



## **Sri Lanka: Contributing to the Conservation of the Unique Biodiversity in the Threatened Rainforests of Southwest Sri Lanka (UNDP)**

Operational Program: 3 (Biodiversity)

GEF Secretariat Review: Work Program Inclusion

*Financing (millions):*    \$749,713.00                      *Total (millions):*            \$975,713.00                      1226

### ***Summary***

This medium size project will seek to protect the rainforests of Sinharaja and Kanneliya-Kediyagala-Nakiyadeniya (KDN) using community co-management approaches. While focussing on these two forests, the project will aim to spread the benefits to other forests in Sri Lanka. The training of field staff in community mobilisation will also include personnel attached to other conservation forests.

*Expected Project Outputs:*    (a) buffer zone community co-operating in the conservation of selected rainforests; (b) suitable model developed for securing collaboration between local community, state agencies and other stakeholders; (c) sustainable use of non-timber forest products secured; (d) forests adequately protected against encroachment and illegal logging.

*Project Duration (months):*    60

## Basic Project Data

Project GEF ID:

<i>Staff</i>		<i>Processing Status</i>	<i>Date</i>
Program Manager	Kumari	Processing Stage	
Implementing Agency	UNDP	Concept Pipeline Discussion	
Regional Coordinator	Tim Boyle	PDF A - Agency Approval	
Executing Agency	National Government	PDF B - CEO Approval	
		Bilateral Project Review Meeting	
		Work Program Submission and Approv	
		CEO Endorsement	
		Agency Approval	
		Project Completion	

## Cost Summary

Cost Item	Years	Amount (USD'000)
<u>Preparation</u>		
- PDF A		\$0.03
- PDF B		
- PDF C		
<u>Project Allocation</u>		
- Executing Agency Fees and Costs		\$0.00
- Project Management Costs		\$0.00
- Other Incremental Costs		\$0.00

## Completeness of Documentation

Focal Point.....     Budget.....     Logical Framework.....   
 STAP Review.....     Increment Cost.....     Length.....   
 Disclosure of Administration Cost.....     Complete Cover Sheet....

## **1. Country Ownership**

### ***Country Eligibility***

The country has ratified the CBD.

### ***Evidence of Country Ownership/Country-Drivenness***

## **2. Program and Policy Conformity**

### ***Portfolio Balance***

There are two full biodiversity projects in Sri Lanka: (i) UNDP's "Wildlife Conservation and Protected Area Management (GEF: \$ 4.1 mil); (b) World Bank's "Conservation and Sustainable Use of Medicinal Plants" (GEF" \$5.42 mil, and co-financing of another \$20 mil). Both have focused on OP#3. A PDF-B is currently under development through ADB/World Bank which would build upon the UNDP project which has just been completed. An MSP was recently approved for OP#@ for the Kalametiya area.

### ***Program Conformity***

The proposed medium size project conforms to OP#3.

### ***Replicability***

The project document should explore explicitly how it will replicate from the previous experience.

### ***Potential Global Environmental Benefits of Project***

Both the Sinharaja and KDN are significant sites for global biodiversity.

### ***Sustainability***

### ***Baseline Course of Action***

It is not clear from the project brief what are the current baseline activities and commitments at these forests both by the communities and the government. This understanding is further complicated because the breakdown of the budget gives the baseline as a lump sum. Planned investments by ADB are included - are these as envisaged in the PDF B under development.

### ***Alternative Action Supported by project***

The alternative activities envisaged through the project are articulated; but these need to build upon a better baseline description. Also equally important is the need for this project to articulate how it will complement, without duplicating, the PDF B currently under preparation through ADB/WB. That PDF-B although targeting legal and institutional deficiencies as a primary objective, has a large component relating to community based, participatory approaches to management of particular sites - and replication to the larger network of projected areas.

### ***Conformity with GEF Public Involvement Policy***

Seems to have been undertaken during project preparation. There is much reference in the project document on CBOs: are there any names of these that might be cited, also NGOs.

### ***Private Sector Involvement***

Not mentioned at all: but

### **3. Appropriateness of GEF Financing**

#### ***Incremental Cost***

The incremental costs requested are \$ 724,713 - this being additional to the \$ 25,000 for the PDF A. The co-financing of \$ 226,000 is being provided by the Govt. of S.Lanka: but it is not clear if this is cash/kind.

#### ***Appropriateness of Financial Modality Proposed***

The funds are requested as a grant.

#### ***Financial Sustainability of the GEF-Funded Activity***

The project anticipates that within the project period the CBOs will be self sufficient through income from ecotourism etc., the Forest Dept. will undertake recurrent costs associated with staff and administration. It may be important through the project to further explore this issues, to ensure that the optimism becomes a reality.

#### ***Absorptive Capability***

This will be undertaken largely through the Dept. of Forests: some indication of absorptive capacity.

#### ***Cost Effectiveness***

It would appear that it would be more cost-effective, less duplicative and more co-ordinated for this project to be pursued through the ADB/WB PDF-B for "Protected area management and wildlife conservation". Was this option explored? And if so what was the basis for its rejection.

### **4. Coordination with Other Institutions**

#### ***Collaboration***

The forest Department and DWLC clearly needs to collaborate on this. If it proceeds, the MSP should be implemented in close collaboration with the PDF-B under preparation.

#### ***Complementarity with Ongoing Activities***

### **5. Responsiveness to Comments and Evaluations**

#### ***Core Commitments***

The project fits with the Country Cooperation Framework of UNDP, and addresses one of the critical environmental stresses identified in the Advisory Note on future UNDP co-operation 1997-2001 that affects the biological resources of the country. Q: What are the UNDP resources allocated to this program.

#### ***Linkages***

#### ***Consultation and Coordination***

#### ***Consistency w/previous upstream consultations, project preparation work, and processing conditions***

The MSP concept for this was cleared prior to the receipt of the PDF-B from S.Lanka. Nevertheless, from the GEF perspective, it is important that the different activities from the country constitute a coherent package.

***Monitoring & evaluation: Minimum GEF Standards, ME plan, proposed indicators, lessons from PIRs and Project Lessons Study***

***Indicators***

Key indicators to monitor progress towards the outcomes of the project are provided.

***Implementing Agencies' Comments***

The World Bank has provided comments, as outlined here: 1. We concur that both Sinharaja and KDN are significant sites of global biodiversity and priority areas for conservation.

2. However, in view of the anticipated large ADB project for forestry and additional donor cofinancing for support to conservation of rainforests in Sri Lanka, it is surprising that Sinharaja as an UNESCO World Heritage Site is not getting support under those projects. Or is this perhaps a case where GEF is providing additional resources or supporting one site in substitution for other resources?

3. The project emphasises community management, but community management alone will not necessarily promote conservation, especially since the main threat seems to be unsustainable harvesting of NTFP. The alternative scenario seems to be suggesting that sustainable harvesting of NTFPs will provide alternative livelihoods and conservation. It is unclear how this would be accomplished.

4. Sustainable harvesting implies that one knows what levels of harvesting are sustainable (but research will only begin on this topic under the project), monitoring is taking place and that if levels are found to be unsustainable harvesting will be reduced. What mechanisms are in place to enforce this? Many NTFP projects are actually built on a faulty premise. It may be more appropriate to be promoting quite different alternative livelihoods to take pressure off natural resources rather than promoting further harvesting of NTFP.

5. A further threat to these forests is the expansion of tea cultivation as small holdings. Since the expansion of tea cultivation to new lands is supported by government incentives/ subsidies, would forest boundary demarcation alone be sufficient to control the threat?

6. On the issue of providing livelihood opportunities to local people, has any preliminary analysis/study been done on the potential for ecotourism (number of potential tourists, willingness to pay, available facilities, etc.), NTFP based enterprises, etc. to justify these activities? Given, the high incomes available from tea cultivation and timber poaching, it would be necessary to ensure that at least equivalent and sustained incomes could be generated through ecotourism and other enterprises to keep people away from destructive activities. How confident are we on the viability of these options?

7. The project proposes to set-up revolving funds at each CBO level. Has any analysis being undertaken on the viability of operating such revolving funds? What is the experience of other CBO level revolving mechanisms in Sri Lanka?

***STAP Review***

not required for expedited MSP.

***Council members' Comments***

n.r.

***Technical Assurances***

***Convention Secretariat***

none received.

### *Other Technical Comments*

Some of the World Bank comments relate to technical issues, which need to be taken into account.

### **Further Processing**

The Secretariat has reviewed the MSP proposal, and would request UNDP to provide a thorough explanation of how this project will complement, and not duplicate the PDF-B "Protected Area Management and Wildlife Conservation" currently under development through ADB/WB. In particular it may be important to consider whether it would not be more cost-effective, less duplicative and more co-ordinated to have the activities of this project undertaken through that larger project. Additional comments raised in the review sheet should be addressed, including: (i) clarity on baseline activity and commitment by the GOSL, (ii) how the alternative will build on the baseline; (iii) incremental cost; and (iv) indicators.