal use of natural resources. The priority conservation and economic activities will be designed based on detailed and spatially explicit baseline assessments (e.g. using the rapid biological, social and economic assessment methodology) in Year 1 of the project. The mapping of the biological, social and economic options will help identify, prioritize and inform on-the-ground actions in each target landscape/seascape to support nature-positive actions in forestry, agriculture, fisheries, tourism, aquaculture and other livelihood options. The participatory mapping will lead to drafting of management strategies for the two target landscape/seascapes. Details of these activities are discussed in the next set of outputs under Component 3. While, the project will demonstrate implementation of activities in critical locations within these landscape/seascapes to improve management, over the long-term, the mapping and strategic planning exercises and demonstration activities (to be financed under the project and complimentary government and private sector financing) will provide information and learning for long-term management of landscapes/seascapes for different economic uses and development activities, facilitate permitting processes that meet nature-friendly norms, and help develop appropriate governance and enforcement systems to ensure that development is sustainable and environmentally appropriate.

Output 3.2. Developed/Improved Public-Private Partnerships for forest, mangrove, salt marshes and seagrass restoration, protection and management

The coastal and marine ecosystems are life-support systems for communities. In order to continue receiving benefits from these systems, it is imperative to look at ways of protecting, restoring and improving its health and ecosystem goods and services to overcome the current drop in yields. This will require the development of restoration plans for improving forest and mangrove cover, rehabilitation of degraded mangrove stands, rehabilitation of seagrass beds, sand dune, salt marshes, and agricultural lands, etc. through public-private partnership(s), that will be explored during the PPG stage. Areas selected for restoration would be based on a set of agreed criteria including specifically historical occurrence, topography and bathymetry, climate water balance, sedimentation and community interests, and potential for excluding destructive activities. The implementation of restoration plans will be undertaken with community participation and written agreements with landowners and community management committees for protection, reducing threats and for its overall maintenance. Based on the mapping exercise, efforts will be made to assess if mangrove areas across the lagoons can be allocated for community sustainable use for local medicine and traditional uses (firewood, dyes, tannins and crabs) and provide support for establishment of community nurseries. Guidelines, rules, regulations and responsibilities for conservation, sustainable use and harvesting, monitoring, reporting and enforcement of Memorandum of Agreements (MOAs) with communities will require training and skills development. Selection of areas for protection and restoration will be defined following the mapping and spatial planning exercises (Output 3.1), but could likely be based on the following criteria: (i) biological and ecological importance; (ii) potential and cost-effectiveness of restoration; (iii) interest and commitment of private sector to participate; (iv) willingness of the community to engage in co-management and benefit-sharing from restoration areas; and (v) economic value from ecosystem restoration in terms of fisheries, tourism, forest and agricultural productivity and climate risk management.

Output 3.3 Responsible tourism established in terrestrial, coastal and marine habitats through (a) improved practices encouraging adoption of environmentally friendly measures; (b) strengthened business protocols for tourism development within carrying capacity limits; (c) improved business planning guidelines and tools to facilitate biodiversity-friendly tourism development; and (d) private-public partnerships for conservation and promotion of blue-green economic opportunities.

Under this output the project will facilitate the strengthening and expanding of innovative nature-positive tourism to improve local employment and incomes and mitigate harmful practices. This will entail: (i) support for developing innovative nature-positive

tourism plans, tourism business planning and improved management regulations; (ii) identification and development of innovative and culturally sensitive community-based tourism products and services; and (iii) demonstration of public-private partnerships in support of environmentally sensitive tourism activities linked to conservation outcomes. Through close consultation with local communities and tourism operators and hoteliers, nature-based tourism products will be identified that reflect the unique characteristics and local cultures of the region, and public-private partnerships and sustainable financing mechanisms demonstrated. Exact mechanisms to be applied at target landscape/seascape site will be determined based on feasibility assessments and the results of local consultations. As a long-term financing strategy to support conservation and economic activity efforts, the project will seek opportunities for revenue generation. During the PPG stage, various options would be evaluated to assess their viability. In terms of private-public partnerships the intent is to seek opportunities for promotion of nature-based tourism to enhance creation of jobs and promote blue/green responsible tourism standards and practices.

In terms of the hotels and related tourism entities, the project will help develop guidelines, best practices and improved management responsibility for conservation-friendly practices on which their economic interest depends. In a few selected hotels, where there is demonstrated interest and commitment, this Output will help integrate nature-friendly practices and activities to promote a more holistic and integrated approach to improving the overall hotel environmental management approach. This would require that these enterprises, grasp emerging opportunities based on biodiversity and ecosystem service (BES), secure cost-effective options, develop new and nature-friendly products and services and help integrate BES in their business strategy and actions. Technical support will be provided to review existing guidelines (or create new guidelines) to assess gaps and integrate biodiversity considerations in recycling, shore management, beach clean-up, waste management, energy efficiency and renewable energy use. staff will become aware of the need for environmental stewardship and recognize the linkages between good environmental ethics and tourism benefits. It will also support a range of actions that can be taken by hotels to protect the environment, in and around their premises such as improving inshore management, establishing demarcating buoys and poster boards to ensure that visitors do not damage coral reefs, overseeing tourist and boating behaviour, waste recycling, management and disposal in a more environmentally friendly manner, rather than dumping waste into the lagoons or sea.

Output 3.4 Sustainable fisheries co-management models promoted through establishment of community-managed Special Fisheries Management Areas, business development and value-addition.

The Fisheries and Aquatic Resources Act of 1996 and its Amendments provide for the management, regulation, conservation and development of fisheries and aquatic resources in Sri Lanka. The Act also provides for the establishment of Fisheries Management Areas (FMAs) with designation of Fisheries Committees as the Fisheries Management Authority in respect of the FMA to regulate the conduct of fishing operations, the use of different types of fishing gear and the establishment of close seasons for specific species. Under this Output, the project will support the establishment of co-management arrangements (or strengthening existing arrangements where they exist) through FMAs to improve local livelihoods, foster sustainable resource and wetland ecosystem management and to minimize climate change impacts. This Output will strengthen capacities of small-scale fishermen with informational tools regarding fishing practices that contribute to wetland biodiversity conservation, establishing norms regarding species capture, including secondary or by-catches to avoid impact on less common native species, development of community self-monitoring measures, training and support to women-based enterprises for processing, value addition and marketing of fisheries products, training and support to women members for income generation activities and craft-based products. This Output will also help improve community management and coordinated enforcement to prevent disruptive activities that originate outside the lagoon boundaries. The project will work with poor fisher communities to explore opportunities to develop income supplements (linked to Output 3.5) that can contribute to food security and improved incomes.

Output 3.5. Small and medium biodiversity-friendly public-private business ventures promoted for local community income improvement.

Output 3.5 will demonstrate how diversification of community livelihoods can support the emergence of new business opportunities (e.g. sustainable agriculture, forestry and fisheries, tourism related, etc.) in consonance with Outputs 3.3 and 3.4. During the PPG

phase opportunities for accelerating small and medium scale businesses and resilient livelihood options will be discussed with local communities, using available frameworks, guidance and lessons. During project implementation, these will be prioritized for each target landscape/seascape based on local context and opportunities, taking into account feasibility and resilience given the impacts of the economic situation in the country and the post COVID-19 recovery. A strong focus will be given to women and youth as drivers of change and community participation in development, with the aim of strengthening their morale and leadership role. Sustainable financing mechanisms to livelihoods aligned with results of the analysis done under Component 2 will be established. These may include blended financing solutions supported via public-private partnerships (e.g., by working with agricultural and fisheries businesses, food retailers or processors, tourism operators and hoteliers, etc.). Training, capacity development and market/value chain assessments to support community business development will be provided. Activities under this Output will be carried out in a coordinated approach with key public and private entities. The project will also provide technical training to rural communities' groups, and relevant partners so they have the relevant skills and knowledge and the appropriate procedures and processes in place to implement these activities, including support for feasibility studies, extension, marketing and demonstration that can have potential for scaling up and replication. The value chain analysis will require the mapping of the market potential of the product/service, customer requirements and the challenges faced by marketers/customers, and viability, including cost/benefit analysis.

Output 3.6: Promoting protection, restoration and nature-based development opportunities to enhance management effectiveness of protected areas

Complementary to other outputs in Component 3, Output 3.6 will help strengthen the management of target PAs in the project landscapes, responding to capacity needs identified by PA managers to address challenges of resource degradation, economic and social development and conflicts with local communities. GEF funds will provide training and operational and technical support to PA managers to (i) facilitate demonstration of ecological restoration (particularly areas that are degraded by fires and invasive alien species) of forests, mangroves and salt marshes to protect neighboring communities from climate risks; (ii) support protection and restoration of mixed landscapes (including community productivity areas) within natural corridors and PA buffers through environmentally-friendly practices to enhance the viability and conservation of key species; (iii) promote ecological connectivity between PAs, coastal wetlands and marine habitats, including potential for creation of biological corridors or extension of PA boundaries, where practical; (iv) private-public partnerships to support innovative nature-based income generating opportunities for neighboring communities from the PAs to provide incentives for conservation; and (v) enhance community and stakeholder engagement and co-management in natural areas adjacent to the PAs. This output will provide technical support and capacity development to PA managers to update/prepare PA management plans that build on the learning from activities (i) through (v) above. In terms of the existing PAs, such as Lahugala-Kitulana National Park, Kumana National Park, Bundala National Park, Gal-Oya National Park complex and Yala National Park complex and a number of smaller sanctuaries covering around 252,863 hectares of terrestrial PAs and a single recently declared marine protected area, namely the Kayankerni Marine Sanctuary of 953 hectares, the project will in addition support training to build capacity of PA staff to engage local communities in forest protection and biodiversity monitoring through: (i) SMART patrols that incorporate local communities, particularly in buffer areas; (ii) improving PA management plans (which are currently outdated in most cases) to include specifically the integration of land/sea interactions beyond PA boundaries, ensure functional connectivity, broaden stakeholder participation, promote monitoring and patrolling and management oriented surveys, strengthen adaptation to climate change, improve cooperation with neighboring users for livelihood benefit and resource sharing with neighboring communities, etc. and (iii) training of staff to set up data and reporting systems, surveys and have the ability to analyze, manage and monitor information from SMART patrols, so that it can be better used by senior management for decision-making and effectively targeting the threats and conservation opportunities. The project will also work in enhancing the participatory management of the Management Elephant Range of 23,746 hectares in the Southern landscape/seascape, where farmers are allowed to carry out their cultivation practices (including shifting cultivation) according to a planned management, which will result in a landscape mosaic that will have a very high carrying capacity for elephants and therefore be able to support a high density of elephants compared to protected areas. Such MERs will be also ideally suited to manage elephants that are displaced due to development which would allow the landscape to be shared between humans and elephants with minimal conflict. Learning from Output 2.2 will support replication of successful models to the PAs through advocacy, sharing of best practices, exchange visits and capacity building that is covered under Output 4.2.

Component 4: Awareness raising, knowledge management, gender mainstreaming and monitoring and evaluation

This Component will apply learning as levers to ensure the required knowledge and capacity is available not only to achieve outcomes of components 2 and 3, but also to sustain them over the longer-term and to achieve programmatic outcomes by effectively linking and upscaling project level investments. It will ensure that lessons learned from previous initiatives of GEF and other development partners are synthesized and shared together with good practices resulting from the implementation of this project are shared between different landscapes to support their widespread adoption for greater impact and long-term sustainability, while also raising the profile of the marine and coastal ecosystems amongst sector entities, private sector partners and the public nationally, regionally and globally. More specifically, this Component will support: (i) promotion of awareness and communication; (ii) documentation and dissemination of best practices and enhanced communication; (ii) preparation of guidance notes to address current gaps in integrated planning, policy and legislation; (iii) technical reports, publications and other knowledge management products; (iv) national and sub-national workshops to facilitate dissemination and promote replication; and (v) preparation of replication and scaling up strategy. The project will also establish an effective M&E system that adheres to GEF requirements, enables effective monitoring and evaluation of project progress and impact, and that is inclusive of the needs of women and opportunities to strengthen gender mainstreaming through project activities. This Component will have three outputs.

Output 4.1: Enhancing capacity of key stakeholders to effectively integrate biodiversity conservation and ecosystem services into their plans and investments ‘

This Output will help facilitate key stakeholders (local government entities, local communities, fisheries and agricultural management committees, wildlife and forest management staff, hoteliers, resort and tourism enterprises, etc.) to be motivated, proactive and capable in adopting and operationalizing new plans and investments for promotion of conservation outcomes, sustainable natural resources management and production systems and conservation targets. The spatial landscape and seascape management plans will provide the overall guidance to facilitate stakeholders to engage in management approaches that are conducive with good ecological practices. The GEF funding will help enhance stakeholder capacities in planning, budgeting and implementing through engagement, consultation, technical support and training for promotion of environmentally friendly investment and practices for sustainable resource use and management and promotion of biodiversity conservation outcomes. The feedback of project results from Outputs in Component 3, provides information of key actions (development of manuals, documentation of best practices, workshops, communication and KM products, etc.) to promote these above efforts on a broader scale. Results and lessons learnt from these activities will be shared among stakeholders through learning platforms, including exchange workshops and policy briefings. Through these platforms, the GEF funds will also be used to support the provinces to convene conservation experts, and pro-biodiversity business entities to help review and update the local planning systems, ensuring that priorities on biodiversity conservation, sustainable natural resources use, ecological restoration and nature-based solutions are well identified and included for their implementation in their respective planning systems and investments.

In order to ensure awareness and enhance understanding of biodiversity among range of stakeholders, a communication strategy will also be developed to implement integrated plan to mainstream biodiversity in coastal and marine development activities. Special action will be targeted towards youth and women, so that they become aware of biodiversity conservation actions and take an active role in the conservation and management of the coastal and marine ecosystems in the eastern coastal region and become advocates for the cause.

Output 4.2: Replication, scaling up, and long term sustainability strategy/plan; communication and knowledge shared and exchanged on integrated land and seascape planning and nature based solutions

This Output will ensure that successes (and failures) from two project landscapes/seascapes will be documented and disseminated, learning and experiences shared in regional, national and international fora. As part of an effort to promote scaling up, this output will support the following activities: (i) documentation and dissemination of case studies, best practices and experiences emanating to be used for targeted decision-making bodies at the local and district levels; (ii) development of policy guidance notes to address gaps and constraints of existing planning and policies that favor mainstreaming; (iii) technical reports, publications and other knowledge management products in English, Sinhala and Tamil; (iv) documentation of existing best practices related to biodiversity

conservation and natural resources management; (v) national and district level workshops to facilitate dissemination of field lessons; and (vi) inter-district site visits to share lessons. As a means of replication regionally and nationally, the project will support the following actions: (a) institutionalization of best practices through promotion of sectoral and district level planning instruments in order to secure replication; (b) replication/up-scaling strategy based on lessons and experiences from the project. The replication strategy will provide guidance on key factors that define the successes (institutional, planning, financial solutions and decision-making), participatory planning and consultative practices, capacity assessment and skills development, tools for adaptive management and monitoring, technical and extension support, etc. This will be further defined at PPG stage to enable uptake through training, technical support, identification of financial mechanisms, etc.; (c) regional and national workshops and site visits to build learning and capacity for replication; and (d) identify 2-3 coastal/marine ecosystems in other districts for potential replication.

Output 4.3: South-South exchange events and information sharing

To bring the lessons learned from the project and to share best practices from other island nations, this Output will explore opportunities for meaningful participation in specific events where UNDP could support engagement with the global development discourse on marine and coastal conservation issues. The project will furthermore provide opportunities for regional cooperation with countries and other regional partners that are implementing initiatives on integrated coastal and marine conservation and management in geopolitical, social and environmental contexts relevant to the proposed project in Sri Lanka. This would include close collaboration, knowledge sharing and exchange visits with other regional countries that are implementing similar projects. This Output would support through the following indicative activities: (i) host South-South cooperation and exchanges in the area of integrated management of coastal ecosystems that is most applicable to the Sri Lanka context. Visitation between countries to support dialogue and Knowledge Sharing platforms on lessons learnt and best practices to support transfer of knowledge for improved implementation of relevant project activities; (ii) participate in relevant regional and global events for information and lessons sharing and learning; (iii) promote knowledge sharing and best practices through formal and informal networks, study visits and improved communication channels. These opportunities will be explored during the PPG stage.

Monitoring and Evaluation

Outcome 5: Monitoring to support adaptive project management

The project will design and operate a monitoring and evaluation system to track environmental and socio-economic benefits generated by the project. The M&E system will follow UNDP and GEF M&E policies. The monitoring system can be used to inform decision-making by government resource managers and private resource users.

Output 5.1: M&E system supports project impact including gender and youth mainstreaming.

This Output will focus on providing technical support and limited financing to establish monitoring protocols and initiate monitoring of the project outcomes in terms on integration of biodiversity conservation, gender and sustainable economic development at the landscape/seascape level in the eastern coastal region. It will support also the mid-term and term evaluation, revision and update of monitoring protocol and ensure that the monitoring results provide input to enable adaptive management.

Global environmental benefits

The landscapes/seascapes in the eastern coastal region of Sri Lanka are highly productive ecosystems because of their wide range of genetic, species, habitat and ecosystems diversity. They contribute to the overall productivity in terms of total ecosystem yield of coastal waters by harbouring a variety of habitats, including pelagic phytoplankton, benthic macro-fauna, seagrasses and seaweeds, intertidal salt marshes, and fringe mangroves. The lagoons are transition habitats for catadromous and anadromous finfish and shrimp species while providing lodgings for sedentary and sessile shellfish species. Epiphytic algae attached to seagrass provide excellent feeding and nursery grounds for a variety of organisms including catadromous fish larvae while enhancing the biodiversity by providing a physical refuge from predation. Salt marshes which are mostly predominant habitats in semiarid zones and constitute one of the most productive natural vascular plant communities in the world. The eastern coastal region consists of a variety of ecosystems which range from arid-zone thorn scrubland, arid-zone pastures and maritime grasslands, sand dunes, mangroves, salt marshes, lagoons, tidal flats, seagrass beds and shallow marine areas. Such coastal habitats provide excellent feeding and living habitats for many water birds, including migratory species, which also use this area on arrival and during their exit from Sri Lanka. As explained earlier, several government programs are being implemented in this area. However, these programs are conducted in an isolated sectoral manner, thus either resulting in a series of disjointed, and often contradictory fashion resulting in harm to these ecosystems. The intent of the project is to generate incremental benefits by piloting several innovative activities for improving conservation and management of coastal and marine areas (and their land-based catchments) through a multi-sectoral and multi-stakeholder approach. This is expected to generate an integrated and novel approach to economic development in the region that is carried out within the carrying capacity of these ecological systems to protect their ecological functions, protect important biodiversity and provide sustainable economic returns to local communities and business interests in the region. In addition, the project will build capacities of local communities for undertaking inclusive conservation measures within their respective local development planning process. This collective action in many communities will help populate conservation action through significant parts of the eastern coastal region, particularly in areas of high ecological and economic value to enhance the ecological value of the coastal and marine systems in the region. The project will also leverage financial resources for biodiversity at the sub-national level through various innovative financial instruments, which would contribute to the achievement of national and global targets for biodiversity conservation and management. The anticipated global benefits, including meeting priorities established through the NBSAP and the Post 2020 Global Biodiversity Framework are the following:

- At least 252,863 hectares of terrestrial protected areas under improved management effectiveness to conserve key ecosystems and threatened and endangered species, while correspondingly enhancing environmentally friendly economic opportunities
- At least 953 hectares of marine protected areas under improved management effectiveness to conserve key ecosystems and threatened and endangered species, while correspondingly enhancing environmentally friendly economic opportunities
- At least 80,000 hectares of terrestrial and coastal areas (outside protected areas) under improved management to benefit biodiversity, enhance connectivity and support sustainable agricultural, fisheries and ecotourism practices (to be further at PPG stage)
- At least 15,000 hectares of marine areas (near shore areas outside protected areas) under improved management to benefit biodiversity and enhanced sustainable tourism and fisheries practices (to be further assessed at PPG stage)
- At least 4,800 hectares of degraded habitats under restoration (including coastal wetlands, mangroves, salt marshes, seagrass, forest and agricultural lands)
- Populations of globally important species (CR, EN, VU on IUCN Red List) at landscape/seascape sites are stable or show improvement (3-4 target species will be identified during the PPG)
- Reduced threats and enhanced protection of threatened biodiversity, including elephants, primates, and other endangered species (to be defined at PPG stage) (to be further assessed at PPG stage)
- 3,139,242 metric tons of CO₂e mitigated over a 20-year period.

- At least 8,500 people with 4,500 men and 4,000 women (to be further assessed at PPG stage) directly benefiting from improved natural resources, fisheries and marine resource management practices, community-based livelihood improvement and small-scale enterprises and ecotourism practices.

Stakeholder engagement:

The project provides the opportunity for partnerships with a range of stakeholders, including key national, provincial and district agencies with mandate for biodiversity and sustainable development; communities living in these areas; and key sector agencies that benefit and/or impact on biodiversity. During the PPG phase and implementation, a broad approach to stakeholder engagement will be continued, as strong partnerships across government and with the private sector and local communities are needed to achieve sustainable biodiversity-related natural resources and economic development. The role and responsibilities of key stakeholders in preparation and implementation including in decision-making, planning, implementation and management is provided in Table 1. Of particular importance will be role of the MFAR in ensuring sustainable fisheries management, Ministry of Tourism in promoting nature-positive tourism experiences: DWLC in managing the PAs for sustainable tourism, the administrative entities at provincial, district, divisional and village level in ensuring that local development is compatible with good ecological and economic practices and local communities in decision-making on choices that benefit them.

Table 1: Stakeholder Engagement

Stakeholder	Mandate	Role in project
Ministry of Environment (MOE)	Ministry of Environment is the GEF Focal Point and responsible for the management of the environment, land, forests, water, air, biodiversity, and minerals. The Ministry prepares policies related specifically to biodiversity conservation, forestry, climate change and natural resources management in Sri Lanka. The Biodiversity Secretariat of the Ministry will be the lead implementing entity for the project and would be the convener of inter-ministerial multi-stakeholder committees to coordinate landscape initiatives. The Ministry, with the Ministry of Plantations, will chair the Project Board and coordinate advisory committees.	Implementing Partner for the project. The IP will play a critical role in deciding to ensure that coordination structures are effective in promoting an integrated and coordinated approach to resource management and ensure that all stakeholder work together to establish a common agreement on strategies for planning and management of coastal and marine resources
Ministry of Fisheries and Aquatic Resources (MFAR) and its Department of Fisheries and Aquatic Resources (DFAR)	MFAR is responsible for formulating and implementing national policy on fisheries and aquatic resources development includes two divisions under its purview, namely the Department of Coast Conservation and Coastal Resources (CCD) and the Department of Fisheries and Aquatic Resources (DFAR). The CCD is the focal Government organisation responsible for the conservation and management of Sri Lanka's coastal resources, while the Marine Environment Protection Agency oversees the management of marine resources and pollution. The DFAR focuses on directing fisher folks towards a responsible fisheries industry in compliance with international conventions, laws and rules and supports program aimed at developing the socio-economic status of fisher folk	Responsible Partner. The DFAR will take responsibility for establishment and management of Fisheries Management Areas (FMAs), defining fisheries carrying capacities and harvest regimes and provide technical and extension support to enhance sustainable fisheries management and harvesting. The CCD will collaborate in ensuring that development activities within the coastal zone are regulated and controlled to maintain the ecological integrity of the seascape
Department of Wildlife Conservation (DWLC)	The DWLC manages protected areas and is expected to find solutions for human-wildlife conflicts that arise in the country. In the project region human-leopard conflict takes precedence with a high number of leopard snaring occurring within estates or in adjacent protected areas. Some of the connectivity corridors proposed by the project will help resolve localized human-wildlife conflict.	The DWLC will plan management activities to promote sustainable visitation and revenue generation that support the ecological integrity of the PAs and improve local incomes of PA neighbours to win their support for conservation actions.

Forest Department (FD)	The role of the Forest department is to manage and develop forest resources in accordance with the National Forest Policy and in line with the principles of Sustainable Forest Management; conserve forests mainly for the purpose of soil, water, and biodiversity conservation, enhance and maintain carbon stocks etc.	The FD will collaborate in promoting management policies and practices in support of enhancing connectivity between forest patches and PAs that facilitate viability of far-ranging species such as the elephant, leopard and other species through appropriate zoning of forest lands and contributing to wildlife habitat. .
Provincial Councils (PCs)	PCs are devolved governments of the nine Provinces of Sri Lanka. In the Eastern Coastal Region and Southern Coastal Region. The Council functions as the legislature of the province and has power to pass a <i>statute</i> on any subject assigned to the provincial council under the constitution subject to the condition that it should not violate the constitution. Its members are elected through a provincial council election	Each Provincial Council will facilitate collaborative efforts at ensuring that overall policy, planning and budgeting at the provincial level is conducted in accordance with ecological principles
District Secretariats	The main tasks of the district secretariat involve coordinating communications and activities of the national government and divisional secretariats. The district secretariat is also responsible for implementing and monitoring development projects at the district level and assisting lower-level subdivisions in their activities, as well as revenue collection and coordination of elections in the district.	The District Secretariat will ensure backstopping and coordinating the implementation of service delivery in relation to major government programmes that takes into consideration ecological, environmental and sustainable nature-friendly economic development within the district
Divisional Secretariats	These are sub-divisions of a district. Divisional level administrations are responsible for implementation of government programs and delivery of services	They will facilitate coordinated investments in the two landscape/seascapes to ensure cost-effective and consolidated actions to protect the natural resources.
Pradeshiya Sabahs (Local Government Authorities)	Legislative bodies that preside over the third-tier municipalities in the country. Laws require local authorities to carry out regulatory and administrative functions, promote public health and provide physical structures. Local authorities can only provide services that the law specifically allows them to do. Services provided by local authorities include roads, drains, parks, libraries, housing, waste collection, public conveniences, markets and recreational facilities.	They will help facilitate coordination at the village level to ensure that local communities are able to derive sustainable economic benefits from activities such as fisheries, ecotourism, livelihoods and development of small-scale community enterprises
Community-based organizations (CBOs)	Usually voluntary in nature that operate at the grass root level (i.e. village level). The CBOs that are typically rural development societies, community development committees, fisheries committees, and thrift and credit cooperatives will render valuable services to channel technical support, extension and rural credit to local communities	Community-based organization will be the main local institutions that will support and mobilize community engagement in a range of activities, such as fisheries, ecotourism, agriculture, natural resource management and livelihood programs as well as rural credit
Private sector entities and small business operators	Public sector institutions operate several economic development activities throughout the country, from large business interests to small business operators at the village level	They will directly promote engagement with the private sector through focus on the tourism, fisheries and livelihood sectors, including through different financial instruments would be identified under Component 2. This could include establishing PPP platforms to ensure a balance between achieving conservation and tourism development
Hotels and Resorts	Several hotels and resorts are located in the Eastern and Southern coastal belt	Interested hotels would be selected to support targeted efforts at integrating biodiversity-friendly practices and activities in hotels and tourism enterprises to demonstrate a holistic and integrated approach to improving their overall environmental management
Academic Institutions, such as Eastern, Ruhuna and Open University	Academic institutions are in fore front of research, training and development on ecological, farming and wetland management in the country, including the	Academic institutions will support conduct (and potential institutionalization) of the capacity development program, undertake

	University of Ruhuna (Southern Province), Eastern University (Eastern Province) and Open University of Sri Lanka. These institutions offer a range of short courses (diploma and certificate courses and short-duration training) in addition to undergraduate and graduate courses. In terms of the short-term courses, the Open University offers courses in natural resources and ecotourism, wildlife conservation and management, environmental sciences and sustainable development, plant breeding, etc.	biological and ecological surveys and analysis, engage in extension to agriculture and fisheries activities, etc.
Financial Institutions and financial intermediaries	Banks and non-banking financial institutions (NBFIs), such as licensed finance companies (LFCs) and specialized leasing companies (SLCs) and wide range of microfinance institutions (MFIs) can serve an important function in providing microfinance. 'Devinugama', a poverty reduction program provides welfare and livelihood initiatives as well as microfinance. Small groups and village-level societies form the customer base of 'Devinugama' banks, which currently number 40,000 institutions. Co-operative rural banks, thrift and credit co-operatives societies, and other community-based organizations and, non-governmental organizations available for engage in microfinance business	The Financial institutions and intermediaries have a key role to play in providing microfinance and banking facilities at the local level. They can support welfare and livelihood initiatives through the microfinance programs they offer
Youth and women	Women and youth are a significant part of the population in both provinces, usually in the informal sector	Women and youth will participate in the project implementation at landscape/seascape sites as well as throughout capacity building, awareness, and training programs to enhance opportunities to ensure a role in decision-making, benefit from investment opportunities and have a role in enforcing conservation decisions
Local communities (fishers, tourism providers, natural resource dependents, etc.)	Several local people are engaged in coastal and marine fisheries activities, agriculture and crop farming, animal husbandry, tourism related activities etc. in the project locations	Local communities will own the project within their respective locations. They will be the key participants and beneficiaries of the project
Indigenous communities	Key, but small target groups, if determined present in project area.	They will be consulted and engaged via use of FPIC and IPPF will be developed
Non-Government Organizations	NGOs and CBOs are active and working on issues of natural resource management, socio-economic development and poverty programs.	In the target region, they will support community mobilization and community initiatives promoted under the project. The involvement of the wider public in sustainable forest and land and coastal management and ecosystem conservation through local NGOs and community-based organizations is an important part of this project.

Knowledge Management

Knowledge will be generated and disseminated through output 4.2 that aims to ensure that lessons and learning from the project will be documented and shared in regional, national and international fora. This will facilitate scaling up and replication, including via targeting events with decision-makers at the local, district and national level. In addition, Output 4.2 will produce technical reports, publications and use a range of media to promote the integrated approach to resource management, including T.V. radio and conduct national and district level workshops to facilitate dissemination of field lessons. Based on the knowledge and learning, the project will support the preparation of a replication/up-scaling strategy to provide guidance on key factors that define the successes (institutional, planning, financial solutions and decision-making), planning and consultative practices (including participatory methodology), capacity assessment and skills development, tools for adaptive management and monitoring, technical

and extension support, etc. Based on the lessons from the project, policy guidance notes will be developed to address gaps and constraints of existing planning and policies that favor mainstreaming at the landscape/seascape levels.

Transformative, innovation and scaling-up

The proposed project (unlike previous development efforts in the region) is transformative in that it intends to take into full consideration and cognizance the complexity of the geological and geomorphological reality of the landscape/seascape (including the various ecological systems within them) inter-relationships and the spatial dimensions in which these interactions take place. It is innovative in that the proposed integrated approach to planning and management of these inter-related resources and the social, economic, environmental and development conditions that influence and shape the ecology and functioning of these inter-related ecosystems is aimed at promoting the most cost-effective and sustainable approach to development of the eastern region of Sri Lanka. It is innovative and transformational for Sri Lanka in that it will promote innovative financial instruments that can be piloted to test their viability in Sri Lanka through a financial gap analysis to test at least a few financing mechanisms to enhance current funding mechanisms, and to provide additional resources for integration of biodiversity outcomes at the broader landscape/seascape level. It is envisioned that the success of this approach would be documented and disseminated, learning and experiences shared to promote scaling up (as discussed under Output 4.2).

[1] Biodiversity Finance Plan (2018-2024): The Biodiversity Finance Initiative, BIOFIN Sri Lanka (UNDP 2019)

[1] Biodiversity Finance Plan (2018-2024): The Biodiversity Finance Initiative, BIOFIN Sri Lanka (UNDP 2019)

Coordination and Cooperation with Ongoing Initiatives and Project.

Does the GEF Agency expect to play an execution role on this project?

No

If so, please describe that role here. Also, please add a short explanation to describe cooperation with ongoing initiatives and projects, including potential for co-location and/or sharing of expertise/staffing

The Implementing partner for the project will be the Ministry of Environment (MOE) and the project will be implemented over a period of five years with UNDP as the GEF Implementing Agency. Policy guidance will be obtained through the National Steering Committee set up with the Secretary of the Ministry of Environment as the chairperson. The Project Manager will head this Unit and be responsible for the three Field Project Offices supported by Technical Experts and working in close collaboration with the National Project Director at the Biodiversity Division of MOE. Three Field Project Offices headed by Field Coordinators will be established in Kalkudah, Batticaloa and Ampara districts with the responsibility of managing field implementation activities and reporting to the Project Manager. At the Provincial level coordination of activities with the other projects will be ensured through Provincial Coordination Committee Chaired by the Chief Secretary of the North-east Provincial Planning Secretariat. District Secretaries will be chairing the District Coordinating Committees ensuring the coordination of activities at the district level. Project will also be represented at the Inter-Agency Planning Committee to facilitate smooth project implementation and coordination with the other agencies on the ground. The Ministry of Fisheries and Aquatic Resources (MFAR) will be a Responsible Party to the Project. At the provincial level the project will follow the existing Provincial Coordinating Committee Chaired by the Chief Secretary, North-east Provincial Council. At the district level existing District Project Coordinating Committees (DPCC) Chaired by District Secretary will be used for project coordination. The mandate of the DPCC is to provide guidance and coordinate with all the projects implemented in the district to avoid any duplication of activities, to get the benefit of synergetic effects of different projects and to facilitate the smooth implementation of the project by resolving probable administrative barriers. Existing community committees (to be assessed at PPG stage) will help mobilize the local communities and other stakeholders in planning and implementation of the project activities at the field level. As reflected in the GEF checklist, if the HACT assessment to be carried out during PPG

concludes that support for execution is needed, UNDP will present options, including third party execution support, and discuss with GEF Program Manager early on during the PPG phase. The GEF project will cooperate with ongoing initiatives as described in the Table 2 below:

Table 2: Complementarity with Existing Projects and Programs

Ongoing Initiatives	Complementarity with GEF 8 project
GEF/International Union for the Conservation of Nature (IUCN) Natural Capital Values of Coastal and Marine Ecosystems in Sri Lanka (\$2,656,104) (2023-2026)	The project supports strengthening biodiversity mainstreaming in planning and NCA approaches, landscape-level spatial planning, capacity development and empowerment of communities, monitoring, livelihoods, and value chains for biodiversity- friendly products combined with sustainable financing. The above activities are very relevant to the GEF 8 project and efforts to coordinate between the two projects would be easy given that the IP for both project is MOE.
GCF/UNDP Strengthening the resilience of small holder farmers in the Dry Zone to climate variability and extreme events (2016-2023) \$50.084 million	Of particular relevance with the GEF 8 project is the community support for climate-resilient crop and input selection, development, packaging, and dissemination of suite of climate-smart practices, enterprise development of women farmers through targeted implementation of tailored climate resilient agriculture packages, etc. Coordination will be facilitated as UNDP is the IP for both projects that will enable best practices to be integrated into the GEF 8 project
GEF/UNDP managing together: integrating community-centered approaches in forestry, agriculture and tourism (2021 – 2024)	The ongoing project provides experiences for mainstreaming integrated approaches into natural resources management production sectors and landscapes that focuses on establishment of cross-sectoral coordination structures, strategic design for biodiversity conservation in NRM, tourism and land use planning across multiple jurisdictions. It is developing guidelines for biodiversity mainstreaming in NRM, tourism, land use planning, fisheries, forestry and PAs
UNDP GEF Small Grants	The experiences and success of the SGP, in particular from projects that conserve and restore the environment while enhancing people's well-being and livelihoods can be applied to the GEF 8 project. That will help to demonstrate community action to maintain the fine balance between human needs and environmental imperatives.

Core Indicators

Indicator 1 Terrestrial protected areas created or under improved management

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
252863	0	0	0

Indicator 1.1 Terrestrial Protected Areas Newly created

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
0	0	0	0

Name of the Protected Area	WDPA ID	IUCN Category	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
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Indicator 1.2 Terrestrial Protected Areas Under improved Management effectiveness

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
252863	0	0	0

Name of the Protected Area	WDPA ID	IUCN Category	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
Bundala National Park	68201		6,216.00						
Gal Oya National Park	900		25,900.00						
Gal Oya Valley North Sanctuary	2471		12,432.00						
Gal Oya Valley South Sanctuary	2472		15,281.00						
Kalametiya Sanctuary	10542		2,525.00						
Katagamawa Sanctuary	2463		1,004.00						
Kataragama Sanctuary	3288		838.00						
Kudumbigala Sanctuary	2481		6,534.00						
Kumana National Park	11142		35,664.00						
Lahugala-Kitulana National Park	2476		5,131.00						
Nimalawa Sanctuary	555592533		1,066.00						
Senanayake Samudra Sanctuary			9,324.00						
Weerawila-Tissa Sanctuary	2462		4,164.00						
Yala National Park	899		97,880.00						
Yala Strictly Natural Reserve	1363		28,904.00						

Indicator 2 Marine protected areas created or under improved management

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
953	0	0	0

Indicator 2.1 Marine Protected Areas Newly created

Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
0	0	0	0

Name of the Protected Area	WDPA ID	IUCN Category	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
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Indicator 2.2 Marine Protected Areas Under improved management effectiveness

Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
953	0	0	0

Name of the Protected Area	WDP A ID	IUCN Category	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
Kayankerni Marine Sanctuary			953.00						

Indicator 3 Area of land and ecosystems under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
3800	0	0	0

Indicator 3.1 Area of degraded agricultural lands under restoration

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
Cropland	1,000.00			

Indicator 3.2 Area of forest and forest land under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
2,000.00			

Indicator 3.3 Area of natural grass and woodland under restoration

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
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Woodlands	500.00			
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Indicator 3.4 Area of wetlands (including estuaries, mangroves) under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
300.00			

Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
81000	0	0	0

Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
80,000.00			

Indicator 4.2 Area of landscapes under third-party certification incorporating biodiversity considerations

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Type/Name of Third Party Certification

Indicator 4.3 Area of landscapes under sustainable land management in production systems

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
1,000.00			

Indicator 4.4 Area of High Conservation Value or other forest loss avoided

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4.5 Terrestrial OECMs supported

Name of the OECMs	WDPA-ID	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)

Documents (Document(s) that justifies the HCVF)

Title

Indicator 5 Area of marine habitat under improved practices to benefit biodiversity (excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
15,000.00			

Indicator 5.1 Fisheries under third-party certification incorporating biodiversity considerations

Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)

Type/name of the third-party certification

Indicator 5.2 Large Marine Ecosystems with reduced pollution and hypoxia

Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)

LME at PIF	LME at CEO Endorsement	LME at MTR	LME at TE

Indicator 5.3 Marine OECMs supported

Name of the OECMs	WDPA-ID	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)

Indicator 6 Greenhouse Gas Emissions Mitigated

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO₂e (direct)	3139242	0	0	0
Expected metric tons of CO₂e (indirect)	0	0	0	0

Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO₂e (direct)	3,139,242			
Expected metric tons of CO₂e (indirect)				
Anticipated start year of accounting	2025			
Duration of accounting	20			

Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO₂e (direct)				
Expected metric tons of CO₂e (indirect)				
Anticipated start year of accounting				
Duration of accounting				

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)

Target Energy Saved (MJ)				
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Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)
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Indicator 11 People benefiting from GEF-financed investments

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	4,000			
Male	4,500			
Total	8,500	0	0	0

Explain the methodological approach and underlying logic to justify target levels for Core and Sub-Indicators (max. 250 words, approximately 1/2 page)

CI 1: Terrestrial protected areas created or under improved management (252,863 hectares): Improved management effectiveness of Lahugala-Kitulana National Park (5,131 hectares), Kumana National Park (35,664 hectares), Yala National Park Complex (126,784 hectares), Gal Oya National Park Complex (62,937 hectares), Bundala National Park (6,216 hectares), Kudumbigala Sanctuary (6,534 hectares), Weerawila-Tissa Sanctuary (4,164 hectares), Katagamuwa Sanctuary (1,004 hectares), Kataragama Sanctuary (838 hectares), Kalametiya Sanctuary (2,525 hectares) and Nimalawa Sanctuary (1,066 hectares) by reducing fires, encroachments, over-visitation, vegetation damage and disturbances to wildlife, timber poaching and livestock grazing etc. as well as support management planning SMART patrols, community engagement, blue/green economic activities, monitoring, etc.

CI 2: Marine protected area under improved management: Improved management of the Kayankerni marine sanctuary (953 hectares) through management planning, visitor management and over-harvest of fish and other marine products, etc.

CI 3 Area of land and ecosystem under restoration (4,800 hectares): restoration of degraded forest (2,000 hectares), restoration of degraded woodlands (500 hectares), rehabilitation of degraded mangrove stand (250 hectares), rehabilitation of seagrass beds (25 hectares), salt marshes (25 hectares) and degraded agricultural crop and shifting cultivation lands (1,000 hectares) and crop production systems under SLM (1,000 hectares). These figures will be validated/revised at PPG stage taking into consideration the uncertainty of restoration practices.

CI 4: Area of landscape under improved practices: Promote sustainable fisheries, ecotourism and other resources use practices, community conservation practices in forests, woodlands, mangroves, salt marshes and other habitats in around 80,000 hectares

CI 5: Area of marine habitat under improved practices: Support tourism resorts, hotels and inshore fishers and local communities to enhance environmental management practices, including pollution and waste management, shoreline protection, reduction of damaging practices to coral reefs, etc. in around 15,000 hectares

CI 6: Greenhouse Gas Emissions Mitigated (metric tons of CO₂e): 3,139,242 tons of CO₂e mitigated over a 20-year period (5-year implementation and 15-year capitalization period). This includes management of 11 terrestrial PAs covering 252,863 ha through prevention/reduction of fires, IAS and encroachments within: (i) 2% (5,000 ha) of the total PA areas in PA peripheries (in dry tropical forests) from low to very low degradation and (ii) 4% (10,000 ha) of total PA area in PA peripheries (in dry shrubland) from moderate to low degradation status. (iii) 20,000 ha of dry tropical forests within landscape (outside PAs) from moderate to low degradation status; (iv) 20,000 ha of dry shrubland within landscape (outside PAs) from moderate to low degradation status; (v) 500 ha of mangroves (outside PAs) from low to very low degradation status; (vi) 2,000 ha of cropland under improved management with limited or no degradation; (vii) rehabilitation of 250 ha of mangroves, 25 ha of salt marsh vegetation and 25 ha

of seagrass. This estimate takes into account the uncertainty of the restoration practices. Refer Annex H (GHG estimate using Ex-Ante Carbon-balance Tool).

CI 11: People benefiting from GEF-financed investments disaggregated by sex: Around 8,500 people (4,500 men and 4,000 women) through opportunities for new and improved livelihoods in fisheries, ecotourism, small-medium enterprise development, etc.

Risks to Project Preparation and Implementation

Summarize risks that might affect the project preparation and implementation phases and what are the mitigation strategies the project preparation process will undertake to address these (e.g. what alternatives may be considered during project preparation—such as in terms of consultations, role and choice of counterparts, delivery mechanisms, locations in country, flexible design elements, etc.). Identify any of the risks listed below that would call in question the viability of the project during its implementation. Please describe any possible mitigation measures needed. (The risks associated with project design and Theory of Change should be described in the “Project description” section above). The risk rating should reflect the overall risk to project outcomes considering the country setting and ambition of the project. The rating scale is: High, Substantial, Moderate, Low.

Risk Categories	Rating	Comments
Climate	Substantial	Please see pre-SESP (Annex D)
Environment and Social	Substantial	Please see pre-SESP (Annex D)
Political and Governance	Moderate	The willingness of the administrative entities to collaborate and work together to ensure that planning and management of economic development in the region is commensurate with ecological and community needs would present some problems, given that political priorities trend to generally over-ride other priorities. During project preparation, the risk will be further assessed to identify additional and focused consultation, dialogue and planning needs that are required to ensure that the effective engagement of the four-tiered administrative structures at the provincial, district, divisional to the Grama Niladhari (village). The functionality of this governance arrangement is critical to ensure better planning and integration across sector mandates and priorities.

Macro-economic	Substantial	<p>The current economic instability in the country presents a challenge in terms of government resources and staff availability, including co-financing. In terms of institutional and capacity constraints, during project preparation, additional technical and national consultant support required will be assessed, necessary. In terms of co-financing, realistic co-financing options have been identified that would be validated ensuring that significant co-financing is acquired through currently committed externally mobilized investments to reduce burden of government financing</p>
Strategies and Policies	Moderate	<p>Government policy for promotion of economic development might have implications for the project, in particular related to potential impacts on the sensitive coastal and marine ecosystems. To mitigate this, project design will demonstrate that economic development benefits can be better achieved through sustainable practices. Exposure to best practices, technical and planning support, etc. will form the basis for managing this threat</p>
Technical design of project or program	Moderate	<p>Given that the limited technical capacity for integrated planning and management might affect achievement of intended outcomes, the project design will include a capacity needs assessment, and to the extent feasible activities will be designed taking into consideration existing institutional capacity and supplementary needs for capacity building, training and technical support to mitigate any constraints that might exist for promoting of integrated management approaches for coastal and marine areas</p>

Institutional capacity for implementation and sustainability	Moderate	The limited capacity of government administrative bodies for integration of economic and ecological outcomes in development planning could negatively affect implementation of the project. This will be further assessed, and arrangements will be made in consultation with the IP for UNDP CO, following the HACT assessment to identify requirements for potential UNDP oversight, training and technical support required during the project implementation phase that would be reviewed by GEFSEC
Fiduciary: Financial Management and Procurement	Moderate	Some capacity constraints might exist in terms of financial management and procurement within the IP that can delay project implementation. This will be rectified with identification of limited UNDP support to execution and training needs in procurement and financial management for PMU staff
Stakeholder Engagement	Low	Stakeholders may not immediately recognize the benefits of sustainable nature-positive approaches to tourism, fisheries and livelihood improvement and be reluctant to engage in the project. This will be rectified through identification of capacity development and training needs and means for demonstration of nature-based activities that could incentivize community and stakeholder engagement.
Other		
Financial Risks for NGI projects		
Overall Risk Rating	Substantial	The overall risk is rated as ‘Substantial’ that can negate and/or delay project implementation. Overall project design will assess needs for improved capacity,

coordination and collective decision-making to be promoted through the project. The above rated risks are not expected to undermine the viability of the project.

C. ALIGNMENT WITH GEF-8 PROGRAMMING STRATEGIES AND COUNTRY/REGIONAL PRIORITIES

Describe how the proposed interventions are aligned with GEF- 8 programming strategies and country and regional priorities, including how these country strategies and plans relate to the multilateral environmental agreements.

Confirm if any country policies that might contradict with intended outcomes of the project have been identified, and how the project will address this.

For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e., BD, CC or LD), please identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and explain how. (max. 500 words, approximately 1 page)

The project is consistent with BD-1-1: Financial sustainability, effective management, and ecosystem coverage of protected area systems. Relevant project components include identification and implementation of blended/innovative/incentive-based finance solutions to bridge the finance gap in short, medium and long term at the local levels (Outputs 2.1 and 2.2). It will also demonstrate implementation of locally based financial solutions, such as linking with government sector financing, generating revenues from conservation-related tourism activities and supporting biodiversity-friendly small-scale enterprises that will build community support for conservation. The project is also supporting the improved management effectiveness of a number of PAs through management planning, ecological restoration demonstration, enhance the viability of the Pa network by collaborative efforts with local communities in PA buffers and natural corridors, improve PPPs for supporting community engagement in nature-positive activities, improving SMART patrols and improved data management and monitoring (Output 3.6). In terms of BD 1-4, the project will focus on mainstreaming biodiversity and sustainable natural resource use in the local Grama s, Divisional and District planning and development sectors (Outputs 1.1, 1.2, 1.3 and 1.4) in agriculture, forest, fisheries, tourism, and other relevant disciplines and aim to improve/enhance positive environmental practices in these sectors. It would improve guidelines, protocols and planning strategies and build institutional capacities at the three administrative levels and across key sectors to better integrate conservation outcomes. The intent is to use local community organization as the key vehicle for delivery of conservation actions, so that local communities and local business entities become agents of change. Without the GEF project, it is likely that there will be limited effort at strengthening the integration of biodiversity in local, divisional and district developmental level planning that will likely result in further loss of biodiversity, associated habitats and ecosystem services. This will be corrected through improved mapping and decision making on the management and sustainable use resources (Output 3.1) and developing integrated planning approaches. Project components include improved planning processes that address direct threat to habitat loss by increasing habitats through conservation and restoration of key coastal ecosystems (Output 3.2), improved PA management effectiveness in combination with sustainable tourism (Output 3.3); enhancing conservation in forests, coastal habitats and other natural and productive use areas; capacity building and improved community participation in sustainable resource use practices to reduce threats (Output 3.4) and community livelihood improvement to reduce unsustainable practices (Output 3.5). In terms of BD 3: To increase mobilization of domestic resources for biodiversity - the project aims to identify and mobilize domestic resources for investment in biodiversity conservation and NbS. In terms of BD 3-1, it would build on the proposed BIOFIN assessment and BFP planned for 2024, to undertake a limited assessment of financial needs and develop a domestic resource mobilization plan for application at the Local Government Authority (LGA) levels in the two landscape/seascapes, as well as for the PA network. This assessment and planning exercise will actively engage financial entities at various administrative levels at the Provincial and local levels and private sector actors. In terms of BD 3-2, the project will facilitate the implementation of the resource mobilization plan, working closely with the LGAs and Department of Wildlife Conservation to enhance their capacity for resource mobilization through targeted training programs and their capacity for making investments of NbS through development of guidelines and availability best practice examples.

In terms of the GEF-8 Land Degradation Focal Area, the project aligns with Objective 1: Avoid and reduce land degradation through sustainable land management (SLM); and objective 2: Reverse land degradation through landscape restoration (LD-1 & LD-2) of the programming directions. In terms of LD 1, the project will aim to avoid and reduce degradation through promoting an integrated and collaborative planning and decision-making approach to reduce inherent conflicts to land and resource use. It will focus on best practices in fisheries, tourism, forestry and agriculture to reduce harmful impacts and promote nature-friendly practices to reduce

chemical usage, promote soil fertility improvements, reduce erosion, promote mixed cropping to conserve soil and improve habitat for species in cultivable areas. The overall goal is to promote the achievement of land degradation neutrality and no net loss of wetland natural capital. Under Component 3 and supported by the enabling framework of Component 1 and financial mechanisms under Component 2, the project will focus on smallholder farms (production landscapes) that sustain a significant number of households, where agricultural management practices underpin the livelihoods of rural farmers. The project will include support for improved access to technical assistance and finance for smallholders to implement innovative agricultural practices (climate smart agriculture) for sustainable land management to achieve LDN, protect ecosystem services, and improve profitability (improved profitability will be used as an indicator of project success). Project SLM interventions will target the drivers of land degradation within a framework of integrated community planning, governance and management at landscape scale. It will provide technical support and training to restore and maintain functional landscapes to avoid and manage degradation through local government authority (LGA) planning systems, enhanced technical knowledge, demonstration on the ground for IAS control and management and other unsustainable activity (e.g., shifting cultivation land restoration) and technical support for integration into sub-national level planning. These activities would be undertaken through active community mobilization and involvement, including men, women, youth and IPs. Upscaling will be achieved through extension programs and sharing of successful interventions through community exchanges and visits (Component 4). Strategies pursued with the private sector will target SMEs that are promoting innovations in agriculture and livestock production systems and improved access to markets including in the tourism sector, as well as improvements in the environmental performance of the infrastructure sector.

In terms of Climate Change FA, it aligns with CCM 1.4 ‘Promote nature-based solutions with high mitigation potential’ the project will support mitigation actions in agriculture to generate significant co-benefits, notably in terms of climate adaptation and improved livelihoods for farmers and rural communities (including fishers and coastal communities) to enhanced biodiversity outcomes and reduced land and wetland degradation threatened by unsustainable and increased exploitation and impacts of climate change. In terms of the landscape/seascape sites, the project will work with communities to enhance protection and support natural regeneration of these ecosystems, including mangroves, seagrass beds, coral reefs, salt marshes, sand dunes and forests that are threatened by human actions. To support this effort, the project will develop guidelines and provide best practices in support of NbS for fisheries, tourism, agriculture and climate mitigation. The intent is to reduce the further exacerbation of the impacts of climate change on vulnerable communities, including women and IPs.

The proposed project is in conformity with the NAPA, NAP, and other national instruments as discussed in Table 5 below:

Table 5: Conformity with Existing National Strategies and plans

Strategy/Plan	Conformity with the proposed project	Focus of project
National Biodiversity Strategic Action Plan 2016-2022	Target 2 (habitat degradation and fragmentation), Target 4. (Species conservation), By 2022, (loss of species); Target 6: (sustainable use of biodiversity); Target 7 traditional sustainable uses of biodiversity); Target 8: Sustainable agricultural practices are promoted and Target 11 (ecosystems goods and services)	The project will promote sustainable use of wetland resources and traditional practices., reduce habitat degradation through promotion of improved PA management, habitat connectivity and environmental-friendly agricultural and land and sea management and use practices in intervening spaces within the landscape and seascape. Learning from the project will facilitate revision of the NBSAP to align with the Post 2020 GBF
Land Degradation Neutrality (2015-2024)	The LDN has 25 programs aligned to the 4 strategic objectives and 5 operational objectives of UNCCD ten-year strategic plan and framework that is aimed at achieving sustainable development and addressing land degradation through awareness raising, enabling environment (policies, legislation and institutional framework), addressing environmental concerns in economic policies to ensure SLM, incorporating SLM into poverty reduction programs, rehabilitation of degraded agricultural lands, enhanced capacity for SLM, prevention of coastal erosion and integration of biodiversity for improvement of degraded lands	The project is aligned with the following national LDN targets: (i) halt the conversion of forests and wetlands to other land cover classes. This will be achieved through targeted intervention to conserve forests within PAs and buffer zones and establish connectivity to prevent degradation/fragmentation; (ii)

		restore and improve degraded forests. This will be undertaken through improved protection, habitat restoration in natural and mangrove forests; (iii) reduce rate of soil degradation to improve land productivity and soil organic carbon (SOC) stocks. This will be achieved through promotion of PPPs for rehabilitation of degraded, agricultural and other production landscapes (outside PAs as well as strengthened institutional capacity for promotion of SLM, improve institutional coordination, etc.
National Determined Contributions (NDC) 2021	Lanka commits to increase 32% forest cover by 2030 and reduce greenhouse emissions by 14.5% for the period of 2021-2030 from Power (electricity generation), Transport, Industry, Waste, Forestry, and Agriculture	Towards the NDC goal, the project will support the promotion of acceptable forms of fertilizer use and nature-positive farming, promoting a nature-based economy and promote a more efficient and conservation use of energy in the tourism industry
UNDP Nature Pledge 2030	Catalyze - global narrative shift, economic and finance system shift, and policy and practice shift	The project will promote actions aligned with the UNDP national pledge in transforming financial modalities for biodiversity conservation
National Adaptation Plan for Climate Change Impacts (2016-2025)	Resilience of economic sectors and natural systems against the climate change; risk of damage associated with projected changes in climatic parameters; building capacity of communities, economic sectors and ecosystems to adjust more readily to unfolding changes of climate; improving disaster risk management; and increasing skills and knowledge on successful practices of adaptation	In keeping with the NAP, the intent of the project is to promote nature-based economic development, enhance resilience of communities and sectors to climate risks and build capacity to improve economic well-being and diversification to enable them to tide over climatic disasters
National Action Program for Combating land degradation in Sri Lanka (2015-2024)	Promotion of sustainable agriculture; Integrated biodiversity conservation of degraded lands; Prevention of forest cover decline; Restoration of degraded forests; Protection of streams, springs and waterspouts; Prevention of coastal erosion; Enhanced institutional capacity to address SLM; and knowledge management	Restoration of wetland habitats and prevention of coastal erosion are key aspects of the project, along with capacity of sector institutions and stakeholders to manage productivity of these resources for economic well being
Sri Lanka Coastal Zone and Coastal Resource Management Plan (2018)	Improve status of the coastal environment; develop and manage the coastline; Improve the living standards of coastal communities and resource users; and promote and facilitate economic development based upon coastal resources.	The GEF 8 project will promote economic development commensurate with carrying capacity, integrated management approaches across these landscapes and seascapes
Fisheries and Aquatic Resources Act 2 of 1996 and the Regulations under this Act	Establishment of Fisheries Management Areas (FMAs). A Fisheries Management Coordinating Committee established to manage and develop plans for each FMA.	This is a key element of the project that intends to promote the wise and sustainable use of fisheries resources through community managed FMAs.
Coast Conservation Act No. 57 of 1981 (as amended)	Aims to regulate and control any development along the coastal zone, Special Area Management (SAM)	Where applicable, the project will seek to promote the concept of SAMs
Marine Pollution Prevention Act 35 of 2008 and Regulations	MEPA aims to prevent, reduce and manage the pollution of our seas, foreshores and the coastal zones	Reduction of land-based sources of pollution, particularly from agriculture and tourism/hotel operations is fundamental to the project
National Aquaculture Development Authority Act No. 53 of 1998	The Act is responsible for the development and management of aquaculture and aquatic resources as well as operating aquaculture activities, in order to improve fish production and consumption.	The project will work with aquaculture interests to ensure environmental parameters are followed

Tourism Act No. 38 of 2005	Develop the country as a top tourist destination across the world and to support sustainable tourist services and propose long term plans for tourism and sets the standards for tourism in Sri Lanka.	The project will work with hotels, tour operators and resorts to pilot environmentally friendly actions
Forest Ordinance No. 16 of 1907 (as amended)	The Forest Ordinance administer, regulate, manage and conserve forests, including biodiversity, soil and water. The 2009 amendments increase the importance of the conservation of soil	The project will work with the Forest department to enhance forest linkages between critically rich biodiversity areas, promote mangrove restoration
Pradeshiya Saba Act No 15 of 1987 (as amended)	This act empowers Pradeshiya Sabas to be responsible for the prevention of waste and contamination of water caused by the public, industries and factories within its boundary.	The Pradeshiya Sabas will be engaged with local level planning that is commensurate with protection coastal and marine resources f
Fauna and Flora Protection Ordinance No 2 of 1937 (as amended)	This act is the primary piece of legislation which dictates the protection of Sri Lanka's wildlife	The project will enhance the effective management of 4 PAs for sustainable tourism benefits and promote community benefit sharing

In terms of global programs, the project is in conformity with the following:

Table 6: Contribution to key Global Programs

Program	Project Conformity
Strategic Development Goals	<p>SDG 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture</p> <p>SDG 5: Gender Equality:</p> <p>SDG 13: Climate Action:</p> <p>SDG 14: Conserve and sustainably use the oceans, seas, and marine resources for sustainable development</p> <p>SDG 15: Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss,</p>
Global Biodiversity Framework (GBF)	<p>The project will contribute to the following goals and targets:</p> <p>GOAL A: Maintain ecosystem integrity, connectivity, resilience; halt extinctions; maintain genetic diversity by 2050.</p> <p>GOAL B: Biodiversity is sustainably used and managed and nature's contributions to people, including ecosystem functions and services, are valued, maintained and enhanced, with those currently in decline being restored, supporting the achievement of sustainable development for the benefit of present and future generations by 2050.</p> <p>Goal D: Ensure adequate implementation means, including finance, capacity, technology and science.</p> <p>Target 1: Ensure that all areas are under participatory integrated biodiversity inclusive spatial planning and/or effective management processes addressing land and sea use change.</p>

	<p>Target 2: At least 30 per cent of areas of degraded terrestrial, inland water, and coastal and marine ecosystems are under effective restoration.</p> <p>Target 3: At least 30 per cent of terrestrial, inland water, and of coastal and marine areas effectively conserved and managed including over their traditional territories.</p> <p>Target 10: Ensure that areas under agriculture, aquaculture, fisheries and forestry are managed sustainably.</p> <p>Target 11: Restore, maintain and enhance nature’s contributions to people.</p> <p>Target 14: Ensure the full integration of biodiversity and its multiple values into policies, regulations, planning and development processes.</p> <p>Target 19: Substantially and progressively increase the level of financial resources from all sources, in an effective, timely and easily accessible manner,</p> <p>Target 21: Ensure that the best available data, information and knowledge, are accessible to decision makers, practitioners and the public to guide effective and equitable governance, integrated and participatory management of biodiversity,</p> <p>Target 22: Ensure the full, equitable, inclusive, effective and gender-responsive representation and participation in decision-making, and access to justice and information related to biodiversity</p>
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D. POLICY REQUIREMENTS

Gender Equality and Women’s Empowerment:

We confirm that gender dimensions relevant to the project have been addressed as per GEF Policy and are clearly articulated in the Project Description (Section B).

Yes

Stakeholder Engagement

We confirm that key stakeholders were consulted during PIF development as required per GEF policy, their relevant roles to project outcomes and plan to develop a Stakeholder Engagement Plan before CEO endorsement has been clearly articulated in the Project Description (Section B).

Yes

Were the following stakeholders consulted during project identification phase:

Indigenous Peoples and Local Communities: Yes

Civil Society Organizations: Yes

Private Sector: Yes

Provide a brief summary and list of names and dates of consultations

Consultations were held with a number of national sector agencies and provincial administration as well as with some community associations (see Table 7 below). During the PPG phase and implementation, a broad approach to stakeholder engagement will be continued, as strong partnerships across government and with the private sector and local communities are needed to achieve sustainable biodiversity-related natural resources and economic development.

Table 7: Consultations during PIF stage

Name of the expert/ institute	Description	Date
Advisory panel appointed by the Ministry on GEF 8 cycle	The basic project concept and the geographical area targeted by the project. The possibility to show co finance through other development projects	9 th November 10 th November and 14 th November 2022
Marine Environment Protection Authority	Potential collaborations with the MEPA and strategic priorities	10 th November 2022
Prof. Terney Pradeep-University of Ruhuna	Marine and coastal biodiversity related issues in the Eastern coast	10 th November 2022
Sri Lanka Tourism Development Authority	To identify strategic priorities of the Authority that can be accommodated through the project and identify potential areas for collaboration	24 th November 2022, 03 rd February 2023
Department of Wildlife Conservation	To identify strategic priorities of the Department that can be accommodated through the project and identify potential areas for collaboration	18 th January 20 th January and 02 nd February 2023
Forest Department	To identify strategic priorities of the Department that can be accommodated through the project and identify potential areas for collaboration	12 th January 2023
Industrial Services Bureau	Identify different stakeholders working in the area related to the project priorities	7 th February 2023
S4IG- Skills for Integrated Growth Tourism project	Initiatives taken by the S4IG project for the tourism development in the project geographical area	6 th February 2023
Eastern Provincial Council	Potential to collaborate on the project design and implementation; Identify strategic priorities for the area;	24 th January and 02 nd February 2023
Panama community tourism collective and lagoon fisheries association	Understanding their requirements for community-based tourism and fisheries development	23 rd January 2023
Ministry of Agriculture	To identify potential collaboration opportunities and co finance possibilities through different projects being implemented through the ministry.	12 th January 2023
Ministry of Fisheries and Aquatic Resources	To identify potential collaboration opportunities and co finance possibilities through different projects being implemented through the ministry.	13 th January 2023
Department of Fisheries and Aquatic Resources	To identify strategic priorities of the Department that can be accommodated through the project and identify potential areas for collaboration	13 th January 2023
Department of Coast Conservation and Coastal Resources Management	To identify strategic priorities of the Department that can be accommodated through the project and identify potential areas for collaboration	27 th January 2023
Mr. Gayashan Arachchige-Biodiversity researcher	Status of sea grass beds in the Eastern coast and coastal and marine biodiversity in the region	8 th February 2023

(Please upload to the portal documents tab any stakeholder engagement plan or assessments that have been done during the PIF development phase.)

Private Sector

Will there be private sector engagement in the project?

Yes

And if so, has its role been described and justified in the section B project description?

Yes

Environmental and Social Safeguard (ESS) Risks

We confirm that we have provided indicative information regarding Environmental and Social risks associated with the proposed project or program and any measures to address such risks and impacts (this information should be presented in Annex D).

Yes

Overall Project/Program Risk Classification

PIF	CEO Endorsement/Approval	MTR	TE
High or Substantial			

E. OTHER REQUIREMENTS

Knowledge management

We confirm that an approach to Knowledge Management and Learning has been clearly described in the Project Description (Section B)

Yes

ANNEX A: FINANCING TABLES

GEF Financing Table

Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	Grant / Non-Grant	GEF Project Grant(\$)	Agency Fee(\$)	Total GEF Financing (\$)
UNDP	GET	Sri Lanka	Biodiversity	BD STAR Allocation: BD-1	Grant	2,031,000.00	192,648.00	2,223,648.00
UNDP	GET	Sri Lanka	Climate Change	CC STAR Allocation: CCM- 1-4	Grant	456,621.00	43,379.00	500,000.00

UNDP	GET	Sri Lanka	Land Degradation	LD STAR Allocation: LD-1	Grant	631,500.00	59,998.00	691,498.00
UNDP	GET	Sri Lanka	Biodiversity	BD STAR Allocation: BD-3	Grant	700,050.00	66,802.00	766,852.00
UNDP	GET	Sri Lanka	Land Degradation	LD STAR Allocation: LD-2	Grant	688,363.00	65,389.00	753,752.00
Total GEF Resources (\$)						4,507,534.00	428,216.00	4,935,750.00

Project Preparation Grant (PPG)

Is Project Preparation Grant requested?

true

PPG Amount (\$)

150000

PPG Agency Fee (\$)

14250

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	Grant / Non-Grant	PPG(\$)	Agency Fee(\$)	Total PPG Funding(\$)
UNDP	GET	Sri Lanka	Biodiversity	BD STAR Allocation: BD-1	Grant	100,000.00	9,500.00	109,500.00
UNDP	GET	Sri Lanka	Land Degradation	LD STAR Allocation: LD-1	Grant	50,000.00	4,750.00	54,750.00
Total PPG Amount (\$)						150,000.00	14,250.00	164,250.00

Please provide justification

Sources of Funds for Country Star Allocation

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Sources of Funds	Total(\$)
UNDP	GET	Sri Lanka	Biodiversity	BD STAR Allocation	3,100,000.00
UNDP	GET	Sri Lanka	Climate Change	CC STAR Allocation	500,000.00
UNDP	GET	Sri Lanka	Land Degradation	LD STAR Allocation	1,500,000.00

Total GEF Resources

5,100,000.00

Indicative Focal Area Elements

Programming Directions	Trust Fund	GEF Project Financing(\$)	Co-financing(\$)
BD-1-1	GET	700,000.00	3000000
BD-1-4	GET	1,331,000.00	8956350
BD-3-1	GET	200,000.00	1100000
BD-3-2	GET	500,050.00	3100000
LD-1	GET	631,500.00	3838000
LD-2	GET	688,363.00	3821000
CCM-1-4	GET	456,621.00	2684650
Total Project Cost		4,507,534.00	26,500,000.00

Indicative Co-financing

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount(\$)
Recipient Country Government	Ministry of Agriculture	Grant	Investment mobilized	5000000
Recipient Country Government	Sri Lanka Tourism Development Authority	Public Investment	Investment mobilized	7000000
Recipient Country Government	Ministry of Fisheries	Public Investment	Investment mobilized	10000000
Recipient Country Government	Department of Wildlife Conservation	In-kind	Recurrent expenditures	1200000
Recipient Country Government	Sri Lanka Tourism Development Authority	In-kind	Recurrent expenditures	300000
Private Sector	Hotel and resort owners, small business owners, etc.	In-kind	Recurrent expenditures	1000000
Recipient Country Government	Ministry of Agriculture	Public Investment	Investment mobilized	2000000
Total Co-financing				26,500,000.00

Describe how any "Investment Mobilized" was identified

Note: above figures to be validated during PPG stage

Ministry of Agriculture (USD 7,000,000) in public investment through the following programs: (i) Agriculture Value Chain Development Program that is being implemented in the Eastern Province (and 4 other provinces) until 2026, to promote commercial oriented agriculture, leverage investments from farmer producer organizations and agribusinesses for high value agriculture production and value addition; and provide the enabling environment, incentives, and access to finance. (ii) Government investment for promotion of a targeted subsidy program for agriculture in the country, including the Southern and Eastern Provinces to improve agricultural production.

Sri Lanka Tourism Development Authority (USD 7,000,000) through public investment for 'Making Sri Lanka Tourism Sustainable' to preserve and conserve the island's outstanding natural and cultural heritage to safeguard the destination for our people and our visitors for now and for the future. It would support the implementation of sustainable policies to implement a clear-cut sustainable tourism strategy supported by rigorous projects and programs. These programs include the application of the following: (i) application of sustainability management criteria for tourist industry and hotels that addresses building design, planning and construction, compliance with zoning and environmental aspects, sustainable industry and hotel operational practices, maximization of social and economic benefits to local communities, benefits to cultural heritage, reduce negative impacts on hotels, reduction of pollution and conserve biodiversity and ecosystems; (ii) destination criteria to provide a common understanding of sustainable tourism and the minimum that any tourism destination should aspire to reach. They are organized around four main themes: sustainable management; socio-economic impacts; cultural impacts; and environmental impacts; (iii) Global Sustainable Tourism Council criteria aimed at minimum that any tourism business in terms of effective sustainability planning, maximizing social and economic benefits for the local community, enhancing cultural heritage, and reducing negative impacts to the environment; (iv) National Sustainable Tourism Certification Scheme to engage all tourism stakeholders - government agencies and the private sector in a partnership; (v) Sustainable Tourism Certification for small and medium enterprises, for which grants are provided for obtaining the National Sustainable Tourism Certification (NSTC) and Good Travel certification for the SMEs in tourism sector; (vi) promotion of the partnership created with UNDP BIOFIN Sri Lanka and SLTDA to obtain technical assistance through Bio Diversity Finance Initiative BIOFIN Project to establish a National Sustainable Tourism Certification Scheme NSTCS; and (vii) promotion of the "Divi Naguma" program in order to empower the rural community with a sound economic base through a "Home Stay Program" for the purpose of directly involving the rural community in Tourism which is now becoming a major contributor to the Sri Lankan Economy. In-Kind contribution (USD 300,000) in form of staff time for promotion of nature-based tourism operations.

Ministry of Fisheries (USD 10,000,000) in Public Investment in small scale fisheries harbor development for local fishermen, provision of access to improved fishing technologies, promotion of Fisheries Management Areas (FMAs) and post Covid-19 support for small fishers to enhance fisheries contribution to their food security and livelihoods. Sustainable Fisheries and Protected Area Program aimed at achieving protection of Sri Lanka's oceans by 2030 through coastal resource management and conservation in three districts, increasing Sri Lanka's national MPA coverage by 500% (0.46% to 2.0%), and marine resource management and conservation within and beyond Sri Lanka's EEZ. To support this program it includes more effective and sustainably financed management of existing and new marine protected areas across the three districts, the declaration of three new district fisheries management areas and marine sanctuaries, harbor programs for endangered, threatened or protected (ETP) species, greater compliance with the ten principles for global transparency in the fishing industry, and a new National Plan of Action for illegal, unreported, and unregulated fishing.

Department of Wildlife Conservation (USD 1,200,000) in Recurrent expenditure for management of its existing terrestrial and marine PAs in the Eastern Province through improving management effectiveness, enforcement, visitor and tourism management, staff training, wildlife monitoring and management of migratory large mammals (e.g. elephant, spotted deer, etc.), conservation of coral ecosystems, removal of COT in MPAs and IAS in terrestrial PAs.

Private Sector (USD 1,000,000) in kind contribution that will be assessed at PPG stage

ANNEX B: ENDORSEMENTS

GEF Agency(ies) Certification

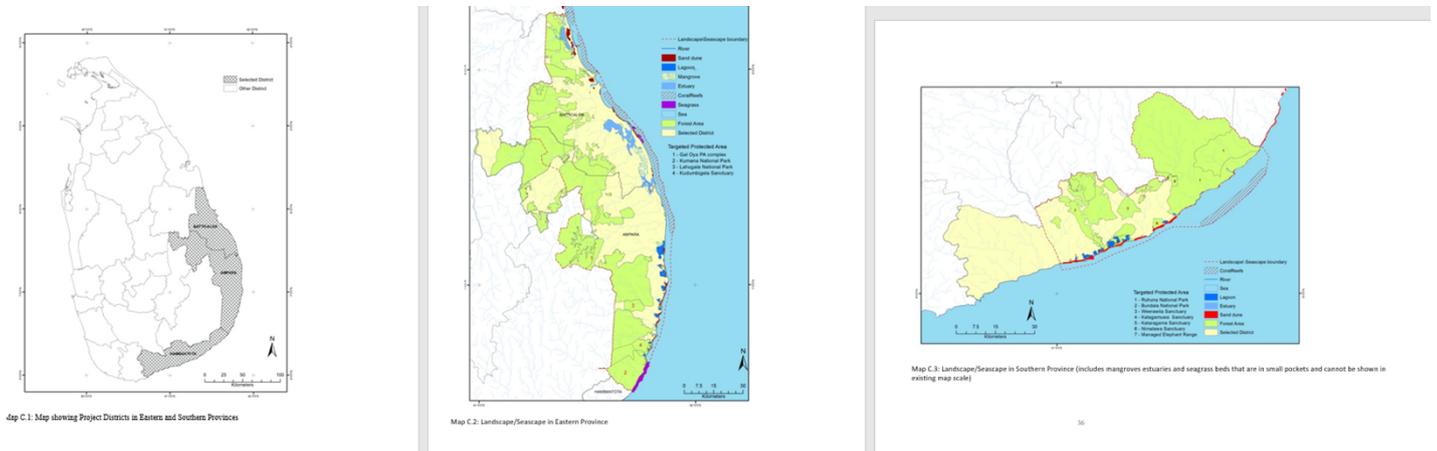
GEF Agency Type	Name	Date	Project Contact Person	Phone	Email
GEF Agency Coordinator	Pradeep Kurukulasuriya	4/11/2023	Tashi Dorji		tashi.dorji@undp.org

Record of Endorsement of GEF Operational Focal Point (s) on Behalf of the Government(s):

Name	Position	Ministry	Date (MM/DD/YYYY)
Dr. Anil Jasinghe	Secretary	Ministry of Environment	3/30/2023

ANNEX C: PROJECT LOCATION

Please provide geo-referenced information and map where the project interventions will take place



ANNEX D: ENVIRONMENTAL AND SOCIAL SAFEGUARDS SCREEN AND RATING

(PIF level) Attach agency safeguard screen form including rating of risk types and overall risk rating.

Title

PIMS_9623_Pre-SESP_Annex_D_Revised_6-April-2023

ANNEX E: RIO MARKERS

Climate Change Mitigation	Climate Change Adaptation	Biodiversity	Land Degradation
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Principal Objective 2

Significant Objective 1

Principal Objective 2

Principal Objective 2

ANNEX F: TAXONOMY WORKSHEET