

FACSIMILE TRANSMISSION



United Nations Development Programme
GLOBAL ENVIRONMENT FACILITY (GEF)



To: Mr. Kenneth King
Assistant Chief Executive Officer
GEF Secretariat

Date: 10 September 1998

Mr. Lars Vidaeus, Chief
Global Environment Div.
World Bank

Mr. Ahmed Djoghla
GEF Executive Coordinator
UNEP, Nairobi, Kenya

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Pages: (10 including this sheet)

From: Rafael Asenjo
Executive Coordinator

Subject: PDF A Funding - Contribution to the Conservation of Globally Threatened Species in the Rain Forests of Southwest Sri Lanka

Please find attached for your review two PDF Block A requests for funding entitled ***Contribution to the Conservation of Globally Threatened Species in the Rain Forests of Southwest Sri Lanka.***

We would appreciate receiving your comments no later than c.o.b. Thursday 17 September 1998.

Thank you.

PM

BLOCK A PDF**Part 1 - Eligibility**

1. Project Name: Conservation of globally threatened species in the rain forests of southwest Sri Lanka.	2. GEF Implementing Agency: United Nations Development Programme(UNDP)				
3. Country or countries in which the project is being implemented: Sri Lanka	4. Country eligibility: Sri Lanka ratified the Convention on Biological Diversity on 23 March 1994.				
5. GEF focal area (S): Biological Diversity	6. Operational programme/Short-term measures: This proposal would fall under the forest ecosystems operational programme. (OP#3)				
7. Project linkage to national priorities, action plans, and programmes: The project responds to national initiatives such as the Forestry Sector Master Plan (FSMP) of 1995 and the Biological Conservation Action Plan (1998). Both these initiatives accord high priority to the conservation and sustainable use of Sri Lanka's indigenous biological diversity which includes a high proportion of endemic species and a large number of wild relatives of domesticated species (rice, yams, bananas, cinnamon etc) This project is directly linked to the biodiversity conservation components of the FSMP and associated investment proposals.					
8. GEF national operational focal point review and date of country endorsement: Ministry of Forestry and Environment (MOFE) 5 Aug 1998					
<p>9. Project rationale and objective: The wet zone forests in Sri Lanka are considerably richer in species and endemism than other forests in Sri Lanka. All endemic genera and over 90 percent of the woody endemic species occur in these forests as well as about 75 percent of endemic animals. In addition, they provide vital protection to watersheds for soil conservation and water supply regulation. The wet zone forests of the country are of particular importance as they constitute the last remnants of the once widespread mid-miocene tropical rainforests of Sri Lanka.</p> <p>Deforestation and illegal encroachments by communities in the periphery of the forests pose a serious threat to these biodiversity - rich wet zone forests. The rate of deforestation has been the highest in the wet zone, with large-scale timber extraction processes initiated in Sinharaja - Sri Lanka's only World Heritage Site for natural resources. The high level of deforestation is a direct result of population pressures, due to the fact that more than half of the country's population and much of the industrial and commercial activities are concentrated in the wet zone, which covers less than a fourth of the country's land area. The present wet zone forest cover is about 150,000 ha, a decline of more than 100,000 ha since 1956, while many the remaining forests are confined to isolated fragments. It is thus apparent that the existing wet zone forest cover is grossly inadequate to protect its biological wealth. Due to the many adverse impacts, over 90 per cent of the woody endemics in the southwestern rain forest are considered Endangered, Vulnerable, or Rare according to the IUCN Red List of Threatened Species.</p> <p>Two important forest reserves have been selected for inclusion under this project: Sinharaja (a World Heritage Site) with 192 endemic woody plant species of which 116 are globally threatened. A single contiguous block of forest named Kanneliya, Dediyaigala and Nakiyadeniya, popularly known as the KDN forest complex. Kanneliya, has 234 endemic woody plant species, of which 106 are globally threatened; Dediyaigala has 124 endemic woody plant species, of which 87 are globally threatened; and Nakiyadeniya has 134 endemic woody plant species, of which 84 are globally threatened (data from the NCR). The extent of these two sites are;</p> <table data-bbox="363 1522 669 1585"> <tr> <td>Sinharaja</td> <td>11,187 ha.</td> </tr> <tr> <td>KDN</td> <td>10139 ha</td> </tr> </table> <p>There are 78 villages around KDN forest. A survey carried out recently in 10 of these 78 villages has recorded 1628 families with an average family size of 5. Demographic explosion is causing the agricultural frontier to expand into nearby forests. It has been observed that the encroachment into the forests has a direct relationship with the higher prices for cash crops, especially tea, in international markets. The surrounding villages use the forest for extracting non-timber forest produce, especially the plants with commercial value. This problem is a serious factor contributing to the degradation of the</p>		Sinharaja	11,187 ha.	KDN	10139 ha
Sinharaja	11,187 ha.				
KDN	10139 ha				

biological diversity of the forest.

These two forests contain gems, only precious mineral found in Sri Lanka. The encroachers who extract the gem deposits, destroy both forest species as well as soil in the forest. Another illegal activity that has significant destructive effect on biodiversity is poaching of wildlife. The poachers set fire to the forest for hunting animals that results in forest fires. The extinction of the elephants in the area in recent years is indicative of the possible fate of other species.

A unique exercise for assessing biodiversity and hydrological value in the forests of Sri Lanka was carried out between 1991 - 96 through the National Conservation Review (NCR). The findings of the NCR confirmed the crucial role that the rain forests play watershed management and river flow, and in being an important refuge for a large number of endemic species of fauna and flora.

In 1989, the government imposed a moratorium on all felling in the natural forests of the wet zone. Based on the assessment of biodiversity and hydrology, many of the wet zone forests are being designated as conservation forests where no commercial logging will be allowed in the future. These rain forests are under the control of the government and are subject to various policy, legal and institutional measures to control deforestation. Nevertheless, these measures do not adequately address the wider issue of biodiversity conservation. Additional measures are thus required to develop practices and control initiatives to ensure that the threatened are conserved and sustainably used. Such measures include; resource enhancement and confidence building initiatives in the villages in the marginalized buffer zone areas; assessment of non-timber forest product (NTFP) uses, and studies on optimal harvesting and processing methods for NTFPs.

The overall goal of this project is to conserve globally threatened species through the development of a participatory management model, actively involving the communities in the buffer zone of the forest.

The objectives of the project are;

- To conserve globally endangered, vulnerable or rare faunal and floral species in the area
- To ensure that threatened floral and faunal species are given adequate protection
- To promote conservation of indigenous species in the area
- To involve communities in participatory activities for the conservation and sustainable use of biodiversity within the area.
- To promote awareness among the communities of the benefits of conserving forest biodiversity
- To enhance the quality of life of the local communities.

10. **Expected outcomes:**

- A conservation programme for globally threatened species in the area actively involving community participation;
- Improved livelihood of the local communities through the introduction of nature-based tourism initiatives;
- Priority issues identified during planning process of the project implemented

11. **Planned activities to achieve outcomes:**

- Provide for the formation of, or strengthening of currently existing Community Based Organizations to gain their participation in the planning and implementation phases
- Enhancement of buffer zone resources for improving the socio-economic conditions of the local communities
- Carry out an assessment of non-timber forest uses by the local community
- Develop and introduce sustainable use methods for harvesting and processing non-timber forest products
- Carry out awareness programmes to educate local communities on conservation and sustainable use of biodiversity within the forests
- Promote the eco-tourism potential in the area, with local community involvement
- Restore ecological value in areas within the forest, where needed
- Develop specific action programmes incorporating community participation, prior to project implementation

Part II - Information on Block A PDF Activities

13. **Activities to be financed by the PDF:** The activities that would analyze the threats stated in section 9 above, which are reproduced here in summary form for easy reference, are expected to be financed by PDF.

These threats are:

- i. encroachment
- ii. soil erosion
- iii. forest fires
- iv. illicit logging and gem mining
- v. poaching
- vi. unsustainable use for non timber forest produce

The recently prepared Conservation-Management plans for the two project areas will provide the basis for action. Hence only modest funding is needed from the PDF to prepare the project proposal seeking GEF/MSP funding support through the following activities:

- (a) review of the management plans to clarify global benefits and incremental costs.

[Note: the existing Management Plans were formulated to conserve the biological diversity from country's perspectives. However, this needs to address the wider issue of global biodiversity, which goes beyond national boundaries. That is why it is necessary to differentiate national vs. global benefits by clarifying, and if necessary undertaking more surveys and studies to derive correct incremental costs.]

- (b) participatory rural appraisal in the buffer zone villages.
- (c) preparation of detailed, reformulated action plans for the two forests
- (d) preparation of the project brief (including the incremental cost assessment & project budget)

14. **Expected outputs and completion dates:**

A project brief is expected to be completed within four (4) months after PDF financing is approved.

15. **Other possible contributors/donors and amounts:** IUCN Sri Lanka will provide required technical inputs, and collaborate in hiring consultants etc., while the Forest Department (FD) will contribute through active involvement during the project preparation stage. Counterpart staff will be provided by the FD, and their transport cost and other allowances etc, are estimated at US\$ 2500 (Note: the implementation of the project will be by the FD with technical assistance supplied from IUCN).

16. **Total budget and information on how will be met (including Block A grant):**

The proposed activities will require the hiring of consultants, technical inputs from IUCN, visits to project sites, rural appraisals and workshops, etc. A detail breakdown is given below;

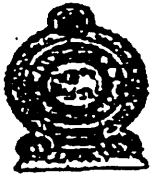
	U.S.\$
National Consultants:	
Forest Ecologist/Project Planner(Team Leader)- (2.5 w/m)	9,000
Economist - (2.0 w/m)	3,000
Rural sociologist/Socio-economist - (2.0w/m)	3,000
Forest Utilization Specialist - (2 w/m)	3,000
Duty Travel	4,000
Workshops (3 -4workshops)	2,500
Miscellaneous	<u>500</u>
Block 'A' Total	25,000
Other counterpart support	
Forest Department	<u>2,500</u>
Total:	27,500

Part III - Information on the Applicant Institution	
<p>17. Name : Forest Department 82, Rajamalwatta Road Battaramulla.</p>	<p>18. Date of establishment, membership, and leadership: A well established government department (Since 1887) headed by the Conservator of Forests and other qualified technical staff in the fields of conservation and natural resource management.</p>
<p>19. Mandate/Terms of Reference: Forest Department is the custodian of most of the natural forests in the island; and responsible for sustainable management of those forests. The proposed project area falls under the purview of the department.</p>	<p>20. Sources of revenue: Funding is derived from the general Treasury budget of the government as the FD is service-oriented department.</p>
<p>21. Recent activities/programmes, in particular those relevant to the GEF: The Forest Department has undertaken several conservation-oriented projects since 1987. This includes the highly acclaimed National Conservation Review (NCR) and establishment of Environmental Information Management System (EIMS) Data base for all the major natural forests in the island; with the technical assistance of IUCN Sri Lanka. FD also prepared the EIA guidelines for forest related projects, in addition to human resource development programmes on environment management in forestry, preparation of education & awareness creation materials, preparation of conservation management plans for selected conservation forests with the collaborative support of IUCN Sri Lanka.</p>	
<p>Part IV - Information to be completed by implementing agency:</p>	
<p>22. Project identification number:</p>	
<p>23. Implementing Agency Contact person:</p>	
<p>24. Project linkage to Implementing Agency programme(s):</p>	

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செயலகம் 82, பொதுசேவை வீதி, கல்முனை.
Sampathkaya 82, Rajapathaya Road, Kalmunai.

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Date }

Resident Representative
UNDP Country Office
Bauddhaloka Mawatha
Colombo 07.

MS
05 AUG 1998

Dear Sir,

GLOBAL ENVIRONMENTAL FACILITY/MEDIUM-SIZED PROJECT

This refers to my earlier letter dated 19th June 1998 regarding the project proposal on "Contributing to the Conservation of Globally Threatened Species in the rain forest of South-west Sri Lanka", submitted by the Forest Department.

In the capacity as the National GEF Focal Point of Sri Lanka, I endorse this project for funding under GEF/medium-sized project. I appreciate if you forward this proposal in order to obtain required funds as early as possible.

Yours sincerely,

B. Bulumulla
Additional Secretary
for Secretary/Forestry and Environment.

CC: 1. Conservator of Forests - For Information

2. Deputy Director (Environment) - Copy of the PDF application is enclosed herewith for your information.

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No. Deputy Minister

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