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## **JOINT COUNTRY PORTFOLIO EVALUATION – SRI LANKA MAIN FINDINGS AND RECOMMENDATIONS**

**(Prepared by the GEF Independent Evaluation Office)**

## CHAPTER 1. Main Conclusions and Recommendations

### 1.1 Background

The Evaluation Office of the Global Environment Facility (GEF) conducts Country Portfolio Evaluations (CPEs) each year with the aim of providing the GEF Council and the national governments with an assessment of results and performance of GEF supported activities at the country level, and of how these activities fit into the national strategies and priorities as well as within the global environmental mandate of the GEF. CPEs enable knowledge sharing about country level results to the benefit of the GEF Council, the participating country, and the agencies and organizations that plan and implement GEF funded activities. CPEs are consolidated to the Annual Country Portfolio Evaluation Report (ACPER) that the GEF Evaluation Office presents to the GEF Council.

In line with the overall purpose of Country Portfolio Evaluations, the Joint GEF/Sri Lanka Country Portfolio Evaluation had these objectives:

- Evaluate the effectiveness and results of completed and ongoing projects in each relevant focal area.
- Evaluate the relevance and efficiency of GEF support in Sri Lanka from several points of view: national environmental frameworks and decision-making processes, the GEF mandate and the achievement of global environmental benefits, and GEF policies and procedures.
- Provide feedback and knowledge sharing to (1) the GEF Council in its decision making process to allocate resources and to develop policies and strategies, (2) Sri Lanka on its participation in the GEF, and (3) the different agencies and organizations involved in the preparation and implementation of GEF support

A distinctive feature of the Joint GEF-Sri Lanka CPE was that it was jointly managed by the Sri Lankan Ministry of Finance and Planning and the GEF Evaluation Office, through a Joint Steering Committee (JSC). Further independent national quality assurance support was provided by the Sri Lanka Evaluation Association, through a Peer Review Panel (PRP). A team of national consultants supported the GEF Evaluation Office to conduct the evaluation.

GEF support to Sri Lanka was initiated during the GEF pilot phase in 1992, with the preparation of the Development of Wildlife Conservation and Protected Areas Management project (GEF ID 352), implemented by the United National Development Programme (UNDP). Up to December 2012, 14 national projects have been completed, 6 projects are being implemented while 2 more projects are at approval stage, and 1 is at proposal stage. The national portfolio consists of 23 national projects and 330 small grants. The total financial investment in the national projects is \$396 million with GEF funding amounting to 15% (US\$60 million) and co-financing from various sources including donors and the government amounting 85% (US\$ 336 million) (Table 1.1). An equal number of projects (nine each) have been invested in biodiversity and climate change, but in terms of financial investment, climate change related projects have received 80% of the total budgetary allocations largely on account of renewable energy initiatives. The national portfolio consists of 14 Full Size Projects (FSPs), 3 Medium Size Projects (MSPs) and 6 Enabling Activities (EAs).

**Table 1.1: GEF Supported National Projects**

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

In addition, Sri Lanka was involved in implementing three regional GEF FSPs (two Biodiversity and one International Waters) and nine global projects that included one enabling activity on National Bio-safety Framework Development, two FSPs in Biodiversity, two projects in climate change (FSP and MSP), and one Land Degradation FSP. The available documentation does not clearly provide details of the amount of funding for national level activities from these regional and global initiatives.

GEF has also provided funds directly to Non-Governmental Organizations (NGOs) and Civil Society Organizations (CSOs) under the Small Grants Programme (SGP) since 1994. The SGP has provided 330 grants amounting to US\$ 9.8 million, of which GEF funding accounted for 66% (US\$ 6.5 million), and the balance 34% (US\$ 3.3 million) through co-financing by the grantees. When considering the spread of SGP projects in GEF focal areas, it is evident that the majority were Biodiversity (176), with Multi Focal Area (57), Land Degradation (43), and Climate Change (39) projects showing the next highest percentages. In addition to funding projects in these focal areas, GEF-SGP had funded one capacity building project. Another 49 projects were administered by the GEF-Small Grants Programme (SGP) office in the UNDP Country Office under special allocations from non-GEF resources: The Community Water initiative; Climate Change Adaptation fund and UNDP additional funding for tsunamis. The total financing of these projects amounted to US\$ 1.07 million.

Eight GEF Agencies were responsible for project development and implementation at national level. The World Bank was dominant during the first two phases, whilst the UNDP has assumed greater prominence in GEF 5. GEF 4 had the greatest number of GEF Agencies including the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD), the United Nations Industrial Development Organization (UNIDO) and the United Nations Environment Programme (UNEP). With the conclusion of the civil war in 2009, the geographical coverage of GEF projects extended to the Northern and Eastern parts of the country.

## 1.2 Objectives, scope and methodology

The methodology used in the Joint GEF-Sri Lanka CPE included several qualitative and quantitative data collection methods and standardized analytical tools that were adapted to the Sri Lankan context. Several sources of information from different levels (project, focal area, country and global) and from different stakeholders (government, civil society, GEF Agencies, communities etc.) were the basis for the evaluation.

The main scope of the CPE was the 23 national projects implemented within the boundaries of Sri Lanka. The evaluation comprised of a desk review of all the national projects together with interviews with

partners involved in the implementation of GEF projects in Sri Lanka, including those implementing and receiving funds from the SGP. Although emphasis was given as per the evaluation Terms of Reference (TORs) to the national projects, efforts have been made to gather and incorporate findings from the regional and global projects. Specific inputs to the evaluation were the country environmental legal framework review, the global environmental benefits assessment, the GEF – Sri Lanka portfolio database analysis, and the Review of Outcomes to Impact (ROtI) field studies. These documents are provided separately in Volume 2. The ROtI analysis was carried out for three projects based on the criteria that they were FSP or MSP projects completed at least 2 years ago covering the two main focal areas of biodiversity and climate change and involved the two major implementing agencies – the World Bank (WB) and the UNDP.

The evaluation was led by the GEF Evaluation Office and carried out by a national team lead by the Centre for Poverty Analysis (CEPA). Based on the initial findings of the evaluation an Aide Mémoire was developed and was distributed to stakeholders for comments. The Aide Mémoire was presented at the national consultation workshop where it was validated. Participants to this workshop included government representatives and other national stakeholders, including project staff, donors and GEF Agencies.

## 1.3 Conclusions

### 1.3.1 Effectiveness and results

#### **Conclusion 1: GEF projects in biodiversity have effectively supported actions identified by the Sri Lanka Ministry of Environment and related Departments**

Sri Lanka's rich and unique biodiversity forms the basis for the country's natural heritage that is linked to its cultural legacy and economic advancement. High ecosystem diversity in the island has given rise to a large number of indigenous species, including a remarkably high percentage of endemics among both fauna and flora. Sri Lanka, together with the Western Ghats of India is one of the 34 global biodiversity hotspots, recognized for high flowering plant endemism and 70% loss of its original habitat. This indicates the globally significant nature of the biodiversity and the urgency to protect it. As per the IUCN Red list, 571 globally threatened species are found in Sri Lanka; the majority are plants (286), others being invertebrates (130), amphibians (56) and fish (43). Additionally, 30 mammals, 15 birds, and 11 reptiles also fall under this category.

Responding to the need for conserving the biological wealth of Sri Lanka, GEF support from the inception has focused on biodiversity. Biodiversity projects have been linked to both the development of action plans, as the Biodiversity Conservation Action Plan prepared under the Medicinal Plants Project (GEF ID 95) and an addendum to the action plan prepared through the Protected Area Management and Wildlife Conservation Project (GEF ID 878) as well as to overall protected area/forest/coast management plans identified by line agencies. Several examples can be made, including the Wildlife and Protected Areas Management Project (GEF ID 352) and the Protected Area Management and Wildlife Conservation Project (GEF ID 878) for improved protected area management; the Rainforest Project (GEF ID 818) for participatory forest conservation with communities; the Coastal Biodiversity Project (GEF ID 802) for special area management with community participation. GEF support has enabled attention to emerging subjects such as sustainable use of bioresources (Medicinal Plants Project -GEF ID 95), genetic resources (Indigenous Livestock and

Wild Relatives Project - GEF ID 1902) control of alien invasive species (Alien Invasive Species Project – GEF ID 2472), biosafety (Biosafety Framework Project – GEF ID 875), Agro-biodiversity (Agro-biodiversity and Climate Change Project – GEF ID 4150), and wild crops (Crop Wild Relatives Project – GEF ID 1259). With the exception of the biosafety enabling activity, all these projects provided hands-on experience on the topics mentioned and assisted Sri Lanka in developing national capacities.

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

Sri Lanka is a negligible contributor to global warming. However, the island state is highly vulnerable to the impacts of climate change, which include: increases in the frequency and intensity of disasters; variability and unpredictability of rainfall patterns; increase in temperature; and inundation due to rising sea levels. The degree of severity and actual impacts are being debated but there is overall agreement that climate change – if not acted upon, can undermine the economic and social development potential. Biomass remains the most widely used cooking fuel, while thermal power generated through oil and coal is the largest source of electricity. The increase in fossil fuel based energy is one of the largest climate change and development related issues for Sri Lanka.

Climate change interventions supported by GEF have largely responded to Sri Lanka's desire to expand electricity coverage to areas the grid could not reach. Two consecutive GEF projects, the Energy Services Delivery Project (GEF ID 104) and the Renewable Energy for Rural Economic Development Project (GEF ID 1545), which had considerable co-financing, supported an enabling environment for renewable energy uptake through a multi-pronged approach that focused on issues such as long-term finance, policy and tariff issues, technology and capacity, especially for solar and small hydro schemes. The continuum between these two projects and the continued support through the years (1997-2011) through several other projects contributed to sustaining results achieved over time. The commercial orientation of these projects and the community organizations created have enabled both the renewable energy policy development process and the development of further project initiatives to continue independently after the GEF support was over. Further barriers to sell the grid for other renewable technologies such as biomass have emerged and a new GEF initiative, the Biomass Energy Project (GEF ID 4096) aiming to address these barriers is now in the approval stage. Lobby groups continue to work with the authorities to improve the uptake of renewable energy sources.

**Conclusion 3: The use and incorporation of lessons from previous projects has been at best ad-hoc in the early GEF phases; recent projects (GEF4 and later) refer to previous lessons in their design and include budget lines for disseminating lessons both locally and internationally**

Some of the project documents belonging to the earlier GEF phases refer to lessons from prior GEF and other projects being used for the proposed concepts, approaches and management practices. However, when looking at the use of lessons in successive project design in GEF4 and GEF5 the results are mixed. Some positive examples include energy projects, including the Energy Services Delivery Project (GEF ID 104); the Renewable Energy Capacity Building Project (GEF ID 425) and the Renewable Energy for Rural Economic Development Project (GEF ID 1545), which had similar objectives and operational continuation that built on past projects. In biodiversity, the participatory forest management model implemented by the Department of Forest Conservation in the Rainforest Project (GEF ID 818) was used to successfully redesign and implement the community participation

component of the Protected Area Management and Wildlife Conservation Project (GEF ID 878), but this was done more as a results of the transfer of knowledge via forest department staff operating in both projects rather than having it been built into project design. The two coastal projects managed by the Coast Conservation Department, the Coastal Biodiversity Project (GEF ID 802) and the East Coast Tsunami Project (GEF ID 2753) tested the Special Area Management (SAM) concept for coastal resource management, yet taking forward the district coordinating committees had been less successful.

The National Capacity Self-Assessment (NCSA) enabling activity (GEF ID 2417) was designed to identify capacity needs and recommendations for the GEF focal areas of biodiversity, climate change and land degradation, yet these recommendations were not systematically incorporated into institutional programmes or project designs. In general, the transfer of lessons has been ad hoc and the main reasons for this is the lack of a central repository of information for the projects, and the lack of regular sharing of project information among executing agencies, implementing agencies as well as with the SGP projects.

Recent projects (GEF4 and later) such as the Alien Invasive Species Project (GEF ID 2472), the Biomass Energy Project (GEF ID 4096) and the Mainstreaming Agro-biodiversity and Climate Change Project (GEF ID 4150) have specific activities/budgets allocated for the dissemination of lessons. They also show cross sectoral topics (i.e. combining agriculture, land use, climate change, and energy with biodiversity) and institutional links that may lead to greater sharing of lessons in the future.

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

Only some components of the biodiversity projects have been taken forward through other projects and regular programmes after the completion of GEF support. Examples include the use of participatory management approaches to manage protected areas, the continuation of training programmes, the boundary marking and setting up of electric fences, establishing medicinal plant nurseries outside of protected areas, and the institutionalization of the national red list activities. Biodiversity projects facilitated a greater acceptance by government field officers of participatory management approaches to protected areas as opposed to the standard command and control practices previously applied. This led to a corresponding improvement in the relationships between the field officers/rangers/wardens and the community level. The Rainforest Project (GEF ID 818) was a example.

A number of projects have contributed to building technical capacity through in-country and international training, and development of training modules for national initiatives, as for example the Protected Area Management and Wildlife Conservation Project (GEF ID 878). This has been seen to be an important driver in improving management capacity of organizations and more importantly of individuals. Regular training is continued by the respective organizations and training programmes continue to feature modules developed through the GEF supported projects (i.e. community participation, ecotourism). However, the continuous rotation of government staff, including those trained for specific duties such as on ecotourism to parks with no such facilities or the fact that trained mobilisers were not retained by the department to work with the community has led to discontinuity of some activities introduced with this project. In the case of the East Coast Tsunami Project (GEF ID 2753) the lack of in-house technical capacity for ecosystems restoration activities within the Coast Conservation Department (CCD) has caused a slow-down in the activities related to

this particular component. However the project is taking steps to improve this activity by providing training, and also using the Technical Coordinating Committee for advice.

The main outcome lasting beyond completion in climate change projects has been the focus on renewable energy as a viable energy source for electricity generation in Sri Lanka, in particular through the Energy Services Delivery Project (GEF ID 104), the Renewable Energy and Capacity Building Project (GEF ID 425) and the Rural Renewable Energy Project (GEF ID 1545). According to the project management unit in the Development Finance Corporation (DFCC) Bank, the Energy Service Delivery Project (GEF ID 104) and later the Rural Renewable Energy Project (GEF ID 1545) installed solar home schemes in 131,528 households and off-grid micro hydro systems for 7913 households, exceeding the project targets.<sup>1</sup> The project also supported initiatives to promote private investment into on-grid power project, and financed 77 on-grid mini hydro systems (generating 182MW of power) and one wind power system (for 10 MWs of power) that are privately operated and are now selling energy to the grid. The on-grid mini hydro and the wind plants are accepted as financially viable by the private sector and continue to attract investments. However, a long term financing scheme for renewable energy as operated under these two projects has not continued in any of the commercial banks.

The renewable energy projects have contributed to the reduction of CO<sub>2</sub> emissions. The DFCC estimates that the Rural Renewable Energy Project (GEF ID 1545) alone has reduced 2.15 million tons of CO<sub>2</sub> emissions. Some of the mini-hydro schemes projects are also registered in the Clean Development Mechanism (CDM) indicating a contribution to reducing CO<sub>2</sub> emissions. In terms of reduction of emissions at the household level in off-grid energy projects (both solar and micro hydro schemes), the contribution has been time bound. Once the households connect to the national grid there is a tendency to move away from the renewable energy systems, largely due to the limited power supply and maintenance issues. However, users are moving into using a more efficient energy supply through the new grid connected electricity and not moving back to using inefficient sources such as kerosene. Hence, this also has been a permanent change.

In terms of the micro hydro schemes, no mechanism was in place at the end of the project to continue the use of these systems once the households were connected to the grid. These schemes were connected post project to the grid as was done for the mini hydro schemes. The Federation of Electricity Consumer Societies (FECS)<sup>2</sup> set up under the Rural Renewable Energy Project (GEF ID 1545) has been able to remove technical, social, financial and administrative barriers for grid interconnection so that micro hydro schemes too can sell electricity to the Ceylon Electricity Board (CEB). So far, two schemes have been connected to the main grid. Despite the project removing market barriers and improving the transparency on the power purchase agreement, there has been a dearth of long-term funds required to finance off-grid systems while emerging barriers are experienced for the biomass energy projects.

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<sup>1</sup> There are two hydro schemes that are mentioned throughout this report: they are mini hydro that generates between 100KWs to 10MW of power, and micro hydro that generates less than 100 KWs of power. The mini hydro was done on a commercial basis by the private sector, while rural homes were provided through the smaller micro hydro systems – that are also at times referred to as village hydro systems.

<sup>2</sup> FECS is the umbrella organization for the electricity consumer societies set up under the rural renewable energy project to manage the micro hydro systems at village level. The federation brings together 200 of these societies and it continues to be active in the energy sector.

GEF SGP grants have helped to build capacity at community level and many organizations were interested to continue with the activities initiated beyond SGP support, although finances were scarce. The knowledge accumulated by the civil society network with SGP support has been important in lobbying for issues related to environment at the local level. Further, some NGOs and CBOs are being consulted by the Sri Lanka Government in relation to environmental policies and programmes such as the Climate Change Adaptation Policy and the management of Alien Invasive Species. However, these consultations do not take place on a regular/structured basis and reduce the possibilities of creating better vertical linkages from policy to practice that can aid scaling up the results achieved at local level.

**Conclusion 5: GEF supported projects have not followed a gradual progression from foundational activities to demonstration and then investment, leading to less progress toward impact after project closure**

The first GEF projects in Sri Lanka were FSPs and MSPs. Yet some of these projects such as the Medicinal Plants Project (GEF ID 95), the Wildlife and Protected Areas Management Project (GEF ID 352) and Protected Areas Management and Wildlife Conservation Project (GEF ID 878), included activities such as the preparation of biodiversity action plans, technical staff capacity building, institutional development, biodiversity baseline studies, and protected area gap analysis, that are of a foundational nature.

Later, enabling activities for Climate Change, Land Degradation, Biosafety and Persistent Organic Pollutants (POPs) have been used for the preparation of policies and action plans, yet follow-up projects and investment have not materialized. Some proposals developed in this regard – and especially regional projects – have been dropped from GEF support. Examples include the Production and Promotion of Neem-derived Bio-pesticides as a Viable Eco-friendly/biodegradable alternative to POPs Pesticides in Asia and the Pacific Region Project (GEF ID 1390); the Reducing Greenhouse Gas Emissions by Promoting Bio energy Technologies for Heat Applications Project (GEF ID 1891); the Energy and Environmental Efficiency Improvement of Urban Transport System in Selected Asian Countries Project (GEF ID 1997); the Development and Application of Decision-support Tools to Conserve and Sustainably Use Genetic Diversity in Indigenous Livestock and Wild Relatives Project (GEF ID 2125); and the Sub-regional Action Plan (Asia) for PBDEs Management and Reduction Project (GEF ID 4879).

Several GEF projects have built on or addressed gaps in previous projects and resulted in funding being available over a longer period of time. Examples include the Protected Area Management Projects (GEF ID 878 and GEF ID 352); the Renewable Energy Projects (GEF ID 104 and GEF ID 1545) and a project in the pipeline, the Biomass Energy Project (GEF ID 4096). Some GEF projects linked to other projects funded through other sources/donors, which increased continuity. An example of this continuation is in the integrated management of coastal resources practice area, with the support of local people through SAM planning, initiated by the CCD at Rekawa and Hikkaduwa in 1991 via the USAID-funded Coastal Resources Management Project (CRMP). This approach was formalized in the document “Coastal 2000: Recommendations for a Resource Management Strategy for Sri Lanka's Coastal Region”. In 2000 the GEF supported Coastal Biodiversity Project (GEF ID 802) looked to implement the SAM programme for the Rekawa, Ussangoda, and Kalametiya Coastal Ecosystems (GEF ID 802) with participation of local people, placing an emphasis on conservation of wetlands and marine turtles. This project was then linked to the Asian Development Bank (ADB) and Government of Netherlands (GON) funded CRMP that spanned from 2002 to 2005, expanding on the work done in

SAM sites. A lot of emphasis has been given to seek external funds to support management of SAM sites rather than providing regular government funding, which has negative implications for the sustainability of the work carried out in these sites.

In biodiversity projects, the continuation of activities that involve communities in conservation and help them maintaining livelihoods/environment links have had mixed results. The Forest Department shows greater buy-in and applications of community approaches through other projects carried out with State funds and external support. The community mobilisers recruited under the Protected Areas Management Project and Wildlife Conservation Project (GEF ID 878) have been retained as education officers and they continue to carry out activities with the communities with some earmarked public funds for awareness and training. The same model has been applied for the AusAid funded projects (under the Sri Lanka Australia Natural Resources Management Project - SLANRMP). Some new initiatives have been undertaken by the Forest Department in other areas to enable community participation in forest conservation, including the Knuckles Conservation Project through the establishment of CBOs. In the case of the Department of Wildlife Conservation (DWLC), these types of community activities have not spread to any other parks based on the pilot sites under the Protected Areas Management Project and Wildlife Conservation Project (GEF ID 878). Even in the pilot sites many do not have outreach officers to continue the links with the communities on the same lines as during the project. Links are maintained by other park officials along with their other duties. Further, categories of project staff (i.e. the community mobilisers) trained to carry out these activities were not absorbed into permanent cadres and this has reduced the staff strength to continue these types of participatory approaches elsewhere. In the coastal restoration projects as well social mobilisers are not made part of the regular work force and were only hired to execute project funded activities.

The continuation of the activities introduced by the renewable energy projects over a long time period has enabled the strengthening of community-based organizations. Today, they are able to lobby for policy changes and for obtaining further support, as seen with the FECS lobbying for the connection of mini hydro to the grid. Renewable energy projects also provided training to individuals on the topic of “demand side management of energy”, which led to the formation of several Energy Service Companies (ESCOs) that continue providing these services and work with the Sri Lanka Sustainable Energy Authority.

While the usual SGP grant implementation period is one year, there have been instances where consecutive grants were provided for some initiatives to move from developing a technology or sustainable intervention, to demonstrating it in different areas and to enhance or add value to it. One such example was the development of a cleaner and more efficient stove and the use of subsequent grants to work on marketing the stove and then to offer a whole kitchen unit to combat indoor pollution. Subsequent grant funding is acceptable in the case of grants having tried to revive rush and reed species and improve wetlands, or grants having worked on growing and marketing traditional rice varieties, as in such cases observable changes in the environment tend to occur over a long time period.

**Conclusion 6: GEF support to Sri Lanka has had a demonstration effect in linking environmental conservation measures with compatible sustainable livelihood and development activities**

Livelihoods options have been factored into projects at different levels. In the majority of biodiversity projects there has been at least one component for livelihoods patterns that contribute to reducing stress on wild species and ecosystems. This was achieved by creating new jobs such as sewing, driving,

SMEs, tourism, or improving income from existing jobs. Examples include: improving tea cultivation techniques under the Rainforest Project (GEF ID 818); setting up electric fences to prevent damages to crops under the Protected Area Management and Wildlife Conservation Project (GEF ID 878); establishing medicinal plant nurseries for extraction under the Medicinal Plants Project (GEF ID 95); or creating alternative employment opportunities for egg collectors to protect marine turtles under the Coastal Biodiversity Project (GEF ID 802). Many of the livelihoods options selected by the communities are not directly connected to the use of natural resources in the protected areas, which has had a positive impact on the parks/reserves in terms of reduced encroachment and extraction. Promotion of eco-tourism associated with natural resource based livelihoods has increased, but has benefitted a small segment of the buffer zone communities living close to park/reserve entrances. These communities can set up accommodation options for tourists more easily, or can afford a larger investment into safari jeeps, and/or are employed as tourist guides. A negative aspect of the livelihood activities introduced was the provision of individual loans, many of which were not reimbursed, and have resulted in some of the CBOs having disbursed them becoming non-active after some time. In the case of the Protected Area Management and Wildlife Conservation Project (GEF ID 878) some of the loans granted to individuals were particularly large.

Communities have also received benefits from group activities through the Protected Area Management and Wildlife Conservation Project (GEF ID 878) and Rainforests Project (GEF ID 818). These activities include construction of roads or irrigation canals, or the setup of electric fences to control wild elephant attacks, among others. Overall, the livelihood component of biodiversity projects has helped to build relationships with the forest/park officials and can be seen as a driver in community participation in conservation activities such as reducing encroachment, illegal activities, involvement in maintenance of fences, clearing invasive species and reporting illegal activities (vigilance). The relationship with the forest/park officials and vigilance is continuing today, although not uniformly in all projects. The staff of executing agencies and community groups felt that there is a need for introducing livelihood activities periodically in order to spread the benefits to more people, especially among the younger generations, and to get their support for conservation.

The SGP projects have particularly focused on joining the livelihood options with sustainable management of natural resources and as a result have contributed to conserve natural resources on a local level. Some grants have resulted in marketable products (rush and reed products, vegetables and treacle) while others have gained income through a change in practices (ecotourism, land use planning and home gardens). Some of the projects have been recognized locally and internationally as best practices (i.e. the rush and reed project and the traditional yams project). Interviewed SGP officers in UNDP stated that around 60% of the grants can be considered as successful and lasting beyond GEF funding, but recognized that scaling up has not yet occurred.

In the renewable energy projects the contribution to livelihoods may not be as strong as in biodiversity ones, but nevertheless contributed to fulfill a basic need for rural communities. Impact on livelihoods for family owned enterprises was that they were able to extend their working hours and hence productivity. However, the impact on enhancing employment in the area is not significant. The capacity building activities conducted by the GEF renewable energy projects led to the setup of about fifteen ESCOs that continue to operate today, and the model has been replicated in Africa and other South Asian countries.

### 1.3.2 Relevance

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

As seen in the description of the country environmental legal framework analysis (see Chapter 3 and Technical Document A, Volume 2 of this report) Sri Lanka has adequate legal, policy and institutional structures to address its environmental protection and conservation concerns. GEF support was aligned to legal and sectoral plans such as the National Environmental Action Plan, the National Biodiversity Conservation Action Plan, the Coastal Zone Management Plan and the Special Area Management Plan. Furthermore, GEF supported national projects have assisted Sri Lanka to meet its obligations to the various international environmental conventions the country is party to, and to amend national laws and/or develop new plans. Some examples of the above are evidence in the timeline diagram in Chapter 3, and are summarized here below:

- The preparation of the Biodiversity Conservation Action Plan (BCAP) led to Sri Lanka meeting the requirements of Article 6a of the UN Convention on Biological Diversity (UNCBD) as well as providing a comprehensive approach for biodiversity conservation in the country.
- The preparation of first and second communication on United Nations Framework Convention on Climate Change (UNFCCC) were undertaken under GEF enabling activities and these documents have been used to develop national strategies.
- The POPs enabling activity (GEF ID 1777) helped Sri Lanka to prepare the Nation Implementation Plan and also to ratify the Stockholm Convention in 2005.
- The Protected Area Management and Wildlife Conservation Project (GEF ID 878) was responsible for the 2009 amendment of the Fauna and Flora Protection Ordinance, which made it mandatory for the preparation of management plans for all wildlife reserves in the country.
- The National Capacity Self-Assessment (GEF ID 2417) directly served to identify the need for a functional Access to Genetic Resources and Benefit Sharing (ABS) regime in Sri Lanka.
- One year after the startup of the Biosafety enabling activity (GEF ID 875) Sri Lanka became Party to the Cartagena Protocol on Biosafety. Sri Lanka also developed a biosafety policy in 2011.
- The renewable energy projects assisted the country in the increase of use of renewable sources of energy and making renewables a part in the energy mix in the country. These pilots that included setting of the tariff for selling energy to the grid have contributed to push the policy that non-conventional renewable sources would account for 10 percent of the energy generation by 2020.

GEF support has mainly focused on biodiversity and climate change. GEF support to biodiversity has tended to focus on protected area management, contributing to the protection of globally threatened species and critical habitat management, while support climate change focused on renewable energy promotion, contributing to reduction in use of fossil fuels and CO<sub>2</sub> emissions from the generation of electricity from renewable sources. GEF support has not extended to include other important sectors such as transport under climate change. Very few activities addressing land degradation (which was done mainly through MFAs) have been supported and only one project was designed and implemented in international waters.

**Conclusion 8: GEF support is aligned to Sri Lanka's environmental and sustainable development objectives in terms of laws, plans and policies, but weaknesses in the implementation of such laws and policies reduce the full integration of environmental concerns into sectoral agendas**

Sri Lanka's vision for Sustainable Development, as stated in the 10years national development framework *Mahinda Chinthana*, envisions an economy with a green environment and rapid development. The vision is taken forward by the *Haritha Lanka* (Green Lanka), a Programme headed by the President himself, which promotes coordination of sectoral and cross sectoral environmental activities. However, in practice, integration of environmental considerations into sectoral plans and implementation of the laws and policies that would allow for greater protection of natural resources in Sri Lanka do not follow (DoNP and MoFP, 2010).

Participatory processes are used to put in place sustainable benchmarks and activities (such as the *Haritha Lanka* Programme, the National Biodiversity Action Plan and the Climate Change Adaptation Strategy). However, while these processes rely on each sector/department/institution to decide ways of incorporating environmental aspects into their work, with the Ministry of Environment (MOE) providing guidance and legislative coverage, there is no separate financing mechanism to support these activities. The expectations are that these activities are incorporated in the annual budgets of those state institutions.

The lack of technical skills on environmental subjects in government institutions and the lack of a good coordinating mechanism are highlighted in the NCSA (GEF ID 2417) as an area that needs to be addressed for better integration of environmental concerns into the various sectors. The final stakeholder consultation workshop held in April 2013 as a part of this evaluation identified the lack of understanding and technical competencies to tackle sustainability of environmental interventions such as the GEF supported ones as barriers. Attention and interest to develop synergies in content and resources was also seen as not adequate. The experience shared by the Ministry of Environment on efforts to develop collaborative planning as part of the Protected Area Management and Wildlife Conservation Project (GEF ID 878) was that even amongst departments with similar interests, this was not an easy task to accomplish. The overall tendency is to lean towards one's own agendas and plans.

Several laws and regulatory processes exist, for example to control industrial discharges, pollution and air and water quality. Responsibilities for their enactment are shared amongst many institutions, and as the capacity for monitoring pollution levels once the licenses are given on for adhering to the emission limits permitted is weak, enforcement does not happen as it should. The way in which the laws are interpreted and used can also cause divergence and inconsistencies in their enactment. Some areas such as domestic and industrial solid waste are less regulated than others. The situation changes in different parts of the country as environmental protection is managed by the local authorities.

**Conclusion 9: Ownership of projects and their performance is linked to who carried out the design, what sort of process was used and how they are able to align them to their own sectoral priorities and availability of funds**

The level of country ownership in the development of GEF projects differs in each focal area according to national priorities at that point of time. For climate change, both the Ministry of Finance and the Ministry of Power and Energy were keen to develop renewable energy sources in the early 1990s as the national electricity grid's penetration reached only 40 percent of the households. Therefore the support extended by the Government to assist in overcoming issues related to tariffs and power

purchase agreements was strong. The Protected Area Management and Wildlife Conservation Project (GEF ID 878) was designed by external consultants, which caused suspicion about the real intentions of the project and resistance from within government institutions as well as the public (i.e. staff of the DWLC as well as a few NGOs). A legal case was filed against the implementation of certain components of this project, and these activities were modified as a result to incorporate the ideas of the DWLC staff as well as civil society. While it is acknowledged that at the time the expertise to develop the proposals was not there within the DWLC and external support was needed, consideration of the work previously done and a more comprehensive consultative process during project design could have engendered ownership while reducing delays and avoiding legal action. In the case of the Rainforest Project (GEF ID 818), a more participatory process was used to design the project that then generated ownership within the Forest Department. According to the completion report of the Coastal Biodiversity Project (GEF ID 802) expectations of who will participate in project activities as per the roles described in the project design stage did not materialize during implementation, which has reduced buy-in and ownership.

The quality of Government ownership of GEF support is evidenced by its co-financing contributions to approved projects, mainly in kind rather than in monetary terms. Overall Sri Lankan Government's contribution is around 19% in terms of commitments at project approval. The staff time contribution of government officials to the project activities does not sufficiently materialize, due to commitments to their regular work, as was the case in the Coastal Biodiversity Project (GEF ID 802) and the East Coast Tsunami Project (GEF ID 2753).

**Conclusion 10: Although the GEF Sri Lanka portfolio is strongly relevant to global environmental benefits in biodiversity, it is not so well aligned to other GEF focal areas, including land degradation and international waters**

Given that Sri Lanka with high endemism and diversity in its biological wealth, the GEF projects are contributing positively to the protection of these globally valuable species and habitats. Support in climate change mitigation through renewable energy projects have contributed to reducing emissions. However, the more pressing national need as far as climate change is concerned is adaptation, being Sri Lanka an island State which is prone to variability in rainfall and climate change impacts, including natural disasters. However, Sri Lanka has focused on climate change adaptation through a biodiversity project in GEF 4 that combines agriculture and climate change adaptation (GEF ID 4150 - Agro-biodiversity and Climate Change Project). Other funding sources such as the climate change adaptation fund have been accessed, for example a project on Addressing Climate Change Impacts on Marginalized Agricultural Communities Living in the Mahaweli River Basin of Sri Lanka Project (a World Food Programme project approved in 2011).

Sri Lanka is mainly an agricultural country. One of the pressing national problems with regard to POPs is the use of chemical fertilizers. Again GEF support was not used to address this national need. With regard to land degradation, the main problems for Sri Lanka revolve around soil erosion and soil fertility loss, the two major contributors to land degradation in the country. Expanding populations and the need for land for human activities are serious factors that complicate land issues in a small island like Sri Lanka. Land management is identified in the *Haritha Lanka* action Plan as an important area, and although a few projects were identified in both the RAF and STAR programming exercises, no land degradation projects materialized. Links to land management under the biodiversity focal area are observed in some cases, as in the Mainstreaming Agro biodiversity Conservation and Use in Sri Lankan Agro-ecosystems for Livelihoods and Adaptation to Climate Change (GEF ID 4150). Similarly, Sri Lanka is involved

in only one regional international waters project, the Bay of Bengal Large Marine Ecosystem Project (GEF ID 1252) showing that Sri Lanka has not prioritized activities related to its oceans for GEF support.

### 1.3.3 Efficiency

#### **Conclusion 11: The time taken for project approval has increased over time**

The time taken for the approval process has increased over the time, especially for FSPs to progress from Council approval to GEF CEO's approval. In comparison to FSPs in Brazil which take 3.6 years to go from entry in the pipeline to project start-up, Sri Lankan FSPs take an average of 4 years.

With the introduction of the RAF in 2006 projects under GEF4 experienced long delays due to the new procedure according to which project ideas and potential executing agencies were to be identified in consultation with stakeholders at the RAF development stage and it was expected that these projects would then be submitted to the GEF OFP for endorsement. This did not happen and GEF Agencies got involved in the process to assist in finalizing project proposals. In addition, delays were experienced at the approval stages due to the procedures and paperwork required by the National Planning Department (NPD) within the Ministry of Finance. Delays in approval by the GEF Secretariat added to it, which were seen by national stakeholders to be linked to a shortage of funds due to the international financial crisis. All these factors made such that GEF4 projects began registering in the GEF system only in 2009. Delays have been reduced in GEF5. Stakeholders, including from the SGP, stated that delays and lack of proposals were due to proponents' unclear understanding of the GEF approval process and the complexities of the paperwork required by GEF Agencies in submitting proposals.

#### **Conclusion 12: Extension of project implementation has happened mostly in biodiversity projects**

Eleven GEF supported projects have been completed by 2012 with an average implementation period of five years. Climate change projects have been implemented on time, except for the first enabling activity, the 1<sup>st</sup> communication to UNFCCC (GEF ID 309) that took ten years to complete, whilst most of the biodiversity projects have been extended beyond the completion date. In comparison to other GEF countries, the extension time experienced by GEF projects in Sri Lanka is low. The reasons for extension of GEF projects in Sri Lanka are numerous and include issues related to design, management, staffing, funding issues and other external factors, as described below:

- The time for involving the community in conservation activities had been underestimated in the project design for the Medicinal Plants Project (GEF ID 95) and the Protected Areas Management and Wildlife Conservation Project (GEF ID 352) causing delays in the early implementation phase of these projects.
- Project design did not factor adequate time for changes to national laws. The Protected Area Management and Wildlife Conservation Project (GEF ID 878) estimated that the changes to the Fauna and Flora Ordinance could be made within the first year of the project, but it ultimately took seven years. Also in the case of the Sustainable Use of Medicinal Plants Project (GEF ID 95) the progress of enacting the Intellectual Property Rights Act was significantly delayed.
- Lack of technical staff within the DWLC and the opposition to recruitment of qualified external staff had an impact on the progress of the Development of Wildlife Conservation and Protected Areas Management Project (GEF ID 352) and the subsequent Protected Area Management and

Wildlife Conservation Project (GEF ID 878). The recruitment of staff was also hampered due to a moratorium in recruitment to permanent government positions in 2001. The centralized nature of decision making and in particular the limits on spending by field level staff had a negative impact on the activities designed to improve protected areas.

- The constant changes of the parent Ministry in the case of the Sustainable Use of Medicinal Plants Project (GEF ID 95) resulted in the project having to convince of its usefulness to diverse teams of officials, which resulted in several start-stops that impacted the continuity of the project activities.
- The East Coast Tsunami Project (GEF ID 2753) currently under implementation faced a 3 year delay primarily due to shifting the Lead Project Agency among three different Ministries. Changes in timelines and milestones translated into an inability to link with a larger project that was expected to provide administrative support as well as to link in for related activities.

### **Conclusion 13: Monitoring and Evaluation in GEF projects in Sri Lanka is not fully operationalized**

Monitoring and Evaluation (M&E) for GEF projects in Sri Lanka includes the usual tools and reports, starting from the initial project logical framework matrix to quarterly progress and financial reports, annual reports, project implementation reviews, mid-term reviews, terminal reports, implementation completion reports and independent evaluations. In many cases the various M & E reporting steps have not been followed and information has not been recorded adequately. Many projects do not have Project Implementation Reviews (PIR). In the case of some completed projects the evaluation reports indicate that the poor quality of the logical framework matrix has had an impact on the quality of project monitoring. GEF Agencies, including the WB and UNDP, use different M&E systems, implying differences in how project outcomes are assessed. The GEF Project Management Information System (PMIS) does not have up-to-date information on the status of the projects and often project monitoring documentation is not uploaded.

The use of project steering committees has been mixed. The Medicinal Plants Project (GEF ID 95) and the Rural Renewable Energy Project (GEF ID 1545) report positive association with the regular use of the respective steering committees. The Coastal Biodiversity Project (GEF ID 802) and the Rainforest Project (GEF ID 818) report negative association with the frequency and quality of the steering committees.

Both the GEF OFP and the GEF Agencies are seen as not being pro-active enough in their role to ensure that M&E systems are followed, reporting is up-to-date and actions are taken to rectify issues during implementation. The GEFOFP at present does not follow up on projects outside the Environment Ministry's line agencies and does not actively pursue status reports.

SGP stakeholders have also mentioned inadequacies in the way their M&E system is setup. The use of national NGOs as service providers and/or individual experts to conduct monitoring activities is considered by many national stakeholders as biased. In addition, the huge number of projects as opposed by the limited number of SGP staff and the scarce resources allocated for M&E restrict the direct engagement of the UNDP/SGP staff in regular monitoring visits to all sites.

The completion report on the first phase of the Renewable Energy for Rural Economic Development (GEF ID 1545) done in 2011 is the only report that provides information on the level of environmental stress reduction, i.e. the estimation of the reduction of emissions due to the use of renewable energy.

Arrangements or institutions in place to monitor stress reduction or improvement in the environment and/or socio-economic conditions at the systemic level after project completion are weak.

**Conclusion 14: GEF Projects have applied adaptive management to steer project implementation**

Mid-term reviews are the only exception to the overall weakness in M&E. All the completed projects have used the mid-term evaluations/reviews as a means of taking stock and making adaptive management changes to the project where appropriate. Examples include: excluding international NGOs from carrying out biodiversity monitoring due to protests by the public and national NGOs and agreeing on alternative arrangements, as in the Protected Area Management and Wildlife Conservation Project (GEF ID 878); institutionalizing a participatory village model to promote sustainable use of medicinal plants in the Medicinal Plants Project (GEF ID 95); increasing and/or continuing the training on productivity of tea land as this reduced the pressure on the forest in the Rainforest Project (GEF ID 818); allowing the micro-finance institutions to act as project credit institutions, which caused a reduction of interest costs for borrowing by households for solar systems and its expanded use in the Energy Services Delivery Project (GEF ID 104).

**Conclusion 15: Different project implementation modalities have shown mixed levels of synergy and stakeholder coordination**

There have been few projects that involved multiple GEF Agencies, but the most recent projects, designed during GEF4 and GEF5 are showing involvement of diverse GEF Agencies, each of whom brings in a different set of expertise. It is too early to conclude on the actual efficiency of the newly introduced multi-agency execution modality.

Projects have also been varied in terms of the executing structures that have been put in place that have involved different numbers of national executing agencies and other types of national stakeholders and/or service providers. Different project implementation modalities have been adopted based on the specific design features and technical needs of the different projects. In the case of the Rainforest Project (GEF ID 818) the Forest Department was the only responsible executing agency; but it brought in specialized institutions for particular activities such as training communities in businesses. In the Coastal Biodiversity Project (GEF ID 802) unclear roles amongst the implementers and differences in opinions concerning conservation strategies among the stakeholders involved has affected efficiency and ultimately the eventual achievement of expected results. In the Rural Renewable Energy Project (GEF ID 1545) the clear definition of roles for each stakeholder institution and the holding of regular coordination meetings that also included communities have been efficient and contributed positively to project results.

**Conclusion 16: Different budget cycles of the Sri Lankan Government and the GEF project cycle result in longer time taken for project approval**

The Sri Lankan Government budget planning cycle occurs on an annual basis. If the national budget cycle is missed national approval of a project proposal can be delayed by a year. In turn, delays the submission of the proposal to the GEF Secretariat can also take place, and the approval process can go beyond one year, depending on requests for modification or further information. Both the Sri Lankan Government – through the National Planning Department in the Ministry of Finance – and the GEF require a different set of paperwork that adds to delays. In order to speed up the project proposals submission process, the GEF OFP introduced the practice of sending the endorsed proposals at the

same time both to the National Planning Department and to the GEF Secretariat. At the final stakeholder workshop the following reasons for delays in getting approval by the National Planning Department for the proposals submitted were mentioned: a) lack of linkages with larger national goals and consequent inability of proving its relevance to national development and b) a corresponding difficulty to obtain government's co-financing for environmental projects.

#### 1.3.4 Recommendations

##### To the GEF Council

**Recommendation 1:** In compliance with the 4<sup>th</sup> minimum requirement of the GEF M&E Policy, GEF Agencies should ensure that M&E reports are made available to the GEF OFP and relevant national stakeholders

The available evidence has shown gaps in the way M&E is performed. Project M&E systems are in place, but besides MTRs the information they produced is not used for learning. Progress reports are either not available in the GEF PMIS or not distributed to all concerned stakeholders. Terminal evaluations have not been completed for all closed projects. Environmental stress monitoring and improvement in environmental status was done only in one project. As a consequence, limited M&E information is readily available to stakeholders to refer to for project design and proposal preparation, as well as for the creation of synergies among stakeholders, both at the initial stages and during project implementation, to build on activities already carried out and more importantly to share lessons for scaling up.

GEF Agencies should ensure that regular monitoring takes place using the tools that are in place and more importantly that basic M&E information is regularly transmitted to the GEF OFP and other concerned national stakeholders, in full compliance with the 4<sup>th</sup> minimum requirement of the GEF M&E Policy.

Gaps in M&E have been acknowledged by the GEF OFP. During the final stakeholder workshop the OFP announced that the Ministry of Environment is planning to set up a monitoring unit and a project management information system for the entire portfolio of its environmental projects, including those funded by international institutions like the GEF. The project M&E information transmitted by GEF Agencies would be uploaded in the Ministry's newly established management information system and through it made available to the relevant national stakeholders.

##### To the Government of Sri Lanka

**Recommendation 2:** The GEF OFP should steer the national portfolio formulation for GEF6 in a way that all the crucial environmental challenges Sri Lanka faces are addressed, including land degradation and international waters

From its inception the focus of GEF support to Sri Lanka has been on biodiversity and climate change. GEF projects in these two focal areas have shown to be in line with national priorities as well as with the strategic objectives of the various operational programs of these two focal areas, especially for what concerns protected area management in biodiversity and renewable energy in climate change. However, there is room for the country and its institutions to expand on other types of projects in

these focal areas. One example is transport in climate change. The portfolio shows that few projects have addressed land degradation and international waters, while it is recognized that land management and marine area conservation are crucial measures to facing some of the country's key environmental challenges.

Sri Lanka went through two comprehensive national portfolio formulation exercises, the first one for programming GEF4 resources under the RAF and the second one for GEF5 under the STAR resource allocation system through the voluntary National Portfolio Formulation Exercise (NPFE) support modality. In GEF4 project ideas in land degradation and international waters were shortlisted by the stakeholders at the portfolio programming stage, which later did not materialize into concrete project proposals. Some land degradation projects were proposed in GEF5, but none on international waters. Both land degradation and marine ecosystem health are priority areas for Sri Lanka in the *Haritha Lanka* Action Plan. The GEF OFP, with support from the GEF Agencies, should liaise with the national institutions responsible for these subjects and develop proposals for future GEF funding to be included in the next portfolio formulation exercise for GEF6.

**Recommendation 3: The Ministry of Environment should play a stronger role in systematically coordinating the GEF portfolio for greater impact and sharing of lessons, including across sectors**

Sharing of lessons has been weak and sporadic. GEF projects have a tendency to work in isolation or link or share lessons only within the Ministry of Environment or its departments. At times, lessons are taken forward through ad hoc circumstances as in the case of renewable energy where more recent projects follow up phases of earlier projects. In other cases, lessons were transferred through staff transfers from one department to another. No structured links exist to build on the results achieved by the SGP programme and bridge to the policy level work as well as to larger projects for scaling up.

The Ministry of Environment is entrusted with the coordination of activities in the environmental sector and the GEF OFP is expected to play a more proactive and systematic coordination role in ensuring that the GEF portfolio is mainstreamed horizontally across sectors. GEF projects should be made aware of the activities being carried out by each other so that synergies and links are established across project activities. The first step for doing this will be through the next national programming exercise for GEF6, which preparations should start in early 2014, and anyway before the end of GEF5, to prevent delays. The GEF OFP can also seek support from the GEF Agencies in promoting concrete linkages between GEF projects, and other projects they are responsible for.

**Recommendation 4: The GEF OFP should ensure that project proposals have a clear link to national priorities prior to submission through the national as well as the GEF approval process**

GEF support has contributed considerably to advancements of the environmental agenda in Sri Lanka. GEF effectiveness can be further advanced if the links to national priorities are more clearly envisioned and used to leverage funds, build partnerships and mobilize stakeholders, as was done in the renewable energy projects. Besides, the National Planning Department has delayed co-financing approval for project proposal as their alignment to national priorities was not clear. The GEF OFP should ensure that national project proposals submitted for endorsement are aligned with national priorities and explain how the benefits of the environmental component link to the national sustainable development agenda and related national plans (such as the *Haritha Lanka*, the *Mahinda Chintana* or the BCAP). At the final stakeholder workshop several participants suggested that a

committee be established with relevant stakeholders including from the National Planning Department, where project ideas can be discussed from the onset and the links and sectoral buy-in can be discussed and negotiated upfront. The GEF OFP should lead this process.