



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: SCCF

PART I: PROJECT IDENTIFICATION

Project Title:	Strengthening the Resilience of Post Conflict Recovery and Development to Climate Change Risks in Sri Lanka		
Country(ies):	Sri Lanka	GEF Project ID:	
GEF Agency(ies):	UNDP	GEF Agency Project ID:	4863
Other Executing Partner(s):	Ministry of Economic Development Ministry of Environment Ministry of Disaster Management Finance Commission of Sri Lanka	Submission Date:	September 26, 2011
GEF Focal Area (s):	Climate Change Adaptation	Project Duration (months):	48
Name of parent programme: For SFM/REDD+ N/A	n/a	Agency Fee (\$):	312,181

A. FOCAL AREA STRATEGY FRAMEWORK:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative grant amount (\$)	Indicative co-financing (\$)
CCA-1	Outcome 1.1: Mainstreamed adaptation in broader development frameworks at country level and in targeted vulnerable areas	Output 1.1.1: Adaptation measures and necessary budget allocations included in relevant frameworks	SCCF	1,073,160	22,100,000
CCA-1	Outcome 1.2: Reduce vulnerability in development sectors	Output 1.2.1: Vulnerable physical, natural and social assets strengthened in response to climate change impacts, including variability	SCCF	1,900,000	32,286,000
Sub-total			SCCF	2,973,160	54,386,000
Project management cost			SCCF	148,658	2,880,000
Total project cost			SCCF	3,121,818	57,266,000

B. PROJECT FRAMEWORK:

Project Objective: Increase the resilience of communities to climate change-induced hazards through integration of climate-smart policies and actions into development planning and budgeting, including in the reconstruction and rehabilitation programmes in the Northern Province and Eastern Province						
Project Component	Grant type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative co-financing (\$)
Enabling climate change- resilient reconstruction, resettlement and development planning at the district and provincial levels	TA	1. Reconstruction and development programmes in the Northern Province and Eastern Province integrate climate risk information and adaptation measures	1.1. Integrated map-based assessment of climate-related hazards, vulnerabilities and climate-sensitive natural resources available in all districts of the Northern Province and Eastern Province	SCCF	473,160	2,100,000

			<p>1.2. Disaster resilient infrastructure development controls and building codes applied in key reconstruction, resettlement and development programmes to reduce losses and damage from climate-induced hazards</p> <p>1.3. Land use plans for key resettlement and infrastructure programmes in the Northern Province and Eastern Province revised on the basis of climate scenarios to reduce damages from climate-induced hazards (sea level rise, flooding, erosion, storms, salinisation of soils and aquifers)</p>			
Strengthening institutional capacities to develop and appraise climate resilient investment projects	TA	2.Design, appraisal and approval processes for provincial and communal development plans integrate climate risk considerations	<p>2.1. Provincial councils, local authorities, district planning units and officers of the Ministry of Economic Development, Finance Commission, Central Environment Authority and National Housing Development Authority trained to recognize climate risk problems in new investment projects and apply and/or recommend targeted risk reduction and risk management measures</p> <p>2.2. Training programme for structural engineers, urban and rural infrastructure planners and teaching staff from technical colleges and vocational training institutes on climate-resilient construction, land use and water resources planning</p>	SCCF	600,000	20,000,000
Implementing climate-resilient community reconstruction and development plans	TA	3. Investment programme defined and implemented to increase the resilience of communal development plans from climate change-induced risks	3.1. Restoration and rehabilitation of natural buffer zones (mangrove greenbelts, sand dunes, natural wetlands) in at least 3 climate risk vulnerability hot spots to protect community reconstruction and development efforts in the coastal belt	SCCF	1,900,000	32,286,000

			3.2. Revise and adjust at least 30 communal development plans to take into consideration the effects of climate induced flooding and drought through targeted adaptation measures (such as communal rainwater harvesting, flood-proofing of communal water infrastructure, adoption of drought-resistant crops)			
			Sub-total		2,973,160	54,386,000
			Project management cost	SCCF	148,658 ¹	2,880,000
			Total project costs		3,121,818	57,266,000

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE and BY NAME if available (\$)

Sources of Co-financing for baseline project	Name of Co-financier	Type of Co-financing	Amount (\$)
National Government	Ministry of Economic Development, through water-related investment programmes under the ‘Gama Neguma’ (‘Village Re-awakening’) and ‘Divi Neguma’ (‘Livelihood Uplifting’) programmes	Grant	16,000,000
GEF Agency	UNDP, through <ul style="list-style-type: none"> ‘Support to Reconstruction and Development in selected Districts in North and East Sri Lanka’ ‘Strategic Support to Operationalize the Roadmap Towards a Safer Sri Lanka’ 	Grant	11,266,000
Other Multilateral Agency (ies)	International Development Association (IDA), through <ul style="list-style-type: none"> North East Local Services Improvement Project (NELSIP) Community Livelihoods in Conflict Affected Areas Project 	Grant	30,000,000
Total Co-financing			57,266,000

D. GEF RESOURCES REQUESTED BY FOCAL AREA(S), AGENCY (IES) SHARE AND COUNTRY(IES):

N/A, as this is a single country, single focal area and single GEF Agency project

PART II: PROJECT JUSTIFICATION

A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

A.1.1 the GEF focal area/LDCF/SCCF strategies:

The project is aligned with Objective CCA-1 of the updated Results-Based Management Framework for the LDCF and the SCCF (GEF/LDCF.SCCF.9/Inf.4 from October 20, 2010): “Reducing Vulnerability:

¹ In line with guidance provided by GEFSEC, 5% of total project costs is presented as project management costs in this PIF. However, please note that project management costs based on a detailed analysis of costs of staff salaries, travel costs for project level monitoring, consultations and coordination between government entities, and evaluation-related costs will be presented following the conclusion of the PPG phase. Analysis undertaken during the preparation of this PIF suggests that based on experiences from UNDP-supported projects in the Northern Province and Eastern Province of comparable scale, actual project management costs are likely to be around 7-8% of project costs. Following additional assessments of project management costs over the course of the PPG phase, results will be outlined and final estimates of project management costs will be presented. All attempts will be made to keep project management costs to a minimum without compromising the delivery of project Outcomes and Outputs.

Reduce vulnerability to the adverse impacts of climate change, including variability, at local, national, regional and global level”. Within this Objective, it aims to integrate climate change adaptation into a range of broader reconstruction and development frameworks, which makes it compliant to Outcome 1.1 of this Framework. (“Adaptation measures and necessary budget allocations included in relevant frameworks”) as well as Outcome 1.2 (“Reduce vulnerability in development sectors”).

A.1.2. For projects funded from LDCF/SCCF: the LDCF/SCCF eligibility criteria and priorities:

In alignment with programming guidelines for the Special Climate Change Fund (GEF/C.24/12), and in accordance with paragraph 2 of decision 7/CP.7, the proposed project is targeting climate change adaptation measures that are complementary and additional to those funded by the GEF or other bilateral and multilateral sources. The project focuses on adaptation measures in the context of rehabilitation and reconstruction of water supply, irrigation and coastal infrastructure systems, which is in accordance with paragraph 8 of decision 5/CP.7 and eligible under SCCF guidelines.

The project will implement priority adaptation interventions as identified by Sri Lanka’s Initial National Communication to the UNFCCC (MoE, 2000) and Sri Lanka’s draft Second National Communication to the UNFCCC (MoE, forthcoming in 2011). It is aligned with Sri Lanka’s National Climate Change Adaptation Strategy (NCCAS, 2011-2016); Sri Lanka’s National Climate Change Policy (MoE, 2011); Sri Lanka’s Development Policy Framework *Mahinda Chintana* (Department of National Planning / Ministry of Finance and Planning, 2010); and Sri Lanka’s Roadmap for Disaster Risk Management ‘Towards a Safer Sri Lanka’ (Ministry of Disaster Management, 2006) (see Section A.2 for details).

Through alignment with existing national and local government programmes, ongoing and planned infrastructure rehabilitation, post-conflict reconstruction (in the Northern Province and Eastern Province), rural development planning and coastal zone development projects, and a number of donor funded programmes on climate-smart natural resource management and disaster risk reduction, SCCF funds will improve the resilience of new and ongoing government investments in Sri Lanka. This will reduce the risks of losses and damages to these investments from climate change-related shocks and stresses.

The project is consistent with the eligibility criteria for the SCCF, as laid out in GEF/C.24/12 (paragraph 40), in that the project is:

- Country-driven, cost-effective and integrated into national sustainable development and poverty-reduction strategies; and
- Takes into account national communications and other relevant studies and information.

The project will serve as a catalyst to leverage additional resources, and efforts have been made to maximize co-financing from other sources (GEF/C.24/12, paragraph 25). The selected sectors (water resources management; infrastructure development; integrated coastal zone management) are in line with priorities outlined in paragraph 44 of the GEF/C.24/12 document.

A.2. National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NIPs, PRSPs, NPFE, etc.:

The proposed project is compliant with Sri Lanka’s Second National Communication to the UNFCCC (MoE, forthcoming in 2011); Sri Lanka’s National Climate Change Adaptation Strategy (NCCAS, 2011-2016); Sri Lanka’s National Climate Change Policy (MoE, 2011); Sri Lanka’s Development Policy Framework *Mahinda Chintana* (Department of National Planning / Ministry of Finance and Planning, 2010); Sri Lanka’s Roadmap for Disaster Risk Management ‘Towards a Safer Sri Lanka’ (Ministry of Disaster Management, 2006); and the National Action Plan for Haritha (Green) Lanka (National Council for Sustainable Development, 2009).

Sri Lanka’s **Second National Communications to the UNFCCC**, which is in the final stages of review, emphasizes the need for further financial assistance to delineate vulnerable areas that are most critical in

terms of climate change-related risks. So far, even though the term ‘vulnerability’ is used frequently in Sri Lanka’s SNC report, there has been no quantitative estimation of the degree of vulnerability of key sectors and locations that are most exposed and sensitive to climate change impacts. Existing field data for the Northern Province and Eastern Province, as well as that for other Provinces, has not been detailed enough to serve as a tool for climate-resilient reconstruction, resettlement and development planning, and a vulnerability database for the coastal zone, which factors sea level rise projections over the next 20-30 years into the risk profiles for different social groups, natural resources and infrastructure assets in the coastal zone, is urgently required. Outcome 1 of the proposed project, which is aimed at enhancing climate risk resilience in critical reconstruction and development planning processes, will develop and disseminate baseline risk and vulnerability profiles for each district in the Northern Province and Eastern Province. The results of this SCCF financed initiative will thereby serve as planning instruments to support the design, review and approval of climate-smart reconstruction and development projects across all Provinces in Sri Lanka.

Sri Lanka’s Second National Communication recognizes that under the scenario of more intense rainfall in wet regions and less in the dry regions of the country, the variability of rainfall will increase and spatial distribution of water will intensify. Average temperature is expected to increase by more than 1 degrees Celsius in some parts of the country within the next 50 years, which will materialize in increasing soil evaporation, water scarcity, pest infestations, growth in invasive species and changes in biodiversity and eco-system services, all of which will directly or indirectly affect the recovery and development efforts that are currently under way. To address these emerging problems, the SNC is recommending measures to increase water storage and conservation for agriculture in dry regions; adjust the design of irrigation systems to handle longer dry spells and more intensive rainfall events; and promote rainwater harvesting for communal, agricultural and domestic uses. Outcome 3 of the proposed PIF, which will enhance climate resilient investment planning in hazard-prone areas, will provide resources for communities to integrate targeted measures in their development and investment plans to address growing problems of water scarcity and variability. These measures are expected to include communal rainwater harvesting, communal tanks and reservoirs, resilient irrigation design, water efficiency measures for agricultural production (drip irrigation, drought-resistant crops), flood-proofing of water infrastructure, participatory micro-watershed management, and the rehabilitation of natural systems which can act as buffers against flooding and drought.

In alignment with Sri Lanka’s **National Climate Change Adaptation Strategy (NCCAS)**, the proposed project represents a systematic follow-up action to Strategic Thrust 1 of the NCCAS, which is to ‘Mainstream Climate Change Adaptation into National Planning and Development’. The NCCAS recognizes that climate change considerations are not yet included in most development planning and reconstruction processes, and that while many planners are aware about climate-related risks, most don’t know enough about adaptation choices and measures to take resilient investment and planning decisions. This gap is addressed under Outcome 2 of the proposed project. The NCCAS emphasizes the urgency to increase financing to protect Sri Lanka from climate change impacts, and to inform and mobilize stakeholders at multiple levels of reconstruction and development planning about climate change impacts. Under Strategic Thrust 2, which is to ‘Enable Climate Resilient and Healthy Human Settlements’, the NCCAS emphasizes the need for an integrated approach to address adaptation priorities in land-use planning, housing, water supply and drainage. The NCCAS confirms that various mechanisms for climate-resilient settlements, such as improved construction methods, are already developed but not widely in use. It also confirms the need for participative processes through which communities as the primary agents and stakeholders for climate change adaptation can be more systematically engaged, mobilized and trained to undertake resilient planning decisions. Under Outcome 2, the proposed project will build a strong thrust of awareness and education to improve the understanding among provincial, district and local planners and policy makers about the economic implications of climate change, available tools to identify and quantify the climate change-related risk, and appropriate adaptation measures, technologies and best practices to address them.

In addition to alignment with the NCCAS, the proposed initiative is fully compliant with Sri Lanka’s **National Climate Change Policy**, which has been published for public views and comments in June 2011. The National Climate Change Policy articulates the vision of a future in which climate change will not have adverse impacts on Sri Lanka, and in which climate change adaptation and mitigation are

promoted within the framework of sustainable development. More specifically, the Climate Change Policy recognizes the need to assess climate change vulnerability in the national development agenda, develop an information dissemination strategy to enhance adaptive capacities at all planning levels, and adopt multiple approaches to enhance knowledge and skills of different stakeholders to address current and emerging issues of climate change. Together with demands to strengthen institutional coordination and strategic partnerships between Ministries, these pillars of the Climate Change Policy are fully compliant with Outcome 1 and 2 of the proposed project. Outcome 3, which is focusing on concrete investments in resilient water resources, coastal zone development and agricultural planning, is fully compliant with the policy statement to minimize the impacts of climate change on water resources, promote water efficiency technologies, take timely action to minimize the effects of too much or too little water on agricultural production, and enhance the climate change resilience of natural ecosystems.

The proposed initiative is systematically aligned with the *Mahinda Chintana* (Vision for the Future), which serves as Sri Lanka's key development strategy and sets out Sri Lanka's development vision for the period 2006-2016. Based on an extensive consultation process, the plan sets out a broad macroeconomic framework, and within those parameters establishes 10-year policy frameworks for various sectors of the economy, including broad vision, situation analysis and strategy. It aims for an ambitious acceleration of growth through a scaling up of investment and increasing productivity. Under the Mahinda Chintana framework, the 'Gama Neguma' ('Village Reawakening') Community Development and Livelihoods Improvement Programme and the Divi Neguma Household Economy Programme represent large-scale community development and livelihood improvement programmes, which was launched by the Government in 2010 and focus on community and economic development in rural areas. The proposed SCCF project will be closely aligned with these baseline initiatives. Moreover, the Regional Development Programmes for the Northern Province 'Uthuru Wasanthaya' ('Northern Spring'), and 'Negenahira Navodaya' ('Eastern Reawakening') for the Eastern Province represent regional planning frameworks with which this SCCF project can also integrate with. 'Uthuru Wasanthaya' and 'Nagenahira Nevobaya' are the two accelerated regional development initiatives of the Government of Sri Lanka to re-build the Northern Province and Eastern Province after the end of the armed conflict in June 2009. Both provinces had suffered severe development setbacks and lost most of the infrastructure supporting the local economy during the 30 year long armed conflict. Uthuru Wasanthaya and Nagenahira Nevobaya have been designed to regain missed opportunities in the Northern Province and Eastern Province and position these provinces for an 'economic take-off' based on their untapped natural resources. To date, these large-scale investment programmes/projects have achieved substantive progress in the fields of demining, resettlement, restoration of basic facilities (such as electricity grids), road reconstruction, and a gradual normalization of civil administration. That said, considerations of climate risk resilience in the development of housing schemes, communal water supply and coastal infrastructure have yet to be addressed. Recognizing these risks, the proposed SCCF project will integrate principles of climate-resilient land-use planning, climate resilient construction of physical infrastructure, climate-resilient water resources management and ecosystem-based adaptation into the continued rollout of new investment projects under the Gama Neguma and Divi Neguma programmes, as well as the Uthuru Wasanthaya and Negenahira Navodaya development frameworks.

The project is compliant with a number of priority actions recommended by the Road Map for Disaster Risk Management '**Towards a Safer Sri Lanka**' (Ministry of Disaster Management, 2006). The Road Map is a guiding document to achieve the vision of comprehensive and effective disaster risk reduction and emergency response, in line with the Hyogo Framework for Action (2005-2015). It aims to establish a culture of safety against disasters through the systematic strengthening of institutional mandates and capacities for risk reduction, and enhance the quality of disaster risk and hazard assessments. Chapter 6 of the road map ('Mitigation and Integration of Disaster Risk Reduction into Development Planning') emphasizes the need for dedicated projects to protect existing and future infrastructure from extreme weather events, and advance disaster mitigation in the development of new housing schemes, industrial estates, tourist resorts, coastal and water management plans.

Finally, the project is aligned with the **National Action Plan for Haritha (Green) Lanka** (National Council for Sustainable Development, 2009). The Green Lanka strategy was developed by the National Council for Sustainable Development in 2009 under the chairmanship of H.E. the President of Sri Lanka. The strategy has ten broad missions, including 'Saving the Fauna, Flora and Ecosystems', 'Meeting the

Challenges of Climate Change’, ‘Wise Use of the Coastal Belt and the Sea Around’, ‘Responsible Use of the Land Resources’, ‘Water for All’ and ‘Knowledge for Right Choices’. One mission is specifically related to climate change adaptation, but all environmental strategies for the period 2009-2016 are relevant to, and in line with, the proposed technical assistance actions that will be financed by the proposed SCCF initiative.

B. PROJECT OVERVIEW:

B.1. Describe the baseline project and the problem that it seeks to address:

Sri Lanka’s 30-year long armed conflict has had significant impacts on the population including in the Northern Province and Eastern Province. Most aspects of life have suffered: People have been displaced, institutions disintegrated, and essential communal and public infrastructure damaged. People could no longer access markets as they once had and the transport of goods virtually came to a halt. Once-industrious communities that had produced lush harvests of rice, vegetables, fruits, and other cash crops became impoverished. After the fighting ended in June 2009, the Government of Sri Lanka has made a concerted effort to recover from the long years of conflict and restore essential services in all parts of the country. The country has now entered into an unprecedented period of political stability, economic growth and development. A major reconstruction phase is now underway, particularly in the North and East of the country, with Internally Displaced Persons (IDPs) requiring resettlement, housing, infrastructure and basic services. At the same time, the coastal zones in the areas in which most of the population live are low lying and exposed to tropical cyclones, storm surges and the effects of sea level rise (such as salinization of groundwater and agricultural lands). The entire North of Sri Lanka is in a dry zone, and its Eastern province is subject to periodic flooding and drought.

The on-going reconstruction and development process in Sri Lanka presents a cost effective opportunity to ensure that climate change related risks are integrated into national and provincial reconstruction, development and investment planning processes, programmes and projects. The region is reasonably well supplied with information on climate-related hazards, which have fed into the development of the NCCAS, the SNC, the Road Map towards a Safer Sri Lanka, and the Green Lanka strategy. At the present point in time, there is sufficient political will to ensure that climate change is not ignored in realizing the peace dividend. In line with this reasoning, the proposed project will integrate climate change adaptation principles into the following baseline programmes and projects:

‘Gama Neguma’ Community Development and Livelihoods Improvement Programme and ‘Divi Neguma’ Household Economy Programme (implemented by the Ministry of Economic Development)

Gama Neguma (translated as ‘Village Reawakening’) and Divi Neguma (translated as ‘Livelihood Uplifting’) are large-scale community development and livelihood improvement projects under the *Mahinda Chintana* framework, which were launched by the Government in 2010 and focus on community and economic development in all districts across Sri Lanka. Both programmes are implemented by the Rural Development branch of the Ministry of Economic Development and have a community focus. Gama Neguma has an annual budget of 66 million US\$ and focuses on the construction of roads, culverts and bridges (40%), development of minor irrigation schemes (30%), provision of water supply (15%) and investments in sanitation (15%). The programme follows a successful predecessor programme (Gemidiriya – ‘Village empowerment’) which has focused primarily on rural poverty alleviation in the western and southern parts of Sri Lanka. The Gama Neguma programme now integrates also the Eastern and Northern Provinces, where it aims to reconstruct the economic base. This is achieved by facilitating and supporting local development planning processes, mobilizing public and multilateral finance for investments in communal development plans, and fostering partnerships between villages and the public, private and financial sectors. Gama Neguma is rooted in the vision of a community driven development model: It assists communities to identify their priority needs and design village development plans for implementation. The required funds are directly provided to community-based organizations in each district, based on a per capita distribution key. The Gama Neguma Programme has an impressive track record transferring technologies, infrastructure and means of production (such as seeds, pumps, livestock and extension services) to rural communities. ‘Divi

Neguma', which is a sister programme of Gama Neguma, focuses on the establishment of 1 million "household economy units including home gardening, animal husbandry and domestic industry covering all villages on the island" (MoED, 2011). Divi Neguma has an annual budget of 44 million US\$, which are invested in household-level agricultural production (60%), fisheries & animal husbandry (20%) and the rehabilitation of the cotton industry (20%).

While Gama Neguma and Divi Neguma have been highly successful establishing an economic base for communities across Sri Lanka, considerations of climate risk resilience in the financing of new communal infrastructure, the rehabilitation of water supply and storage systems, the promotion of small-scale irrigation systems and the improvement of agricultural production systems are not yet addressed. This can lead to a long-term situation in which a substantive part of reconstruction and development progress is set back by climate change-induced hazards, such as the effects of sea level rise (salinization of soils and groundwater; coastal erosion and inundation; disappearance of mangrove greenbelts and wetlands), longer dry spells and drought periods, more intense tropical storms, and accelerated soil erosion. Recognizing these risks, the proposed SCCF project will integrate principles of climate-resilient land-use planning, climate resilient construction of physical infrastructure, climate-resilient water resources management and ecosystem-based adaptation into the continued rollout of new investment projects under the Gama Neguma and Divi Neguma programmes.

'Community Livelihoods in Conflict Affected Areas Project' (implemented by the Ministry of Economic Development, with support from the International Development Association (IDA)):

The 'Community Livelihoods in Conflict Affected Areas Project' has emerged from the 'Second North East Irrigated Agriculture Project for Sri Lanka', which had the objectives to help conflict-affected communities in the Northern Province and Eastern province and adjoining areas to restore livelihoods; enhance agricultural production and income; and build capacity for sustainable, social and economic reintegration. The project was restructured in 2007 and renamed 'The Reawakening Project' to adopt a community-driven development approach. Communities were given the responsibility to plan, design, and implement small-scale infrastructure and livelihood activities. In doing so, the project is now placing greater emphasis on rural livelihoods, both agricultural and non-farm based, to ensure immediate and direct interventions targeted at the poorest and most vulnerable in conflict-affected communities, whom for the most part had been largely excluded from planning and implementation of project activities.

So far, the project has facilitated the organization of community-based institutions in over 500 villages of previously conflict-affected areas, which are benefiting from investment to rehabilitate irrigation schemes, feeder roads and bridges, water wells, marketing links, drainage schemes, and multi-purpose buildings. The project has managed to build self-esteem and confidence among conflict affected people by giving them voice (through their village institutions) and choice (through the planning and implementation of their own Village Development Plans and livelihood activities). Through the project, more than 35,000 hectares of irrigated land have been brought back to cultivation to-date through the rehabilitation of seven major irrigation schemes that had been damaged by the conflict, benefiting more than 55,000 farm households. Moreover, new sustainable agricultural practices and a system of rice intensification have doubled yields and lowered input requirements in demonstration plots. Over 10,000 small community groups have started saving schemes, developed their business plans, and are accessing credit to upgrade their vocational and life skills for jobs and to set up micro-enterprises. Women are playing a leading role in village-level institutions, ensuring that the poor are targeted and that marginalized groups are included. Finally, farmers have joined forces into Producer Organizations to coordinate their efforts to increase bargaining power, marketing activities, and incomes.

Currently, the project is consolidating its gains to ensure institutional and economic sustainability. This will be achieved by further strengthening village-level institutions as well as helping producers' groups increase their access to market and financial services. Additional financing is being considered to cover more villages and to rehabilitate major irrigation schemes and water tanks (ancient reservoirs) in the Northern Province. While the project has achieved substantive progress in establishing basic communal infrastructure and enabling the return of many displaced persons, considerations of climate risk resilience in the development of housing schemes, communal water supply and coastal zone management are not yet addressed. In the same way as with Gama Neguma and Divi Neguma, this can lead to a long-term

situation in which a substantive part of programme investments is set back by climate change-induced hazards. The proposed SCCF project will integrate principles of climate-resilient land-use planning, climate resilient construction of physical infrastructure, climate-resilient communal water resources management and ecosystem-based adaptation into the continued rollout of the ‘Community Livelihoods in Conflict Affected Areas Project’. This will ensure that climate change impacts do not undermine Sri Lanka’s hard-earned peace dividend.

North East Local Services Improvement Project - NELSIP (implemented by the Ministry of Economic Development, with support from the International Development Association (IDA)):

The primary objective of the North East Local Services Improvement Project (NELSIP) is to improve the delivery of local infrastructure services by Local Authorities (LAs) in the Northern Province and Eastern Province of Sri Lanka. The first component of the project is related to infrastructure service delivery: The objective is to improve the quantity and quality of public goods delivered and maintained by local authorities, which includes the rehabilitation of rural roads, drains, culverts and bridges, public buildings, markets and fairs, waste disposal sites, rural water supply schemes, parks, recreation facilities and libraries, nursery schools, playgrounds, and dispensaries. The second component of the project is related to institutional accountability at the local level: The objective is to ensure that LAs undertake public expenditures and deliver local services in a transparent and accountable manner, which strengthens upward and downward accountability. This is achieved by supporting transparent and independent annual financial audits of LAs to ensure their financial accountability; Social and technical audits of public expenditures undertaken by LAs to ensure effective use of funds in line with citizen expectations; and systems and processes to bring greater transparency in LA affairs and strengthen citizen voice in planning, budgeting and monitoring. The third component of the project is related to capacity building: The aim is to strengthen the service delivery systems and capacities of LAs to deliver their mandated services as well as the monitoring capacities of provincial and national level institutions. This is achieved by supporting greater efficiency of current systems and procedures relating to planning, budgeting, financial management, revenue management and procurement at the LA level; Greater efficiency, timeliness and follow up of the internal and external audits of LAs; Training of elected representatives and staff of LAs on financial management, procurement and project management; and developing a long term capacity building strategy for LAs. A fourth component of the project is related to assessments and evaluation. This component is financing the establishment of a comprehensive monitoring system, including baseline assessments, repeater surveys of social assessments, social accountability assessments, and capacity assessments.

At present, the NELSIP project has established itself as a key interface between local-level investment planning and the disbursement of funds for the delivery of local public goods. That said, the review and planning processes under NELSIP do not apply any screening criteria that could assess the exposure or sensitivity of a proposed investment decision to climate change-related risks. A limited skills base and weak planning instruments do not allow local authorities to analyze or recognize evident climate risks in their development and investment planning, appraisal and approval routines. Having a set of materials and criteria that allow the appraising entities (such as Provincial Councils, District authorities or the Finance Commission) to propose mitigating measures would help to reduce potential losses from climate-related stresses and events. The proposed SCCF project will integrate principles of climate-resilient land-use planning, climate resilient construction design and appraisal, climate-resilient communal water resources management and ecosystem-based adaptation into the design and approval processes of NELSIP. This will ensure that climate change-related risks and hazards are recognized before communal infrastructure is constructed in hazardous zones, or in a manner that has insufficient structural integrity to withstand extreme weather events.

‘Support to Reconstruction and Development in selected Districts in North and East Sri Lanka’ (UNDP, with support from the European Commission)

The EU-funded programme ‘Support to Reconstruction and Development in selected Districts in North and East Sri Lanka’, which is currently in the final stages of review and approval, focuses on economic reconstruction, rural development and the promotion of good governance in the eastern districts of Ampara and Batticaloa, and the northern districts of Jaffna, Mannar and Vavuniya. The programme is a

successor to UNDP's flagship 'Transitional Recovery Programme'(TRP), which had been implemented since 2004 to facilitate socio-economic recovery in conflict-affected communities. The aim of the new programme is to bridge the socio-economic gap between North and East Sri Lanka and the rest of the country through sustainable regional development and good local governance. The Programme aims to increase income opportunities and access to productive and social infrastructure and services for the most vulnerable groups in the four target districts, and provide capacity development support to local stakeholders (including Local Authorities, CSOs and CBOs) to undertake locally-driven development processes. The Programme focuses mainly on the devolved arms of government, recognizing the strategic importance of strengthening the roles, functions and capacities of democratic institutions at the sub-national level. While an area-based approach is adopted that provides communities with comprehensive and integrated recovery and development solutions, its use of community-based approaches such as participatory planning, community mobilization, use of community labour; transfer of knowledge and skills to beneficiaries; and engagement and capacity-development of community-based organizations, all contribute to strengthening local ownership, and inter alia, ensuring the sustainability of its interventions. The management structure of the programme foresees a Provincial Steering Committee, which includes representation from the Governors of the Northern Province and Eastern Province, the Chief Secretary of the Eastern Province, the Government Agents of Ampara, Batticaloa, Vavuniya and Mannar, representatives of the Lead Implementing Organisations (UNDP, UNICEF, FAO, UNOPS, ILO, IFC), and district and provincial authorities together with the participation from central level representatives (as required). At the district level, District Steering Committees will be established and chaired by the respective District Secretary/Government Agent. In all stages of the programme, relevant central and local government counterparts including the GA, Divisional Secretaries, Provincial Departments, Pradeshiya Sabha officers, Grama Niladhari Officers and relevant technical government departments, are closely consulted and involved in the planning, design, implementation, monitoring and evaluation phases of specific programme interventions.

The proposed SCCF project will build on the delivery structure and partnerships of this baseline programme to integrate a climate risk dimension into the economic recovery, infrastructure rehabilitation and livelihood support actions the project is routinely undertaking. In doing so, UNDP will channel specific planning tools that are developed under Outcome 1 of the proposed SCCF project (such as hazard and vulnerability maps; improved infrastructure development controls and building codes; climate resilient land-use planning guidelines; best practices in drought-resistant agriculture; and ecosystem-based disaster risk reduction strategies) into local development planning processes of the different Provinces in Sri Lanka. This will translate into tangible climate risk reduction at the community level.

Strategic Support to Operationalize the Road Map Towards a Safer Sri Lanka (UNDP):

The Road Map for Disaster Risk Management 'Towards a Safer Sri Lanka' was formulated in 2005 as the vision document for the Sri Lankan disaster management sector. The Disaster Management Centre (DMC) was entrusted with the responsibility to operationalize the Road Map. While some sections of the Road Map - especially those related to emergency response - have been implemented with significant success, other areas, such as the integration of disaster risk reduction into development planning processes, are progressing at sub-optimal levels. UNDP has recognized these deficits and is currently assisting the DMC and other government partners (such as the Ministry of Economic Development) to develop capacities and an enabling environment for the operationalization of the Road Map. These support actions include an assessment of hazards, vulnerabilities and risks for all major hazards in Sri Lanka, back to back with the establishment of Multi-Hazard Early Warning Systems at the district level, promotion of community-based climate risk management, and the promotion of disaster risk reduction in research institutions and schools.

Drawing on a set of detailed maps for different climate-related hazards (droughts, floods, cyclones, coastal hazards, landslides); results from an Integrated Strategic Environmental Assessment (ISEA) in the Northern Province (www.isea.lk); historical disaster event information (www.desinventar.lk); disaster resilient building designs for hospitals, houses, schools and community buildings; and a wealth of awareness and training materials available through the UNDP Disaster Risk Management and Environment and Energy programme, the proposed SCCF project will be able to consolidate a suite of specific climate risk management instruments (such as climate resilient infrastructure development

controls, by-laws and building codes; district hazard and vulnerability maps; climate resilient land use plans) and fill any gaps in geographical coverage. The proposed initiative will then ensure that these tools are used by planners at all levels to appraise and address climate-related risks in new investment projects. Moreover, the proposed initiative will be able to extend the availability of relevant information on climate change risks to other parts of the country and ensure that relevant tools are available in all Provinces. The database www.climateadaptation.lk, which has been developed by UNDP as a repository and extension tool for climate change adaptation, will be enhanced and used by the proposed SCCF project to incorporate a comprehensive set of adaptation planning resources and materials.

B. 2. Incremental /Additional cost reasoning: describe the incremental (GEF Trust Fund) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF financing and the associated global environmental benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:

In alignment with the National Climate Change Adaptation Strategy, the draft Climate Change Policy and the rural development interventions under the *Mahinda Chintana*, the proposed project will ensure integration of targeted climate risk resilience measures into the baseline projects described in Section B.1 of this PIF. Over the course of the project preparation phase, a broad-based consultative process with national, provincial, district and local authorities (including representatives from the Ministry of Economic Development (MoED), Ministry of Environment (MoE), Coastal Conservation Department (CCD), Urban Development Authority (UDA), Finance Commission (FC), Provincial Councils, local authorities, multilateral development agencies (ADB, WB, UN, IUCN), bilateral missions (JICA, USAID, Norad and others), NGOs and CBOs will be undertaken. By the end of this consultative process, activities under each proposed Outcome will be defined, priority sites in each target district (Jaffna, Kilinochchi, Mannar, Mullaitivu, Vavuniya, Trincomalee, Batticaloa, Ampara) will be identified, and the institutional arrangements for project execution will be determined. The materials developed, technologies and experience gathered by the project will be channelled to other geographic regions via Government and other donor funded programmes

Component 1: Enabling climate change- resilient reconstruction, resettlement and development planning at the district and provincial levels

Baseline situation:

As highlighted by the National Climate Change Adaptation strategy, Sri Lanka is on a path to rapid economic development after 30 years of conflict. Aggressive investments in urban development, housing, healthcare, transport and tourism are core tenets of the current national development framework. The *Mahinda Chintana* outlines a range of investments in human settlements, urban development, water supply, and health infrastructure totaling almost a trillion Sri Lankan rupees by 2016. Targets include the development of new metro cities, construction of over 600,000 new housing units, and working towards making Sri Lanka the new 'Wonder of Asia'. With immense investments including those in the 'Uthuru Wasanthaya' and 'Nagenahira Nevodaya' programmes in the Northern Province and Eastern Province, the landscape and land use in most parts of the country is expected to change significantly. Amidst this massive drive for investment and infrastructure planning is a renewed concern about the effects of climate change, which is expected to have substantial impacts on human settlements and the country's development trajectory. Climate change is expected to undermine the hard-won gains in Sri Lanka's post-conflict reconstruction and development over the long term, and exacerbate a range of problems the country is already grappling with (such as over-extension of groundwater in dry areas, deforestation and soil erosion). Climate-related impacts related to the country's reconstruction and resettlement programmes include an increased frequency and intensity of floods and landslides causing extensive asset loss/damage and displacement of people, particularly the poor, women and children; Increased frequency and intensity of droughts exerting greater pressure on freshwater resources, and making drinking water shortages more frequent and severe (particularly in the Dry and Intermediate Zones); and gradual sea level rise and associated effects causing long-term damage to coastal settlements, infrastructure, and livelihoods. At present, a number of reconstruction and development projects are working to reconstruct human settlements, communal infrastructure and livelihood assets in hazard-prone

settings of the North and East, but none of these are systematically integrating climate risk considerations into their design. Human settlement planning in the Sri Lankan context largely ignores climate change-related hazards, especially in relation to the availability of too much and too little water and the projected changes in temperature. Awareness about the impacts of climate change on human settlements is limited among the public, technical service providers, as well as government agencies. Media engagement or targeted messaging aimed at increasing the resilience of human settlements to climate change is largely absent and inter-sectoral coordination is lacking as well. Additional information about possible risks and impacts of a changing climate is urgently required. While development plans are formulated for the major urban areas in the country, such planning initiatives do not systematically cover areas that are currently beyond the purview of the Urban Development Authority (UDA). Inadequacy of land use planning in rural areas is leading to haphazard and sprawling development patterns, degradation of environmental conditions, and increases in the hazard exposure of new human settlements.

To take first steps in the direction of environmentally compatible and climate-smart development planning, UNDP has undertaken an Integrated Strategic Environmental Assessment (ISEA) for the Northern Province, which provides a better understanding of the natural resource base following the conflict. The ISEA consists of a number of detailed GIS-based maps (www.isea.lk) to facilitate reconstruction and development planning, including assessments of water resources, mineral resources, forests, soil quality, groundwater salinity, ecologically sensitive areas, settlement patterns, and vulnerability of settlements to natural disasters. Following up on this effort, the UNDP – through its efforts to operationalize the Road Map towards a Safer Sri Lanka (see Section B.1 above) - is supporting a finer-grained assessment of hazards, vulnerabilities and risks for all major hazards in Sri Lanka², back to back with the establishment of Multi-Hazard Early Warning Systems at the district level, promotion of community-based climate risk management, and the promotion of disaster risk reduction in research institutions and schools. Although UNDP is supporting a revision of development controls, building by-laws and building codes, the initiative remains largely restricted in outreach. It is closely linked to the Ministry of Disaster Management and therefore lacks opportunities to apply the revised building codes more broadly and systematically in provincial reconstruction and development programmes that are led by other Ministries. Similarly, the opportunities UNDP has generated in the field of disaster-resilient land-use planning are limited in scope and reach so far. Working with the Ministry of Disaster Management, inroads have been made to identify and address gaps in enforcing the National Land Use and Physical Planning policy and train the officials of enforcement authorities to address the gaps identified. However, tangible preparation and implementation of climate-smart land use plans has only been possible in one conflict affected community and two other communities so far. Much broader outreach through other large-scale investment programmes is required to integrate climate-resilient land-use planning and building codes into large-scale reconstruction and development efforts.

Adaptation alternative:

SCCF funding will be used to build and consolidate an integrated set of planning tools for climate change risk management, incorporating:

- Integrated Strategic Environmental Assessments (ISEA) in the Northern Province and Eastern Province;
- Climate hazard zonation, risk and vulnerability maps for each district in the Northern and Eastern Province;
- Climate-resilient infrastructure development controls, building by-laws and building codes;
- Climate-resilient land-use planning guidelines; and
- Best practice guidebooks for natural resource management in flood- and drought-prone areas

These deliverables, which will be co-financed by UNDP, will then be used to integrate climate change considerations into the design and rollout of rural reconstruction and development programmes in the Northern Province and Eastern Province that are under the guardianship of the Ministry of Economic Development. These programmes include the ‘Gama Neguma’ Programme, the ‘Divi Neguma’

² The risk and vulnerability mapping effort will benefit from additional data generated by the National Census in October 2011

programme, the IDA-supported ‘Community Livelihoods in Conflict Affected Areas Project’, the IDA-supported ‘North East Local Services Improvement Project’ (NELSIP), and the UNDP-supported programme ‘Support to Reconstruction and Development in selected Districts in North and East Sri Lanka’. In doing so, SCCF financing will promote and disseminate a concrete set of tools and controls for climate resilient reconstruction, resettlement and development planning in large-scale baseline programmes so that new investment projects and economic development efforts in Northern and Eastern Sri Lanka are not jeopardized by likely climate change-induced risks. The ultimate aim is to integrate climate resilient construction methods and land use planning firmly into the design, review and approval of new investment projects, and delineate concrete incentives for proponents to adopt climate-compatible principles. Detailed hazard and vulnerability maps will be provided to any new settlement or large-scale infrastructure schemes under any of the aforementioned baseline projects, and enhanced resilience of natural ecosystems as natural buffer zones against climate-induced threats will be promoted. Principles of climate-resilient land-use planning will be integrated into community development plans under the Gama Neguma and Divi Neguma programme, and the results from climate change-related assessments (such as sea level rise scenarios and corresponding suggestions for salt tolerant crops and alternative agriculture management practices) will be integrated into coastal development plans.

Component 2: Strengthening institutional capacities to develop and appraise climate resilient investment projects

Baseline situation:

Various tools for community-based adaptation to climate change (such as improved construction methods, hazard maps and land-use plans) have already been developed, but are not widely in use. This is partly due to poor awareness and mobilization of stakeholders on the ground. Sri Lanka has existing institutional mechanisms (such as District Administrations and Local Authorities – municipal councils, urban councils and Pradeshiya Sabhas (‘regional bodies’) - which are geared towards ensuring engagement of local people. However, substantive engagement in mobilizing communal stakeholders towards climate change adaptation and climate risk resilience has yet to be realized. The same applies to the extensive grassroots networks of the NGO sector: A systematic and targeted approach to mobilize stakeholders for multi-sectoral adaptation initiatives is needed to make progress in resilient communal investment and development planning.

A number of baseline projects, most notably the MoED-led and IDA-supported ‘North East Local Services Improvement Project’ (NELSIP), are working with Local Authorities in the Northern Province and Eastern Province of Sri Lanka to improve the accountability and efficiency of local development planning. Although NELSIP has established a successful platform for community-driven planning and engagement, it is not geared to educate Local Authorities (municipal councils, urban councils, Pradeshiya Sabhas) about the importance of environmental, disaster and climate risk safeguards. Current community development processes do not yet integrate climate risk screening criteria that could help prevent climate-induced losses and damages to new community investments over the long term. This leaves room for SCCF funding to enhance the skills base of local authorities to recognize, analyze and understand evident climate risk problems in village development plans and budget support allocations. In addition, SCCF funding will be used to train local authorities to apply tools developed under Outcome 1 of this project (including hazard zonation and vulnerability maps; resilient building codes; resilient land-use planning guidelines; and ecosystem-based adaptation strategies) so that they are able to reduce the exposure of new investments from, and their sensitivity to, climate-induced shocks and stresses. Similarly, in the annual approval processes of provincial investment plans by the Finance Commission (which is embedded in the devolution context of local government), there are no in-built environmental and climate risk safeguards which would trigger an informed review and improvement of these investment plans. A set of screening tools and the corresponding capacities to apply these tools are needed to enable officials of the Finance Commission and other approving authorities in the national and provincial government to review and improve investment plans with a view on greater climate and disaster risk resilience. At this point, authorities and stakeholders at all levels (national, provincial, district, community) still require the skills and knowledge to identify and promote resilient investments in vulnerable locations.

Adaptation alternative:

SCCF-funded technical assistance will develop the individual and institutional capacities in key public institutions at the local, district, provincial and national level to design, review and endorse new reconstruction and development plans (such as annual provincial investment plans; village development plans) with guiding principles of climate risk resilience and environmental sustainability in mind. Tools for climate-resilient land-use planning, climate resilient construction of physical infrastructure, climate-resilient communal water resources management and ecosystem-based adaptation will be integrated into the design and approval processes of Gama Neguma, Divi Neguma, NELSIP, UNDP-supported baseline projects as well as the review and approval processes of national authorities (such as the Finance Commission, Ministry of Economic Development, Central Environment Authority, National Housing Development Authority), Provincial authorities (Provincial councils, Provincial Planning Secretariats), District planning units and local authorities (municipal councils, urban councils, Pradeshya Sabhas). This will ensure that climate change-related risks and hazards are recognized before communal infrastructure is constructed in hazardous zones, and that new physical infrastructure has sufficient structural integrity to withstand extreme weather events. In addition to these activities, SCCF financing will be used to design and launch a robust training programme for engineers, builders, urban and rural planners and small-and medium-sized enterprises who are concerned with physical construction and/or land use planning tasks in their day-to-day occupations. By working with universities, technical colleges, vocational training institutions as well as schools in the Provinces, the tools for climate-resilient reconstruction and development planning that are consolidated under Outcome 1 (hazard, risk and vulnerability maps; maps depicting climate-sensitive natural resources; integrated strategic environmental assessments for the Northern Province and Eastern Province; revised building codes and by-laws for physical infrastructure; resilient land-use planning guidelines; best practices for natural resource management in drought- and flood-prone areas; ecosystem-based adaptation strategies) will be integrated into regular training curricula. In doing so, the project will build on partnerships that have already been developed under the UNDP Disaster Management programme and include cooperation with three Universities and two training institutions on the training of public sector officials from various backgrounds and institutions. This strategy will ensure that the development of resilient physical infrastructure, both in terms of location as well as structural integrity, is not exclusively dependant on top-down review and approval processes, but also recognized in a bottom-up manner by the professionals who ultimately undertake the tasks of infrastructure planning and construction. In short, the result of SCCF investment under Outcome 2 will be the type of behavioral adjustment that is necessary for long-term climate resilience to hold.

Component 3: Implementing climate-resilient community reconstruction and development plans

Baseline situation:

Although Sri Lanka is not a water scarce country, it needs to manage its natural resources effectively to ensure future food and water security and maintain critical ecosystem services in a changing climate. Already, the availability of both ground and surface waters for human needs and ecosystem services is reduced due to declining water quality in all climatic zones, and declining water quantity in the dry and intermediate zones. As human settlements rapidly expand, the pressure to ensure adequate quality and quantity of water to fulfill the demand for domestic, agricultural and industrial use also increases. Especially in the rural areas, Sri Lanka displays inadequate management practices of watersheds and communal water sources in the context of emerging climate change risks. The use of water saving methods and rainwater harvesting is extremely limited, and principles of climate-resilient Integrated Water Resources Management (IWRM) are rarely implemented. Awareness and technical knowledge to conserve water for use in dry periods, protect water sources from the effects of flooding and storms, control pollution of water sources and harness the functions of coastal ecosystems for water storage, water retention and flood protection is limited. Many cascading water tank systems are severely damaged or plugged by siltation, and a large number of ecosystems along the coastal belt are severely affected by erosion, salinization, improper land use, pollution and over-exploitation of resources. With increasing temperature and changing weather patterns, there will be inevitable changes in the physical, chemical and biological composition of coastal greenbelts, dune systems, and wetlands. This, in turn, will limit the

protective functions these ecosystems can provide to protect community-based settlements and livelihood assets from the effects of flooding, drought and sea level rise. Inland wetlands, which are rich in species and especially important in the context of domestic, agriculture and inland fishery needs, are especially critical: The loss of wetlands as flood retention areas and habitats for urban biodiversity has resulted in major urban floods in recent years. Special attention is therefore needed to retain those coastal freshwater wetlands and greenbelts that face high risks of salt water intrusion due to sea level rise, over-extraction, and inland sand mining.

At present, a number of baseline projects (most notably the ‘Community Livelihoods in Conflict Affected Areas Project’ and the ‘North East Local Services Improvement Project’ – see Section B.1) are supporting community-based water resources planning and investments. These investments include the rehabilitation of irrigation schemes, communal wells and handpumps, and communal drainage and sanitation services. The integration of water efficiency measures into these projects (such as rainwater harvesting, buffer capacity in irrigation systems, communal water tanks and reservoirs, or the promotion of drought resistant crops), as well as flood protection measures (such as the elevation of handpumps, rehabilitation of buffer zones and emergency drains) is extremely limited to non-existent. In addition, there is no connection between present investments in communal water supply and the natural services that intact ecosystems can provide in situations of too much or too little water. Especially in the coastal belt, up to 300 meters inland of the coastline, ecosystems are heavily degraded and partly fail to serve purposes of flood control, water retention and natural filtration.

Adaptation alternative:

SCCF assistance will be integrated with community-based development plans in climate risk and vulnerability hot-spots (for example Jaffna, Kilinochchi, Mannar, Mullaitivu, Vavuniya, Trincomalee, Batticaloa, Ampara, North Central, Uva, and Hambantota districts³). By improving at least 30 communal development plans through targeted adaptation measures (such as communal rainwater harvesting, flood-proofing of communal wells, increasing of buffer capacities in communal water storage, construction of emergency drainage, revitalisation of natural buffer zones, and others as appropriate in the local context) the project will demonstrate to provincial and local authorities how climate risks can be recognized (using the tools consolidated under Outcome 1 and building on the new skills acquired under Outcome 2) and which measures can be taken to effectively protect and safeguard communal assets, including water supply, physical infrastructure and agricultural production systems, from the effects of drought, flooding, erosion and sea level rise. In parallel with these efforts, the project will restore and rehabilitate natural buffer zones (such as mangrove greenbelts, sand dunes, natural wetlands) in at least 3 climate risk vulnerability hot spot along the coastal belt (identified Under Output 1.1). The combined suite of measures that are proposed under Outcome 3 will be designed on the basis of a bottom up planning process that is infused with additional guidance on how to assess climate risks in particular locations and reduce them through targeted climate change adaptation and/or disaster mitigation actions. This will not only protect the new investments from potential long-term losses and damages, but also strengthen institutional coordination and resource sharing between different public entities.

B.3. Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF). As a background information, read [Mainstreaming Gender at the GEF.](#)"

The proposed project will significantly strengthen the capability of key provinces in the context of Sri Lanka’s emergence from the 30-year conflict to develop and implement local climate strategies and climate-smart investment plans which are aligned with the National Climate Change Adaptation Strategy and preserve development progress achieved under the *Mahinda Chintana*. Through a combination of policy, institutional and investment measures, the project serves to promote climate resilient planning and investment beyond its immediate lifetime.

³ A review of climate-related hazards and vulnerability of districts in Sri Lanka, conducted during the PPG phase and supplemented by stakeholder consultations, will determine final project locations. Details will be outlined in the Project Document.

At the local level, institutions such as municipal councils, urban councils and Pradeshiya Sabhas will be enabled to apply visual planning tools and instruments (such as hazard, vulnerability and natural resources maps) to recognize climate-related risks that may negatively affect a particular planning endeavor in a specific location. Local authorities will learn to recognize the difference between a building that has been conceptualized on the basis of traditional knowledge, and one that can effectively withstand the impact of a more variable climate with greater temperature differences and increasing intensity of storms, floods and landslides. Communities in all coastal districts of vulnerable provinces will benefit from concrete investments in climate-resilient communal water supply, and recognize the value of intact ecosystems in protecting their investments. In its promotion of community-based adaptation at the local level, the project recognizes that risks associated with climate change threaten to reinforce gender inequalities and erode progress that has been made towards gender equality and women's empowerment. Poor women's limited access to resources, restricted rights, limited mobility and voice in community and household decision-making can make them much more vulnerable than men to the effects of climate change. This is unfair and can lead to unfortunate consequences for all, as women play a unique role in the stewardship of natural resources and support to households and communities. With their knowledge, they can shape adaptive mechanisms in vulnerable areas. When promoting climate resilient planning in the context of village development plans, training local authorities and stakeholders on the application of climate change adaptation strategies, and planning community-based adaptation activities in coastal areas, this SCCF project will take gender equality considerations, as well as men's and women's different needs, perspectives and knowledge, into account.

At the sub-national level, members of Provincial Councils, Provincial Planning Secretariats, officials in provincial sector ministries and provincial departments, and members of the District Administration will learn to ask informed questions about climate and disaster risk in the context of annual investment planning. Engineers, urban and rural development planners, NGOs supporting community development efforts, and private sector entities engaged in reconstruction tasks will learn how to practically apply climate resilient building codes and land-use plans, and how to harness the services and functionalities of natural ecosystems in the context of flood protection and integrated water resources management.

At the national level, climate change adaptation principles, tools and instruments will be incorporated into a critical mass of reconstruction, resettlement and development efforts in key Provinces where large-scale reconstruction and development efforts are under way. Review and approval processes which are taking place ahead of a particular investment will be reviewed against a suite of climate-, disaster- and environment-related safeguards to prevent damages and losses over the longer term. All institutions that are involved in the design, review and approval of new reconstruction and/or development projects will have staff who is fully conversant in the application of hazard, risk and vulnerability maps; the principles of resilient land-use planning; the application of resilient building codes; and the principles of ecosystem-based adaptation.

Finally, through engagement and training of community-based organisations, the project will develop institutional capacity at the local level which will support communities' political engagement, advocacy and participation in participatory, forward-looking risk management. This will greatly be assisted by UNDP's long-standing track record working with NGOs and CBOs in the project areas on a variety of livelihood support and disaster risk reduction tasks.

B.4 Indicate risks, including climate change risks that might prevent the project objectives from being achieved, and if possible, propose measures that address these risks to be further developed during the project design:

The proposed project will be successful if it can successfully facilitate a shift in thinking within national government entities (Ministry of Economic Development, Finance Commission), provincial councils, district administrations and local authorities that the integration of climate change adaptation with reconstruction and development planning makes economic sense and reduces the risks of climate-induced losses and damages over the long term. The greatest risk here is inertia within key stakeholders towards

change, and a preference to prioritize speed over quality of infrastructure investments. In addition, where there is some recognition of climate change risks within government agencies dealing with development and environment, coordination and cooperation needs to increase.

This risk will be mitigated by creating highest political and geographic visibility for local-level adaptation activities, which are closely connected and co-branded with the reconstruction efforts undertaken by the Ministry of Economic Development. Involvement of the Finance Commission will ensure that there is a financial incentive for provincial councils to propose annual plans which take climate risk issues into account. Media reports, ministerial communications, videos and widespread dissemination of project-related lessons will provide incentives and positive feedback to local authorities for doing things differently. UNDP, through its track record working with local NGOs and CBOs in the target areas of the proposed project, has already established a network of partners who have been engaged in disaster risk assessments. Together with the high degree of visibility that has been achieved over the course of the ISEA exercise in the Northern Province, this will provide a conducive environment to mitigate risks of limited stakeholder engagement.

In terms of environmental risks, unfavorable climatic conditions may occur during the project life cycle and impact on the investments made by the project. This is especially relevant for Component 3, which deals with tangible investments in community-based water resources management and the rehabilitation/restoration of ecosystem-based adaptation services in climate risk hot spots. An important assumption is that these climatic extremes will remain within local coping ranges, and that existing institutions and community groups will rapidly absorb and act on the new skills, technical approaches and knowledge acquired.

A detailed risk analysis will be conducted during the preparatory phase and both the risks and mitigation measures will be outlined in the documents submitted for CEO Endorsement.

B.5. Identify key stakeholders involved in the project including the private sector, civil society organizations, local and indigenous communities, and their respective roles, as applicable:

As discussed in section B.1 of this PIF, the proposed project will coordinate closely with public, private and communal stakeholders that are involved in the ‘Gama Neguma’ programme, the ‘Divi Neguma’ programme, the ‘North East Local Services Improvement Project (NELSIP)’, the ‘Community Livelihoods in Conflict Affected Areas Project’, and the ‘Support Programme for the Reconstruction and Development in selected Districts in North and East Sri Lanka’. All aforementioned projects and programmes are implemented by the **Ministry of Economic Development**, which makes this Ministry the most suitable government entity to execute the proposed project. Other government entities involved in the project include:

- The **Ministry of Environment**, which has been instrumental in consolidating the Integrated Strategic Environmental Assessment for the Northern Province and promoting environmental safeguards in a variety of infrastructure planning processes;
- the **Ministry of Disaster Management**, which is operationalizing the Road Map towards a Safer Sri Lanka, coordinating disaster management stakeholders in the country and has a stake in promoting and disseminating disaster risk reduction principles and tools as broadly as possible;
- the **Finance Commission**, which is approving fiscal flows to provinces and has a stake in ensuring that regional development is balanced and not undermined by environmental risks;
- the **Coast Conservation Department**, which has a role reviewing and applying hazard maps in the coastal belt, preserving natural buffer zones and integrating considerations of sea level rise into coastal zone development and management plans. The CCD conducts training programmes for in-service officers to raise their knowledge on the potential impacts of sea level rise, and for coastal communities on the protection of coastlines through mangrove afforestation, coral reef conservation and construction monitoring.
- The **Department of Agriculture** is the knowledge hub for drought risk assessment and trains farmer communities on adopting strategies to mitigate negative impacts of climate change on crop production. The Department has the expertise to train in-service officers on climate change impacts on

agriculture and water resources. These programmes are conducted at schools of agriculture and in-service training institutions of the Department.

- The **Irrigation Department** conducts regular training programmes for in-service officers who are involved in irrigation, water and flood management issues. They offer a Diploma programme in Irrigation Engineering and a number of farmer awareness training programmes on water management. The Department has a special stake in flood hazard mapping.
- Under its Environmental “Pioneer Brigade” Programme, the **Central Environmental Authority (CEA)** has been training school children to provide community leadership on environmental matters. Selected school teachers have been appointed at district and zonal level as pioneer commissioners. The programme is expected to build environmental consciousness of citizens and implemented in more than 6,000 schools throughout the country. Environment Officers of the CEA are available in each divisional and district secretariat totaling more than 300 officers around the country.
- **The Urban Development Authority (UDA)** is the largest repository for digital maps and spatial information in the country. It conducts training programmes for in-service officers in preparation of urban development plans in the context of environmental and climate-related risks. In 2003, a training programme for UDA planners was held on the preparation of hazard maps and natural disaster mitigation. In 2006, technical officers working in Tsunami affected areas of the Northeast were trained on UDA regulations and formulation of development plans with special reference to environmental planning.

The proposed project will work closely with Universities in Sri Lanka and professional bodies for engineering, architecture, environment, agriculture and others as appropriate to source technical expertise. Partnerships with advocacy bodies such as the National Science Foundation (NSF) and the Sri Lanka Association for the Advancement of Science (SLAAS) are expected to raise the profile of the climate change issue and support project activities that aim to build awareness with decision makers. Partnerships with public sector training institutions such as the Sri Lanka Institute for Development Administration and the Sri Lanka Local Government Institute will support training of civil servants under Outcome 2 of the proposed project.

Vulnerable communities and local authorities are the key stakeholders of this project and will be engaged in all project components. They will contribute to the ground-truthing of hazard zonation maps and vulnerability profiles; develop skills in recognizing and addressing climate risk issues in village development plans; and benefit from additional investments that make particular investment plans in vulnerability hot-spots more resilient to climate change-related shocks and stresses. NGOs and CBOs which are active and committed to work on issues of natural resource and disaster risk management in the target districts will be trained through the project to work as local partners on the development of community-based adaptation schemes. Existing institutional relationships that have emerged from the Transitional Recovery Programme and the Operationalization of the Road Map for a Safer Sri Lanka will be utilized, thereby saving costs and avoiding risks of duplication. Research institutions (such as the Center for Climate Change Studies – CCCS) will participate in training and outreach activities and provide information on climate change scenarios that can support adaptive planning in the coastal belt.

With a view on key stakeholders, it is important to re-emphasize that climate change is affecting women and men differently, and that the dimension of gender equality and women’s empowerment will be an integral consideration in the design of this full-size project. If gender dimensions are overlooked in the planning of an adaptation intervention and women are not consulted, the chosen measures may not be appropriate or sustainable over the long term. For example, women in Sri Lanka are often in charge of water management, but if they are not consulted about the location of new water collection and storage infrastructure, or their views about household water shortages during dry periods are not integrated into the dimensioning of new buffer capacities, the new infrastructure may fail to provide sufficient water security in times of the greatest need. In addition, improper land use planning of new water infrastructure may actually increase women’s burdens. The complementarity of men’s and women’s knowledge and skills is key for designing and implementing effective and sustainable adaptation initiatives, answering to their specific needs and ensuring that both benefit equally from the proposed project.

B.6. Outline the coordination with other related initiatives:

The proposed project will ensure that SCCF investments do not duplicate with efforts undertaken by other development partners. In the preparation phase for this PIF, it has been verified that there is no project in Sri Lanka which makes a targeted effort at integrating climate change adaptation and climate risk management principles into the large-scale planning and investment processes that are currently under way under the leadership of the Ministry of Economic Development.

Under Outcome 3, the proposed SCCF project will coordinate with the ‘**Mangroves for the Future**’ (MFF) project, which supports local community action for the restoration and sustainable use of coastal ecosystems. Enhancing community participation in coastal area management, including increasing the resilience of coastal and riverine communities to climate change, are key MFF activities in the country. MFF’s programme of work in Sri Lanka is overseen by a National Coordination Body, which is composed representatives from a range of governmental departments, NGOs, inter-governmental organisations and academic institutions. A National Strategy and Action Plan (NSAP) and its associated work plan guide the work of the NCB. The NSAP prioritises activities in specific areas of the country, such as Special Area Management (SAM) sites that have been designated as nationally significant by the Government. Post-conflict areas in the eastern and northern coastal areas are also considered to be critical areas in need of MFF support. Sri Lanka’s NSAP has been developed specifically to strengthen the application of ecosystem-based adaptation, and thereby complements Output 3.1 proposed under this PIF.

Along similar lines, the project will coordinate with the SPA-funded and IFAD-supported project ‘**Participatory Coastal Zone Restoration and Sustainable Management in the Eastern Province of post-tsunami Sri Lanka**’ (2008-2015), which aims to overcome three key barriers to the restoration of coastal ecosystems: that technical knowledge for low-cost restoration methods is not present on the island; that environmental issues have been given low priority during the 2004 tsunami relief and current reconstruction programme; and that those processes leading to land degradation prior to the tsunami must be changed if the rehabilitated ecosystems are to provide the functions and services envisaged on a sustainable long-term basis. While the initial emphasis of this seven-year project is on the development of scientifically-based, low-cost, community-based approaches to rehabilitating three key coastal ecosystems – mangroves, coastal lagoons, and sand dunes – at specific sites in the Eastern Province, it provides a very good platform to share lessons and enable replication of its approach in other vulnerability hot spots along the coast. In line with this reasoning, the proposed SCCF project will build on the experiences and techniques demonstrated by this project and expand the reach of community-based adaptation through participatory ecosystem restoration to additional vulnerability hot spots on the northern coastline..

The proposed project will coordinate with community-based initiatives financed by the **GEF Small Grants Programme**, which has been operational in Sri Lanka since 1994. GEF small grants are supporting capacity development in community-based organizations and have provided a number of opportunities for community-based adaptation and the diversification of livelihoods. So far, more than 8 million US\$ have been disbursed through the Small Grants Programme mechanism in Sri Lanka over the course of the last 16 years (http://sgp.undp.org/web/countries/SRL/sri_lanka.html). Some of the good models developed are currently being replicated in conflict affected areas. SGP projects in the Eastern Province and Northern Province of Sri Lanka have focused on issues such as sand dune restoration, restoration of lagoons, and model home gardens on the basis of the analog forestry concept.

C. DESCRIBE THE GEF AGENCY’S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:

UNDP has a long-standing history supporting climate change adaptation and disaster risk reduction in Sri Lanka. As part of 2004 December tsunami recovery effort, UNDP has disbursed a number of small grants to help communities restore their livelihoods in a disaster resilient manner. Small grants were used to set up home gardens with a diversified range of fruit and vegetables; establish and restore mangrove greenbelts; and install communal and household rainwater harvesting tanks. Under its Disaster Risk Management programme, UNDP is in the process of rehabilitating ancient tank systems as a drought risk

reduction and flood prevention measure. In the district of Monaragala, UNDP has supported the establishment of community rainwater harvesting systems called “Pathas” where rainwater is captured in small tanks for purposes of irrigation and ground water recharge.

Through cooperation with the Ministry of Environment, UNDP has supported the Government of Sri Lanka to formulate a Climate Change Policy and develop its Second National Communication to the UNFCCC. Since 2009, UNDP is a key partner of the Department of Agriculture in the development of drought- and flood-resistant rice varieties and the promotion of appropriate technologies to grow rice in flood- and salinity-prone areas. UNDP Sri Lanka is also a core partner of the ‘Mangroves For the Future’ programme (see Section B.6 above), which empowers local communities to take action for the restoration and sustainable use of coastal ecosystems.

UNDP will contribute to the success of the proposed SCCF project in a number of ways. In financial terms, with a grant contribution of 2,1 million US\$ that is provided by the UNDP Bureau for Crisis Prevention and Recovery, UNDP will co-finance the development of risk and vulnerability profiles, the review of existing infrastructure development controls and building codes, the piloting of climate-resilient land-use plans, and educational activities on climate risk management at the community level.

In technical terms, UNDP is well placed to integrate climate risk resilient planning considerations and instruments into a variety of donor-funded reconstruction and development projects (such as ‘Support to Reconstruction and Development in selected Districts in North and East Sri Lanka’, which represents a baseline project under the proposed SCCF initiative). In doing so, UNDP can demonstrate how large-scale baseline programmes can benefit from climate resilient thinking, planning methods and investment strategies. Through long-standing partnerships with the Ministry of Disaster Management, the Ministry of Environment and the Department for Agriculture, UNDP has helped to develop a solid pool of materials which can be used for purposes of resilient land-use, construction, agriculture and water resources planning. Available tools include an Integrated Strategic Environmental Assessment for Northern Sri Lanka (consisting of a comprehensive suite of GIS-based maps); a best practice guidebook on agricultural practices in flood- and drought-prone areas; educational and awareness materials about climate change and climate-related hazards (such as climate cartoons, videos, supplementary teaching materials for school grades 6-11, adult education materials), and a web-based repository of adaptation – related resource materials.

As many useful planning instruments tend to remain compartmentalized in the line ministries in which they were developed, UNDP is in an excellent position to consolidate a set of high-quality training and planning materials from different entry points into a cohesive climate risk management toolbox, and use the proposed SCCF project as a platform to disseminate and infuse these planning tools into government- as well as bilaterally supported baseline programmes across the country. This is especially important in view of the large-scale investment and reconstruction programmes of the Ministry of Economic Development (such as Gama Neguma and Divi Neguma), which are not yet considering climate change related risks. As UNDP has implemented its Transitional Recovery Programme together with the Ministry of Economic Development, it has established a solid partnership with the Rural Economy branch and its counterparts at the provincial, district and local level. UNDP is therefore well placed to facilitate a comprehensive integration of climate-smart planning aids and controls into the investment processes that are currently promoted by the Ministry of Economic Development.

C.1 Indicate the co-financing amount the GEF agency is bringing to the project:

Through its ‘Strategic Support Programme to Operationalize the Road Map Towards a Safer Sri Lanka’ (US\$ 2,100,000.-) and a number of livelihood support, infrastructure rehabilitation and capacity building actions under the programme ‘Support to Reconstruction and Development in selected Districts in North and East Sri Lanka’ (US\$ 9,166,000.-), UNDP will contribute 11,266,000.- US\$ in grant co-financing to the proposed SCCF project. The relevance of UNDP-supported projects to the proposed intervention is summarized in Part II/Section B.1 of this PIF.

C.2 How does the project fit into the GEF agency's programme (reflected in documents such as UNDAF, CAS, etc.) and staff capacity in the country to follow up project implementation:

The project is in line with the current UN Development Assistance Framework (UNDAF) for Sri Lanka, as well as the new draft UNDAF for 2013-2017. This major assistance framework to the Government of Sri Lanka emphasize the UN's goal to promote equitable and sustainable growth in Sri Lanka that contributes to faster and more efficient poverty reduction and sustainable use of natural resources in a changing climate.

Along these lines, the proposed project is in full compliance with the new UNDAF Pillar IV on 'Environment, Climate Change, and Disaster Risk Reduction'. Under this Pillar, the project corresponds to Outcome 4.1. ('Disaster Risk Reduction policies and programme in place, with enhanced national, local and community resilience to climate change and disasters and participation in disaster risk reduction') and Outcome 4.2 (Strengthen Climate Change mitigation and adaptation).

The adaptation-related focus of the Country Programme Document (CPD) is to reduce vulnerability to climate change through the sustainable management of natural resources and the systematic promotion of disaster risk reduction. The proposed intervention is fully aligned with this objective.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT:

NAME	POSITION	MINISTRY	DATE (MM/DD/YYYY)
Dr. R.H.S. Samaratunga	Secretary and GEF Operational Focal Point	Ministry of Environment	09/07/2011 Revised LoE forthcoming

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	Date	Project Contact Person	Telephone	Email Address
Yannick Glemarec, GEF Executive Coordinator, UNDP		September 26, 2011	Gernot Laganda, Regional Technical Advisor, (G-LECRDS) UNDP	+66-(0)2304 9100 Ext.2644	gernot.laganda@undp.org