UNDP Project Document
for projects financed by the various GEF Trust Funds

Project title: Partnerships and Innovative Financing to Mainstream Biodiversity and Sustainable Land Management in the Wet Climatic Zone of Sri Lanka		
Country: Sri Lanka	**Implementing Partner (GEF Executing Entity): Ministry of Environment**	**Execution Modality***:* UNDP CO support to NIM
Contributing Outcome (UNDAF/CPD, RPD, GPD)*:* **United Nations Development Assistance Framework (UNDAF) 2018-2022, Outcome 4**: By 2022, people in Sri Lanka, in particular the vulnerable and marginalized, are more resilient to climate change and natural disasters and benefit from increasingly sustainable management of natural resources, better environmental governance and blue/ green development. **UNDP Sri Lanka Country Programme Document, 2018-2022, Output 2.2:** Policies, systems and technologies in place to enable people to benefit from sustainable management of natural resources**. UNDP Strategic Plan 2022-2025: Signature Solution 4**: Environment; Output 4.1: Natural resources protected and managed to enhance sustainable productivity and livelihoods.		
UNDP Social and Environmental Screening Category: Substantial	**UNDP Gender Marker:** GEN 2	
Atlas Award ID: 00137976	**Quantum ID: 00128166**	
UNDP-GEF PIMS ID number: 6504	**GEF Project ID number:** 10537	
LPAC meeting date: 5 January 2023		
Last possible date to submit to GEF: 22 September 2022		
Latest possible CEO endorsement date: 15 November 2022		
Project duration in months: 60		
Planned start date: 5 April 2024	**Planned end date: 4 April 2029**	
Expected date of Mid-Term Review: 1 September 2026	**Expected date of Terminal evaluation: 30 December 2028**	
Brief project description: The project objective is to conserve globally significant biodiversity by improving land management practices in tea and rubber production areas in the Wet Climatic Zone through innovative Private-Public-Community Partnerships. It is aimed at increasing private sector financing for conservation of high conservation value forests and riparian habitats and introducing improved environmentally-friendly practices within tea and rubber plantations and smallholdings through promotion of alternative business models and incentives that support conservation and improved land management. The project strategy is intended to harness innovative private sector financing through: (a) enhanced public-private-community partnerships to conserve remaining high biodiversity value forests within the plantation estates; (ii) enhance connectivity of the currently fragmented forest ecosystems, in particular through improved practices within plantation lands, restoration of degraded tea and rubber lands to its natural vegetation (through promotion of assisted natural regeneration using native species) and improving native vegetation along stream and river banks; (iii) enhance the health and diversity of soil biota and aquatic biodiversity and achieve improved land cover, primary production and soil organic carbon through improvement of land management practices in plantation estates and small-holdings as well as reduce chemical use and soil leakage to streams and rivers; and (iv) increase productivity of plantations by testing out new business models with a corresponding diversification and increase in revenue so as to enhance co-benefits to private plantations and neighbouring smallholders and associated communities and provide best practices and incentives for investment in the conservation of forests (natural forests occurring on the		

plantation estates) and achievement of Land Degradation Neutrality (LDN). To achieve this, actions will be taken to strengthen capacity, planning and coordination on the one hand as well as demonstrate sustainable plantation practices and land management biodiversity conservation and habitat protection and restoration, and alternative livelihood and resource use options for local communities and plantation labor.

This will be achieved through the implementation of three inter-related and mutually complementary components that are focused at addressing existing barriers. The three components of the project are:

Component 1: Conservation and Restoration of High Conservation Value Forests (HCVFs) in the tea and rubber plantations;

Component 2: Innovative Public-Private-Community Partnerships for Biodiversity Conservation and Sustainable Land Management in Plantation Sector; and

Component 3: Knowledge Management, Gender Mainstreaming, Learning, and Monitoring and Evaluation.

(1) FINANCING PLAN	
GEF Trust Fund grant	USD 4,005,251
UNDP TRAC resources[1]	
(1) Total Budget administered by UNDP	**USD 4,005,251**
(2) CONFIRMED CO-FINANCING	
Ministry of Plantations (Grant/investment mobilized)	USD 29,600,000
Ministry of Environment (In-kind/Recurrent expenditure)	USD 200,000
Dilmah Ceylon Tea Company PLC (Grant/Investment Mobilized)	USD 1,328,249
Elpitiya Plantation Company (Grant/investment mobilized)	USD 302,500
Hayleys Plantations (Grant/Investment mobilized)	USD 6,870,330
English Tea Shop (Grant/Investment mobilized)	USD 1,000,000
UNDP (In-kind/Recurrent expenditures)	USD 500,000
(2) Total confirmed co-financing	**USD 39,801,079**
(3) Grand-Total Project Financing (1)+(2)	**USD 43,806,330**

SIGNATURES:

Signature: Mr. B.K. Prabath Chandrakeerthi, Secretary, Ministry of Environment	**Agreed by Government of Sri Lanka** B.K. Prabath Chandrakeerthi Attorney-At-Law Secretary Ministry of Environment	**Date/Month/Year:** 08/04/2024
Signature: Mr. B.K. Prabath Chandrakeerthi, Secretary, Ministry of Environment	**Agreed by Implementing Partner** B.K. Prabath Chandrakeerthi Attorney-At-Law Secretary Ministry of Environment	**Date/Month/Year:** 08/04/2024
Signature: Ms. Azusa Kubota, Resident Representative, UNDP Sri Lanka	**Agreed by UNDP** UNITED NATIONS * COLOMBO - SRI LANKA *	**Date/Month/Year:** 08/04/2024

[1] This is not a mandatory requirement.

Acronyms

ADB	Asian Development Bank
BIOFIN	Biodiversity Finance
BPPS NCE-VF	Bureau for Policy and Program Support, Nature, Climate and Energy, Vertical Fund team
BSL	Biodiversity Sri Lanka
CBD	Convention on Biological Diversity
CCC	Ceylon Chamber of Commerce
CDF	Community Development Forum
CSO	Civil Society Organization
CTRM	Ceylon Tea Road Map
DC	Dilmah Corporation
DWC	Department of Wildlife Conservation
EIA	Environment Impact Assessment
ESCAMP	Ecosystems Conservation and Management Project
ESIA	Environment and Social Impact Assessment
ESMF	Environment and Social Framework
FAO	Food and Agriculture Organization
FD	Forest Department
FSC	Forest Stewardship Council
FSP	Full Sized Project
GAP	Good Agricultural Practice
GCE	General Certificate of Education
GCF	Green Climate Fund
GEF	Global Environment Facility
GEFSEC	Global Environment Facility Secretariat
GRM	Grievance Redressal Mechanism
HCS	High Carbon Stock
HCV	High Conservation Value
HCVF	High Conservation Value Forest
HWC	Human Wildlife Conflict
IAS	Invasive Alien Species
IPM	Integrated Pest Management
IUCN	International Union for the Conservation of Nature
KAP	Knowledge Attitudes and Practice
LDN	Land Degradation Neutrality
LUPPD	Land Use Policy Planning Department
MOE	Ministry of Environment
MPI	Ministry of Plantation Industries
MSP	Medium Sized Project
NAP	National Adaptation Plan
NCR	National Conservation Review
NGO	Non Governmental Organization
PALM	Participatory Action and Learning Methodologies (Foundation)
PHDT	Plantation Human Development Trust
PIF	Project Identification Form
PIR	GEF Project Implementation Report
POPP	Program and Operations Policies and Procedures
PPG	Project Preparation Grant
RA	Rainforest Alliance
RDD	Rubber Development Department
RPC	Regional Plantation Company
RSPO	Roundtable on Sustainable Palm Oil
SDG	Sustainable Development Goals
SEA	Strategic Environment Assessment

SESP	Social and Environment Screening Procedures
SLBBP	Sri Lanka Business and Biodiversity Platform
SLM	Sustainable Land Management
SLSI	Sri Lanka Standards Institution
SLTB	Sri Lanka Tea Board
SME	Small and Medium Enterprise
SRM	Stakeholder Response Mechanism
STAP	Scientific Technical Advisory Panel
TCD	Tea Commissioner's Department
TSHDA	Tea Small Holder Development Authority
TRI	Tea Research Institute
UNCCD	United Nations convention to Combat Desertification
WHO	World Health Organization

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II. DEVELOPMENT CHALLENGE

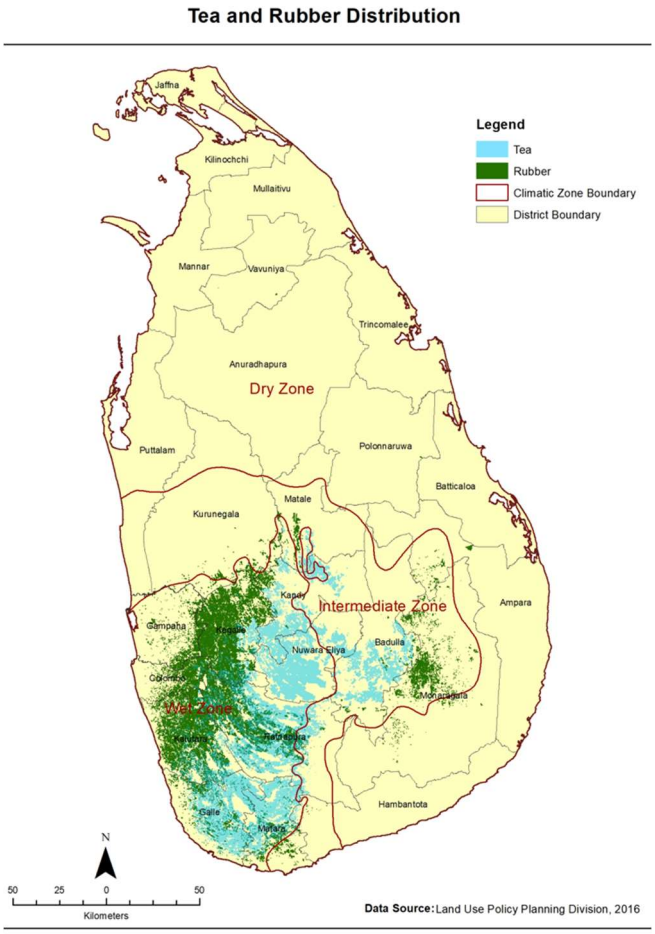
1. This project aims to integrate biodiversity conservation and sustainable land management practices within the private sector tea and rubber plantations in the wet climatic zone of the country. The project's intervention is to support a set of targeted outputs that will support biological and land degradation assessments and provide technical guidance to promote alternate business models for tea and rubber plantations through partnerships between the public sector, private sector (mainly the plantation sector), smallholder groups and local communities, including estate labour. To promote this approach, the project also seeks to harness innovative private sector financing through public-private-community partnerships to conserve remaining high conservation value forests (HCVF) within the plantation estates; enhance connectivity of the currently fragmented forest ecosystems, in particular through improved practices within plantation lands, restoration of degraded tea and rubber lands to its natural vegetation; enhance the health and diversity of soil biota and aquatic biodiversity and achieve improved land cover, primary production and soil organic carbon through improvement of land management practices in plantation estates and small-holdings. It will also focus on efforts to reduce chemical use and soil leakage to streams and rivers; and increase productivity of plantations by testing out new business models with a corresponding diversification and increase in revenue so as to enhance co-benefits to private plantations and neighbouring smallholders and associated communities and provide best practices and incentives for investment in the conservation of forests and achievement of land degradation neutrality (LDN).

2. The project comes at a time when private sector investments and business practice transformation is hindered by the Sri Lanka's slack growth, high production costs and low prices for agricultural commodities such as spices, tea and rubber in international markets. The tea plantation sector, while interested in conservation and long-term land conversion into sustainable models, is facing the challenge of making choices between economic and conservation interests. The sector attributes the declining economic situation to low labour productivity and high production costs. The plantation model itself is questioned by experts who suggest that it may be more feasible to turn these lands in to forests and restore the watersheds rather than continue with tea, but the industry that is still among Sri Lanka's top foreign exchange earners and employs some 200,000 persons in 2011[2] has an important place in the economic map of Sri Lanka. Hence securing private sector investment, especially from the plantation sector for conservation and forest restoration would require new plantation models that could deliver economic benefit and social safeguards as well. This is particularly relevant, in

[2] http://www.seu.ac.lk/researchandpublications/symposium/5th/religiousandculturalstudies/51.pdf

recognition that the tea and rubber industry is facing a more sensitized consumer market that requires its products to meet internationally recognized environmental, social and human rights standards. This would require that tea and rubber sector to develop and adopt innovation to its business model in order to compete internationally.

3. Plantation exports, especially tea is one of Sri Lanka's top exports and foreign exchange earners. The industry is highly stratified from crop production to tea processing to tea trading and exporting. Tea and rubber plantations are situated in the country's rain-rich wet zone and some parts of the intermediate zone, spread over the central mountain massif which is also the watershed for most of Sri Lanka's major rivers. The total extent of tea is 210,000 ha and rubber is 138,000 ha and in Wet Zone districts where plantations are dominant, it comprises over 25% of the land use. Around 150,000 estate workers and over 625,000 smallholders are engaged in the cultivation of tea and rubber. Around one million people (roughly 5% of the country's population) live on plantations managed by the RPCs (Regional Plantation Companies). Tea from Sri Lanka is internationally recognized for its flavour and colour, depending on altitude, rainfall and dry periods. However, the industry believes that it has entered its most challenging decade yet- trying to maintain productivity, profits and environmental and social safeguards required by buyers.



Map 1: Distribution of Tea and Rubber Plantations

***(Map disclaimer:** The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations or UNDP concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries)*

4. A high level of biodiversity is found in the wet (as well as the intermediate) climatic zones of Sri Lanka, and is regarded as one of the 36 recognized biodiversity hot spots of the world[3]. The lowland wet and highland montane ecosystems of the island contains 60% and 34% respectively of the endemic flowering plants of the country. In terms of the

[3] Conservation International. (2021). https://www.conservation.org/priorities/biodiversity-hotspots

faunal diversity, a significant part of the 930 vertebrate species, of which 30% are endemic, along with the majority of the endemic species among the amphibians is ~85%, reptiles~ 60% and freshwater fishes 50% are round in these ecological zones. In the invertebrate groups studied in depth, the endemic species component among freshwater crabs is 98%, land snails (80%), dragonflies (40%) and butterflies (10%)[4], most of which are found in the lowland wet and highland montane ecosystems[5], including in the areas where tea and rubber plantations occur. The wet zone forests, being intricate biological systems that contain many endemic and rare species with specific niche requirements, changes within the forest ecosystem have implications for these specific niche dependent species. Some species, that are niche dependent such as land snails, reptiles and amphibians are severely affected by forest floor and leaf litter removal that also cause drier ground conditions that are not conducive for their survival.

5. While, Sri Lanka has a forest cover of 29.15%[6] of the country, less than one-sixth (or approximately 320,000 hectares) of these forests are in the biologically rich wet climatic regions of the country[7]. A significant part of the forests in these two climatic zones, occur outside the protected area network, including within the tea and rubber plantations, and most of these forests are fragmented into smaller patches of 200 hectares or less. These small forest patches contain irreplaceable biodiversity (endemic species and genera) that need conservation to prevent its loss. Most of the endemic species that are found in these forests are small and less agile than the mega-vertebrates in the Dry Zone, hence making these small patches of forests important conservation refuges. This is exemplified by surveys in the Central Highlands that showed the presence of 245 faunal and 158 floral species within a single tea plantation, comprising 22 amphibian species (73% endemics), 19 reptile species (53% endemics), 95 bird species (11% endemics) and 21 mammal species (10% endemics). The invertebrates recorded from the study comprised of 43 species of butterflies (2 endemics), 18 species of land snails (8 endemics) and 27 *odonate* species (7 endemics). Eleven of the 158 species of plant recorded were endemic.

6. Forests in the wet zone has undergone a marked decline during the last 150 years, where nearly 50% of the forest areas in the wet zone have been converted to large plantations of coffee, tea, rubber and coconut or human settlements. Credible data regarding forest cover loss in recent times is not available for the districts. Given, that the extent of forests in the wet zone is relatively small (less than 10%) compared to the total forest area of the country, these forests harbor about 75% of the endemic species of the country. A significant number of these species have very restricted distribution and confined to small scattered patches of forests (most forest patches are less than 100 hectares). The biologically rich forests in the wet zone faces the following challenges: (i) wet zone forests are highly fragmented resulting in small forest patches with sink populations that have become extirpated over the years. As a result, many of the small forest patches support fewer species than they potentially can; (ii) many of the endemic species are restricted to one or few forest patches that seriously undermine their long-term conservation potential and many of the forest fragments are encroached at the boundaries resulting in slow loss of forests as supported by the data shown in table above. Thus, he Wet Zone forests, even though they exist as small, fragmented patches keep yielding new species. While the Biodiversity Profile of Sri Lanka (an addendum to the 6th National Report on Biodiversity) provides an updated list of species up to end 2018, the very next year 53 new species were discovered[8]. This included 26 spiders, (14 cellar spiders, seven jumping spiders, four crab spiders and a tarantula), one scorpion species, five mites and ticks, 14 reptiles (13-day geckos belonging to genus *Cnemaspis* and one species of snake), one species of shrub frog and six species of lichens. Again in 2020, 37 new species were recorded in Sri Lanka including 12 species of vertebrates, 24 species of invertebrates and 1 species of orchid. The vertebrates recorded include, three species of fish *Devario memorialis*, *Laubuka hema* and *Rasbora adisi*, four species of snakes [*Rhinophis mendisi, Rhinophis gunasekarai*, *Dryocalamus chithrasekarai* and *Dendrelaphis wickrorum*; three species of skinks, namely *Lankascincus merrill*, *Lankascincus sameerai*, *Eutropis resetarii*; one species of lizard *Ceratophora ukuwelai*; and one species of gecko *Cnemaspis manoae*. The invertebrates recorded include, one species of Jellyfish (*Carybdea wayamba*); one species of grasshopper (*Cladonotus bhaskari);* one species of scorpion (*Srilankametrus pococki*); one species of mayfly

[4] MoMD&E (2016). National Biodiversity Strategy and Action Plan 2016-2022. Colombo, Sri Lanka: Biodiversity Secretariat, Ministry of Mahaweli Development and Environment. xxi + 292 pp.

[5] MoMD&E 2019 Biodiversity Profile – Sri Lanka, Sixth National Report to the Convention on Biological Diversity, Biodiversity Secretariat, Ministry of Mahaweli Development and Environment, Sri Lanka. pp.200

[6] Forest Department, 2020

[7] Sathurisinghe, A (2017). Forests and Poverty Alleviation in Sri Lanka, Revisting the Poverty Reduction Agenda of the context of SDGs: Opportunities and challenges for Asia-Pacific Forestry.

[8] Sumanapala, AP (2019). 2019: The year Sri Lanka's stunning new species came to light (commentary). Mongabay. https://news.mongabay.com/2020/01/2019-the-year-sri-lankas-stunning-new-species-came-to-light-commentary/

(*Indoganodes tschertoprudi*); two species of stalk-eyed flies (*Teleopsis neglecta* and *Teleopsis sorora*); four species of water mites [*Piona srilankana*, *Neumania edytae*, *Krendowskia (Krendowskiella) srilankana*, *Mideopsis ewelinae*]; five species of beetles (*Clidicus minilankanus*, *Neoserica dharmapriyai*, *Selaserica athukoralai* and *Maladera galdaththana*, *Maladera cervicornis*); two species of Pholcid spiders (*Wanniyala badulla* and *Wanniyala batatota*); seven new species of jumping spiders (*Habrocestum liptoni*, *Stenaelurillus ilesai* and *Tamigalesus fabus*), (*Synagelides hortonensis*, *Synagelides lakmalii*, *Synagelides rosalindae* and *Synagelides orlandoi*) where the genus *Synagelides* was recorded for the first time in Sri Lanka. A single species of Orchid, *Gastrodia gunatillekeorum* was recorded from Sinharaja Rainforest[9].

7. The majority (95%) of these species were discovered from the Wet Zone from Nuwara Eliya, Ratnapura, Kandy and Galle districts amply demonstrating the yet undiscovered biodiversity richness of these forests. The majority of these species are adapted to very specific conditions making these fragmented forests and riparian ecosystems critical in the conservation effort.

Key Threats to forests and endemic/ threatened biodiversity and ecosystems

8. The key threat facing these biodiversity hot spots include first, pressure on the natural and semi-natural habitats, resulting in the transformation of most areas into human settlements, agriculture and related infrastructure. Second, significant threats arise from the over-exploitation for the export trade of many colorful endemic freshwater fishes and forest exploitation for timber, fodder, and fuel wood as well as hunting which is common among forest-adjacent communities and plantation labor causing further degradation and forest depletion as well as fuel wood extraction to meet the thermal needs of tea and rubber factories and estate labor. Third, unsustainable agricultural practices, in particular in the Central highland has resulted in extensive soil erosion and declining soil fertility. Soil erosion is considered to be more severe in tea plantations because of cultivation on steep slope and poor crop and land management practices under plantations and other agricultural lands[10]. Soil fertility decline and reduction in crop yields in agricultural and plantation croplands over the past several decades has been attributed to the loss of valuable topsoil due to erosion. The Central Highlands are also the major contributors for supplying vegetables for local consumers and earning foreign revenue from tea and rubber. Fourth, reforestation practices in this region have been dominated by fast growing non-native species, now recognised as detrimental to the biodiversity and survival of ecosystems and local biodiversity. Fifth, climatic changes, in particular can raise the prospect of increased invasive alien species (IAS) proliferation. The primary threats to biodiversity and direct causes of ecosystem degradation in the wet climate zones are:

9. Demand *for land for tea/rubber smallholding expansion leads to fragmentation of forest habitat and forest and land degradation:* There is an increased demand for tea and rubber production. There are number of public-funded programmes and incentive schemes to encourage new planting and expansion of tea. These programmes offer subsidies and low-interest credit to farmers and smallholders to prepare land, buy planting material and inputs such as fertiliser and weed control. This tea expansion happens mostly in districts such as Ratnapura, Kalutara, Galle and Matara where there are still some important remnant forest areas. This has resulted in loss of habitat, habitat degradation and forest fragmentation in these districts. Expansion of tea smallholdings has been considered one of the direst threats to the remaining lowland rainforests and sub-montane forest ecosystems in Wet Zone[11]. In addition, cultivation of vegetables, spices such as cinnamon and cardamom also impact on the remaining forests pushing against the boundaries of protected areas, forest plantations and remaining forests in these districts. As a consequence, there has been encroachment of forest reserves along streams and rivers and grasslands. Hence, the small patches of forests that are still remaining in the tea and rubber plantations that are rich in endemic and threatened species need to be protected to preserve its valuable biodiversity and associated endemic and endangered species. Unless these forest patches and associated riverine habitats are recognized and demarcated with specific measures to manage these, it is likely that key endemic and threatened species that are contained within the private plantations will be lost forever. In addition to the loss of biodiversity, forest degradation has resulted in the loss of topsoil, soil compaction, loss of soil structure and poor drainage and soil acidity problems. The absence of stream bank vegetation, poor construction of stones walls, uncontrolled livestock access and cultivation too close to the stream banks has led to bank

[9] Weerakoon DK. And Sumanapala A.P. 2021: Unveiling the living treasures of Sri Lanka. A report on the new species discoveries during the year 2020. Loris **29**(3): 14-20.

[10] Jayasekera, M.J.P.T.M et.al: (2018). Mapping of Soil Erosion Hazard Zones of Sri Lanka. Tropical Agriculture Research Volume 29

[11] https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo colombo/documents/publication/wcms_722289.pdf

erosion problems. Sediment that reaches streams or watercourses can accelerate the erosion process, clog drainage ditches and stream channels, deposit silt in water bodies, cover fish spawning grounds and reduce downstream water quality. Pesticides and fertilizers, frequently transported along with the eroding soil can contaminate or pollute downstream water sources.

10. *Exploitation and over-extraction:* Many colourful endemic freshwater fishes (e.g. *Puntius nigrofasciatus, P. titeya, P. cumingii,* and *Rasbora vaterifioris*) that are found in the wet climatic zone are over-exploited for the export trade, leading to drastic decline in their populations. Similarly, endemic aquatic plants such as *Cryptocoryne spp., Aponogeton spp.* and *Lagenandra spp*. are also over-exploited from wild habitats for export purposes. Insufficient enforcement with the support of the local government enforcement agencies and monitoring has constrained the ability to prevent such exploitation. Forest exploitation for timber, fodder, and fuel wood as well as hunting is also common among forest-adjacent communities and plantation labour causing further degradation and forest depletion. In addition, the fuel wood extraction to meet the thermal needs of tea and rubber factories is also a continuing destructive practice. Reducing and managing the demand for timber and non-timber forest products, especially fuel wood, by substituting with alternative renewable energy technology and certification of sustainable forest management is needed to control over-exploitation as well as improved coordination with law enforcement agencies (such as the Forest and Wildlife Conservation Departments) is necessary

11. *Invasive alien species (IAS):* Reforestation practices in this region have been dominated by fast growing non-native species, now recognised as detrimental to the biodiversity and survival of ecosystems of the Wet Zone. However, there is now a better understanding of the impacts of non-native species and there are efforts to prevent the clearing of native forests for raising forest plantations of non-native species. Non-native fast-growing species such as *Pinus*, *Albizia*, *Swietenia*, *Eucalyptus* and *Mahogany* are now largely grown on degraded lands, *Eucalyptus* (a non-native species, and not listed as an IAS) is mainly grown to provide firewood for the tea estates and workers. In other areas, several species of invasive alien flora (*Clusia rosea*, *Dillenia suffruticosa* and *Alstonia macrophylla*) and fauna (*Poecilia reticulata, Xiphophorus maculatus and Xiphophorus helleri*) have however, caused adverse impacts on native fauna, flora and their habitats, by functioning as superior competitors for resources, predators, pests and disease vectors. The Clown Knife Fish (*Chitala ornata*), a voracious carnivore was introduced as an ornamental aquarium fish, has now established breeding populations in streams and reservoirs in the wet zone is competing with threatened endemic freshwater fish. The spread of *Annona glabra*, *Dillenia suffruticosa* and *Eichhornia crassipe*s has resulted in degradation of the remaining marshy habitats of the threatened blind eel (*Monopterus spp*.) in the Wet Zone of Sri Lanka. Climatic changes, in particular can raise the prospect of increased IAS impacts.

12. *Unsustainable agricultural and other land use practices* in the Wet Zone, in particular in the Central highland has resulted in extensive soil erosion and declining soil fertility. Extensive use of land for potato cultivation without proper soil conservation measures, growing of vegetables and tea planting on sloping lands are also major reasons for soil erosion. In addition, there are unproductive and abandoned tea plantations in the lower elevations where further degradation occur due to soil erosion. Large plantations are also designed and operated, in most cases for a single purpose (mono-cropping) with limited consideration of broader ecosystem values and the large societal and environmental costs associated with the single purpose approach. As a consequence, there is concomitant loss or decline of biodiversity, soil erosion, diminishing freshwater and/or aquatic resources and reduced recreational uses downstream. The use of chemical fertiliser, pesticides and fungicides is also rampant causing depletion of organic soil content and pollution of rivers and streams. While Sri Lanka has banned many POPs (Persistent Organic Pollutants) that are detrimental for human health and eco-systems, the continued practice of chemical use and the resultant deterioration of soil quality, fertility and eutrophication of water sources is a serious threat. The threat is especially high considering that Sri Lanka's endemicity is largely found in the wet zone, in its forests and aquatic environments. Amphibians, fish, reptiles and insects that thrive in riparian habitats and freshwater ecosystems are extremely vulnerable. Establishing settlements in environmentally sensitive areas coupled with forest clearing is another major cause of soil erosion in the Central Highlands of Sri Lanka. However, there are attempts to reverse some of the adverse impacts of monocultures through the Rainforest Alliance Certification process that needs to be further strengthened and expanded through the plantation sector.

13. *Water pollution and loss of watershed:* The tea and rubber landscape overlay important catchment areas in Sri Lanka's Central Highlands. These streams and tributaries finally form Sri Lanka's major rivers providing urban water supply,

hydropower, irrigation to much of the country. Cultivation practices, including tea, rubber, vegetables, and spices, pollute river tributaries with agro chemicals, agriculture waste and sedimentation from soil degradation and erosion. In addition, rivers and its tributaries are also adversely affected by gem mining, sand mining, and industrial discharge, disposal of solid waste from villages and estate community housing. Another serious threat to the water resources in the catchments comes from over-extraction of water from springs and streams in the high elevations for consumption and vegetable cultivation. This type of over extraction, coupled with climate change and depleting forest cover has led to early stream drying in many parts of the Wet Zone hill country causing temporary water shortages for downstream villages and severe impacts to some riverine ecosystems.

14. *Human-wildlife conflict*: The majority of the species that cause conflict are either endemic or threatened species such as Toque Macaque, Purple-faced Langur, Asian Elephant, Leopard, Estuarine crocodile and Giant Squirrel. Human-elephant conflict, the main conflict, records over 350 elephant deaths and 150 human deaths on average per year but is largely confined to the agricultural Dry Zone. In 2020, 14 leopard deaths were recorded (including one very rare melanistic form), which shows a significant increase over the baseline level (approximately 10 deaths per year based on a 10-year average of 95 leopard deaths recorded by the Wilderness and Wildlife Conservation Trust during the period 2010 to 2020). Out of the 14 leopard deaths reported, 12 (86%) were due to snares, which also shows a significant increase over the baseline level (52 out of the 72 deaths (72%) recorded from 2010 to 2020 were due to snaring)[12]. According to available reports the chance of survival of leopards caught in snares is around 10% and therefore, this increasing trend in leopard deaths due to snaring pose a major challenge for leopard conservation in Sri Lanka. Another, pattern that emerged with respect to leopard deaths is that most of these have occurred in the central highlands (40 out of the 52 leopard deaths due to snares recorded from 2010 to 2020 and 9 out of the 12 deaths that were recorded in 2020), especially in lands that are managed as tea estates[31].

15. *Climate Change:* Changes in rainfall, temperature and deepening of drought has impacted stream flows, soil productivity and caused damage/losses in both annuals and perennial crops. The tea plantations have been severely affected with some tea factories closing down due to loss of productivity. Long term solution will rest in improving labour productivity and adapting alternate business models that optimise the use of the land assets in the custody of private plantation companies. Crop diversification, multiple land-use, nature-based tourism, and harnessing other similar ecosystem services' potentials would inform the development of such alternate business models.

16. **Project conceptual model:** The complex interacting web of factors that threaten globally significant biodiversity in the biodiversity rich wet climatic zone of Sri Lanka is illustrated in a conceptual model in **Figure 1**. This indicates the key areas (indirect and direct factors) and the points where project intervention can contribute towards a reduction in the level of threats, and therefore contribute towards the conservation of biological ecosystems and globally threatened species – and the integrity of the ecosystems they inhabit. The main project intervention strategies are shown as yellow hexagons in Figure 1. The main elements of these strategies are summarized in the Theory of Change diagram in section III (**Figure 2**).

Long-Term Solution, Barriers and Associated Baseline

17. The long-term solution to conserving Sri Lanka's globally important biodiversity in the Wet Zone, necessitates, not only improved conservation within the Protected Area (PA) system, but integrating the conservation of the remnant high conservation value forests (HCVFs) within the tea and rubber plantations as well. This will require a revitalized involvement of the large private landholders and smallholders, with capacities and financial resources to safeguard biodiversity from existing and future threats. Baseline activities, although significant, are deemed insufficient to achieve the above scenario and address the threats described above. This section presents the barriers and associated baseline activities in three thematic areas that directly underpin the ability to achieve the long-term objective defined above. The four barriers are discussed below:

[12] WWCT 2020. The Leopard Project: Annual Report 2020. The Wilderness & Wildlife Conservation Trust, Colombo. Pp: 29. www.wwct.org
Kittle, A, Watson A & Prasad T (in prep). Spatio-temporal insights into human induced leopard mortality in Sri Lanka from 2001-2020.

Barrier 1: Limited recognition and financing for conservation objectives beyond protected areas

18. Biodiversity conservation investments are largely financed by the State through national budget allocation and external donor financing. The State's allocation for biodiversity conservation mainly goes to supporting the protected area network and conservation of key species such as the elephant or special habitats such as corals. Financing for conservation needs 'outside protected areas' is not adequately mainstreamed into the development budgets of districts/provinces and sectoral agencies overseeing agriculture, irrigation, tourism, fishery and livestock management in rural areas. While private sector investments in conservation has been recently initiated by a few Regional Plantation Companies (RPCs) within the plantation sector, these efforts need to be translated into the core business investments and budgets of the plantation sector as a whole, in order build long-term sustainable models for private sector engagement in conservation. However, private sector investments and business practice transformation is hindered by Sri Lanka's slack growth, high production costs and low prices for agricultural commodities such as spices, tea and rubber in international markets. The tea plantation sector, while interested in conservation and long-term land conversion into sustainable models, are facing the challenge of making choices between economic and conservation interests. The sector attributes the declining economic situation to low labour productivity and high production costs. The plantation model is questioned by many experts who believe that it may be more economically and environmentally viable to turn these lands to forest and restore the watersheds rather than continue cultivation of tea. However, the industry is still among Sri Lanka's top foreign exchange earners and has an important place in the economic map of Sri Lanka. Hence securing private sector investment, especially from the plantation sector for ensuring that its products meet internationally accepted environmental, social and ethical production standards is paramount to financial sustainability of the sector. This would require new plantation model(s) that deliver economic benefit, but are responsive to environmental, social and human rights concerns.

Barrier 2: Existence of perverse incentives and lack of policy coherence on land use, productivity and conservation can lead to more forest encroachment for plantation expansion

19. Sri Lanka's Central Highlands is a UNESCO World Heritage Site and protected by the Soil Conservation Act of 1951. Two critical policies on watersheds (National Policy on Watershed Management, 2004 and National Policy on Protection and Conservation of Water Sources, their Catchments and Reservations in Sri Lanka, 2014) are explicit on the protection of the upper watersheds that are the source of all major rivers in the country. In 2010, the then President declared that there will be no additional deforestation in areas above the 5,000 foot contour. However, the Central Highlands has been subjected to continuous degradation of soil, land and forests leading to visible impacts on its watersheds and microclimate and expansion of tea is considered one of the key drivers[13]. Previous government investments in expanding tea production, mainly, and new incentives for coffee, cinnamon and other spices have created conditions for plantation expansion, especially in the smallholder sector. A recent ADB loan (USD 20 million) provides concessionary credit for new tea planting programmes for smallholder farmers. As stated above, tea expansion is recorded as one of the key threats to lowland rainforests in districts such as Kegalle, Kalutara and Matara.

20. While the private plantation sector has been actively engaged in conservation from recent years, collaboration with the public sector has been very limited. The public policies and regulations mentioned above are often not explicit in terms of promotion of multi-stakeholder coordination and engagement, in particular with the private sector. There have been many deliberations to enhance the engagement of the private sector in conservation through appropriate policies and to encourage and partner with the private sector in sustainable development, reforestation and conservation actions. However, this would require a cultural shift, particularly in natural resource sectors that have been traditionally overseen by public sector institutions and funding. In relation to this project, there are two specific issues that would need to be addressed to enhance private-public partnerships for conservation. First, it is necessary to identify specific gaps in promoting greater public-private collaboration in preservation of the remaining forests in the Central Highlands and forest restoration. Secondly, it is important to identify options for enhancing recognition of the private sector role in conservation of HCVFs and potential inclusion of forests within plantations into a nationally recognized category of PAs, to the extent this is in the best interests of the private sector. Thirdly, it is necessary to identify a range of incentive mechanisms to stimulate greater private sector participation

[13] ILO Country Office for Sri Lanka and the Maldives (2019): Tools and guidelines for watershed management in the South-Western region of Sri Lanka for increased climate resilience with a special focus on tea growing areas ISBN : 978-92-2-133474-3 (web pdf)

that will open the doors to more funding through tested financial tools such as Payment for Ecosystem Services, Carbon Offsets, Biodiversity credits and new grants and credit schemes.

21. The Sixth National Report to the Convention on Biological Diversity or CBD (2019) recognizes that much of Sri Lanka's unique biodiversity lies outside formal protection, in multiple use landscapes that are governed by policies and institutions that are not oriented towards conservation. In a country where conservation agencies are centrally managed and have little stake in local development planning process, there are challenges to integrating and instituting locally appropriate management regimes for lands and resources that lie outside the formally protected area network. Core production sectors such as agriculture, plantations, fisheries, tourism and infrastructure like rural roads, housing, town expansion, power generation, irrigation and coastal protection do not consider natural capital aspects (except when forced to conduct Environmental Impact Assessments or EIAs for large projects), and do not take into consideration biodiversity losses stemming from development actions. There are many barriers to mainstreaming biodiversity and ecosystem services in the production sectors, including the lack of effective planning tools (Strategic Environment Assessment or SEAs, rapid biodiversity assessments, biodiversity monitoring, land use plans incorporating biodiversity etc.) and planning capacities within local governments and national agencies that can consider conservation priorities within their own mandate. While the Government's intention is to reforest the watersheds in accordance with its obligations under Bonn Challenge and associated targets, these are not well known, or communicated to the private sector and local authorities, thereby precluding an opportunity for establishing more collaborative efforts between the public and private partners. Adaptive management decisions are taken in an ad hoc[14] manner that constrain the ability to promote a more collaborative and integrated approach to management of multi-use landscapes in which plantations, forestlands and other productive used lands are located.

22. Additionally, one option to move towards greater public-private partnerships by exploring the possibility of establishing new model(s) of collaboration - a private sector consortia that works closely with the public sector to enhance cooperation in conservation, in this case with the plantation sector. Second, the plantation land under current lease agreements with the State enables the government to channel appropriate incentive mechanisms to encourage the private plantation sector to move towards biodiversity-friendly alternative revenue options that retain the viability of the core business in the longer term.

Barrier 3: Adaptive management of a multi-use landscape limited

23. The lack of new models and structured incentives to promote alternative plantation models also holds the sector from further diversification and environment-friendly alternative products and services. Land leases to the RPCs are contingent to continued investment in the core business, plantation production. The research on alternate high-value crops, intercrops and value-added products is still limited, along with technical and technological support, and lack of investment support. Finding new markets for emerging products is also constrained by lack of new investments in factory and machinery. Managing certification for Forest Stewardship Council (FSC), Rainforest Alliance (RA) and Roundtable on Sustainable Palm Oil (RSPO) that is necessary for product value and market access is also constrained by the lack of skills, capacity and costs of managing the land sustainably to conform to the certification requirements, as well as ensuring adequate data for justifying certification, especially where market forces do not place a price premium on the certified product. Options for new alternative products that can justify better economic returns, particularly from uneconomical tea and rubber lands would help greater profitability from the plantations and justify application of improved practices. However, investments by the private sector and smallholders is stifled due to policy and procedural incoherence between watershed objectives, meeting timber and fuelwood needs (plantation forestry) and managing erosion and land stability on sloping lands/ landslide management etc. The government is still the Golden Shareholder in all RPC lease contracts, allowing the state to have the last say over the land. Despite the many policy objectives that support conversion of upper watershed lands into permanent forestry or multi-use agro forestry, the practice of such land conversion is bureaucratically difficult on a large scale due limited technical support and best practices in alternative models that are available, particularly for the benefit of smallholders. Preliminary discussions on formalizing the practices of agroforestry, forest restoration and corridor creation between Forest Department, the Attorney General's Department, Ministry of Plantations and Private Sector RPCs are underway. However, these discussions are yet to yield a workable model and incentive structure for RPCs to invest in forestry and plantation diversification.

[14] For example, the private banks refusing to fund mini hydro development in sensitive watersheds with endemics

24. In the smallholder sector (particularly tea), the challenges to improved sustainable practices pertain to the high-cost of certification, high standards that are required, lack of market demand and drive, lack of awareness on certification cost and benefit, and lack of technical know-how and advisory services to support the transformation of the cultivation practice to a more sustainable model. Existing smallholders are networked through farmer societies and local collectors' and factory owners. Barriers to engage in conservation-friendly models in tea and rubber cultivation and plot improvement are lack of organization within the supply chain for green leaves, lack of capital for expansion, smallholder indebtedness, poor cash flow situation, etc. that reduce their bargaining power. In addition, the absence of very formal relationships between key stakeholders that influence, namely agribusiness firms, farmer collectives, para-state organizations and the financial institutions. The absence of appropriate means to strengthen and replicate best practices in existing government-supported model plantation units (for Good Agriculture Practices, Climate Resilience etc.) that can enhance productivity.

Barrier 4: Limited capacity and understanding of increasing land productivity through better conservation outcomes

25. Plantations have been performing below par for many years. Low labor and land productivity coupled with climate change driven erratic weather, volatility and competition in the global marketplace, quality related issues and lack of diversification and value addition has led to a deterioration of profit. Similarly, smallholder farmers are seeing a deterioration of their profit margins as both leaf collectors increase and factories insist on more quality. Farmers thus far, have been practicing high input (subsidized fertilizer) and high yield centric agriculture with little interest in ensuring soil productivity and fertility in the longer term. There are also limited incentives for farmers (particularly vegetable growers and smallholder tea and rubber growers) to apply new techniques in the field. Certification, as explained above, is expensive for the small farmer and does not yield additional income therefore is not an attractive investment at present. Currently, there is a lack of recognition of the potential to enhance biodiversity conservation and stimulate profits through these activities - agro-forestry, eco-tourism or eco-labelling of sustainably, ethically or organically produced tea or rubber. Existing practice of certification is generally geared towards individual estates/ individual factories and their production. Systemic data gathering across the plantation sector on existing sustainability practices and the leverage of this information for marketing and branding of Ceylon Tea as a sustainable consumable does not exist.

26. There is low penetration of extension and marketing support provided to farmers outside the current high chemical dependent cultivation practices to encourage change to less chemical dependent crops. Financial constraints also present a further barrier to upscaling Sustainable Land Management (SLM) actions across the landscape at the level required to successfully arrest land and forest degradation and deforestation. Baseline program resources for supporting forestry and agriculture often focus on production and technical efficiencies without weighing their negative impacts on land and forest degradation processes. In part, this is related to the lack of information on long-term costs of land degradation both in terms of loss in income and reduced ecosystem goods and services.

Baseline scenario or any associated baseline projects.

27. Sri Lanka has a strong policy framework for managing, conserving and protecting its biodiversity and forest resources. The main baseline projects associated with the GEF project are presented in Table 1.

Table 1: Key Baseline Activities Associated with the Proposed GEF Project

Name of on-going and planned program/project, years of implementati and sites	Program/project objectives and targets
Ministry of Plantation Sri Lanka: Tea Development Project (ADB) USD 20 million and Japan Fund for Poverty Reduction USD 1.25 million (Approved 2021)	The Project aims to increase the income of tea smallholders and private estates on a sustainable basis and to improve the environment at the same time. To fulfill the objectives the Project will (i) undertake institutional reforms to improve the effectiveness of tea-relate institutions and rationalize the tax rebate to benefit the smaller holdings; (ii) provide credit financing for replanting and infilling on smallholdings and private estates, establishment of nurseries, rehabilitation of tea factories, and handling of green leaf; and (iii) improve social infrastructure such as workers' housing and rural feeder roads as well as afforestation. The Project is expected to replant 9,600 ha and infill 35,800 ha of tea; establish 455 tea nurserie

	rehabilitate 85 tea factories; improve 5,000 workers' housing and sanitation facilities; impro 250 km of feeder roads; and afforest 1,000 ha of degraded land.
Ministry of Plantation IFAD-funded Small Holder Tea and Rubber Revitalization project (USD 65.4 million) 2015-2022 The project area covers eleven districts in central and southern Sri Lanka: Galle, Matara, Badulla, Kandy, Matale and Nuwara Eliya for tea cultivation, Monaragala, Colombo, Kalutara and Ampara for rubber cultivation and Ratnapura for tea and rubber processing. Key participating agencies include the Tea Smallholders Development Authority (TSHDA) and Rubber Development Department (RDD)	The overall goal of the project is to improve food security, increase incomes and strengthen the resilience of poor rural people and ensure that smallholder economic activities in tea and rubber become more productive, profitable and resilient. The project will achieve this by: (i) Promoting better organization among smallholders to effectively and sustainably produce and market tea (ii) Supporting smallholders to improve rubber production and processing and links to markets (iii) Facilitating smallholders' access to rural financing for both green tea and rubber production and development
Ministry of Plantation (Export Development Board) World Bank and European Union (Agriculture Sector Modernizing Project) USD 125 million from World Bank and EURO 25 million from EU (2016-2023)	The Agriculture Sector Modernization Project was established to support increased agriculture productivity, improved market access, and enhancing value addition of smallholder farmers and agribusinesses in the project areas. This project has three components. 1) The first component, Agriculture Value Chain Development, seeks to promote commercial and export-oriented agriculture; attract and leverage investments from farmer producer organizations and agribusinesses for high value agriculture production and value addition; and provide the enabling environment, incentives, and access to finance for such investments through matching grants, technical assistance support, linkages to the commercial banking sector, and a Partial Credit Guarantee (PCG) facility. It has three sub components as follows: (i) investment preparation support; (ii) matching grants to farmer producer organizations and agribusinesses; and (iii) partial credit guarantee. 2) The second component, Productivity Enhancement and Diversification Demonstrations, aims at supporting smallholder farmers to produce competitive and marketable commodities, improve their ability to respond to market requirements, and move towards increased commercialization. It has four sub components as follows: (i) farmer training and capacity building; (ii) modern agriculture technology parks; (iii) production and market infrastructure; and (iv) analytical and policy advisory support.
Regional Plantation Companies' Innovations in biodiversity and ecosystem conservation for USD 8.19 million (2022-2026)	The plantation companies have been in the forefront of private sector involvement in conservation through many programs such as: (i) Integrating conservation in sustainable plantation management (ii) Species and ecosystem inventory and conservation (iii) Establishment of forest corridors (iv) Soil conservation and fertility improvement (v) Water and energy conservation (vi) Replacing fire wood use with alternative sources of energy for cooking and heating (vii) Climate mitigation (viii) Forest cover improvement and stream protection

Ministry of Irrigation Upper Watershed Management World Bank (IDA) and Government of Sri Lanka (GoSL) USD 15 million. This is the first component of the USD 75 million loan (2020-2025) Targeting Nuwara Eliya, Badulla, Kandy, Matale districts	The project will help to develop a Watershed Management Plan for the upper Mahaweli watershed through a consultative approach, with activities to be implemented at mini-watershed levels. Establishment of soil conservation measures. (on-farm and Off-farm). The following interventions will be supported through the restoration budgets of GoSL. ● Reforestation of degraded forestlands and degraded plantation lands. ● Rehabilitation of abandoned small tanks in UMW. ● River bank conservation. ● Home garden development. ● Livelihood development. The IDA component of the project will also support climate resilience in the upper watershed by strengthening and enhancing the existing bulk water management model. Support for the WRB in the development of knowledge-based integrated groundwater management basin plans in eight pilot basins.
UNDP and Ministry of Environment Biodiversity Finance Initiative (BIOFIN) Phase 2 USD 500,000 (2021-2025)	In Sri Lanka, BIOFIN works with national stakeholders such as the Central Bank of Sri Lanka and Sri Lanka Tourism Development Authority to develop innovative financial solutions for biodiversity management. Under the Sustainable Finance Framework, green lending facilities are promoted with the financial institutions of the country and with the SLTDA a sustainability tourism certification program has been introduced for the tourism accommodation sector. (i) Eco-labels: Introduction of an Eco Label for products with certified sustainable (ii) Green Lending: "Green Financing" under the Sustainable Banking (iii) Corporate Social Responsibility and its increased share in biodiversity conservation (iv) Lotteries: a lottery for biodiversity conservation (v) PES: Payment for watershed management at mini-hydro power plant (v) PES: Payment for watershed management for hydropower
Ministry of Irrigation GCF Knuckles Area Conservation project (2020-2026) USD 50 million	The project is to generate resilient livelihoods by increasing the capacity to adapt to climate induced change in Knuckles mountain range in intermediate climatic zone. Activities include: (i) Direct land use interventions with farmers and other land users (vegetation management, rehabilitation of village ponds for water harvesting, climate smart farming, increasing efficiency of irrigation, fertilizer and integrated pest control, agroforestry, home gardens and analogue forests. Restoration and sustainable intensification of degraded plantations into food gardens, agroforestry practices including intercropping with high-value short-rotation horticultural crops. (ii) Upgrade of value chains by strengthening the capacity of farmers and collective groups as enterprises (iii) Inclusive and evidence-based land use planning processes, including governance mechanisms that reconcile non-congruent hydrological and administrative boundaries, information systems and climate- responsive rural advisory services required to enable land users to adapt to change.

28. There are a number of initiatives within the private plantation sector to conserve biodiversity and reduce environmental degradation that is very promising. Biodiversity Sri Lanka (BSL), a national platform entirely owned and driven by the private sector was established to promote strong engagement of the corporate sector in biodiversity and environmental conservation in Sri Lanka. BSL provides - technical support, sharing of information, knowledge and experience; promotion of best practices through active learning and understanding mechanisms; and facilitates dialogue between State and civil society partners and the private sector; advocates biodiversity-friendly policies and positive instruments; and campaigns for the conservation of Sri Lanka's fragile environment. The Sri Lanka Business and Biodiversity Platform (SLBBP) was established in August 2012 as a program of the Ceylon Chamber of Commerce (CCC) by its Initiating Partners – the Dilmah Conservation (DC)

and the International Union for Conservation of Nature and Natural Resources (IUCN) as a Not-for-Profit Company Limited by Guarantee under the Sri Lanka Companies Act No. 07 of 2007, as well as the rebranding and re-launch of the platform by its current name – Biodiversity Sri Lanka (BSL). BSL membership is open to Sri Lanka-based businesses ranging from national to multinational companies as well as Small and Medium Enterprises (SME). Currently, 31 leading corporates – all with high standards of environmental custodianship have backed BSL by becoming its invited Patron Members. 32 General Members together with the previous ones, make up the wide array of members that represent diverse industries, including the private Regional Plantation Companies (RPCs) in Sri Lanka. It has 85 corporate entities as members to date.

29. Most of the private forests and tea plantations use one or more certification schemes. The Rainforest Alliance (RA) Certification is popular in the tea sector, while plantation forests often follow the Forest stewardship Council (FSC) certification, both of which encourage sustainable land-use and biodiversity conservation. In addition, other certification programs available are the Rainforest Alliance UTZ certification for coffee, tea, cocoa and hazelnuts; which is guided by the principles of fairness and transparency; the Sri Lanka Standards Institution (SLSI) in association with the Sri Lanka Tea Board (SLTB) that operates a Product Certification Scheme to certify the manufacturing process and the final product (i.e. Black Tea); ISO 140001; ISO 9001 and sustainable tourism certification program. Overall, there is a lot of interest and commitment from the private plantation sector to biodiversity conservation and the GEF 7 project is timely in that it could act as a catalyst to build on the existing private sector efforts and promote further public-private collaboration across the entire plantation sector in the wet climatic zones of the country. The Platform serves to coordinate their efforts in biodiversity conservation, build related capacities, and facilitate the implementation of biodiversity conservation activities that its members wishes to undertake in the field individually or together. It has earned the recognition of the donor community in Sri Lanka. This offers a great opportunity as a foundation on which an institutionalized structures can be built for: (a) coordinating and synergizing the private sector contributions to conservation, (b) liaison with the public sector; and (c) serving as a pivotal hub and secretariat for public-private partnerships to enhance the conservation of biodiversity in Sri Lanka. Refer **Annex 21** for specific examples of Regional Plantation Company (RPC) engagement in conservation.

30. Policy and legislative framework in the plantation sector: An assessment of legal and policy aspects related to the plantation sector was undertaken at PPG stage. It was recognized that the state owns over 80% of the land in Sri Lanka. As the owner of the land, the state can grant permits to persons to use the land. It can make outright grants (for example the Land Reforms Commission can make outright grants of land), and it can lease the land out to either private parties (such as regional plantation companies or RPCs), or to state owned entities themselves (for example the JEDB which runs many estate companies, have a 99 year lease of tea and rubber lands which belong to the Land Reform Commission. Most RPCs have a collection of 'estates' leased to them by the LRC on long -term lease in the 1990s when the government discovered that running the plantations through the government mechanism was ineffective and unproductive. However, there are restrictions on the private sector RPCs to convert the plantation land-use to other non-productive forms, but considerable diversification is already happening within the plantations - not just of the main crop from tea and rubber to cinnamon, oil palm, spices, timber etc. but also to other forms of income generation such as renewable energy projects, tourism, dairy and drinking water.

31. Natural forests remain within some of the plantations in Sri Lanka. The conversion of natural forests within plantations is generally not permitted according to the Forest Ordinance and would require an Environmental Impact Assessment Report or an Initial Environmental Examination Report under the National Environmental Act. The National Environmental Act required an Initial Environmental Examination Report (IEER) or an Environmental Impact Assessment Report (EIAR). There are other policies and regulations that safeguard the remaining forests within plantations and prevent their conversion into non-productive uses or housing settlements etc. The national watershed management policy (2004) aims to conserve, protect, rehabilitate and sustainably use and manage watersheds while maintaining their environmental characteristics by human intervention. In addition, the policy also sets out a detailed overview on the importance of proper watershed management actions and resource evaluation of services extracted from the watersheds. The National Policy on Protection and Conservation Of Water Sources, Their Catchments And Reservations In Sri Lanka (2014) identifies micro catchments that include rivers and streams, their reservations and their spouts and flood plains of rivers as one of the main components that must be protected and conserved. The policy renews the government's commitment towards identifying borders, demarcating boundaries, protection and conservation of water sources while rehabilitating degraded areas related to water sources. Moreover, it emphasizes the formulation of new legislation and amendments on existing legislation for the purpose of protecting water sources and its surrounding environment. The smallholder lands are largely under established tenure ownership by the

smallholders. Consequently, the RPCs and smallholders have options for creation of value chains in relation to the plantation products and/or other compatible productive use of the land.

32. Land Degradation Neutrality: In terms of specific actions taken by Sri Lanka in the context of addressing its LDN obligation under UNCCD, these are the following:

- Sri Lanka has ratified nearly 20 international conventions, protocols and treaties on environment.
- The President of Sri Lanka made two very important declarations in the year 2016. The first is the declaration of 2017 as the "Year of Poverty Alleviation 2017". The second is to increase the forest cover from existing 29% to 32% within next few years
- Sri Lanka prepared a National Adaptation Plan (NAP) for combating land degradation in 2014 with support of UNCCD. The NAP is a comprehensive document that elaborated the land degradation status in the country in detail and identified 25 programs to be implemented through 2024.
- A national coordination mechanism (National Steering Committee) has been established that guides the program of NAP, along with a Technical Advisory Committee
- To achieve Sustainable Development Goals (SDG) in National Planning Processes in the economic, social and environmental fields, Sri Lanka passed a Sustainable Development Act in 2017 (Act 19) along with the establishment of a Sustainable Development Council (SDC) within the Ministry of Environment and Wildlife Resources. Every ministry, department, provincial council, provincial ministry and departments and any local authority is required to comply with the National Policy and Strategy on Sustainable Development or SDC (which is in conformity with the SDG) and prepare their strategies accordingly. The SDC is the main coordinating body to provide overall coordination to respective line ministries to develop their programs at the national level. The responsible line ministries help to develop the programs at the provincial and the local level. The funding is allocated from the consolidated fund from the government. The implementation would be done at the local level. Monitoring of these activities is conducted through District Development Committee meeting which meets monthly. The Parliamentary Select Committee reviews the progress of the implementation plan and takes appropriate policy level interventions at the highest level.
- Sri Lanka is leveraging on-going projects and other country commitments for LDN activities. These include rehabilitation of degraded agricultural lands in Kandy, Badulla and Nuwara Eliya Districts; Management of Environmentally Sensitive Areas; World Bank funded Ecosystems Conservation and Management Project (ESCAMP); Green Climate Fund of the UNDP that benefits 70,000 people; and the World Bank Mahaweli Upper Watershed project and World Bank funded Integrated Watershed and Water Resources Management Project, Green Climate Fund (GCF) Knuckles Area Conservation project and others.

- The Associated measures to achieve LDN have been defined as follows:

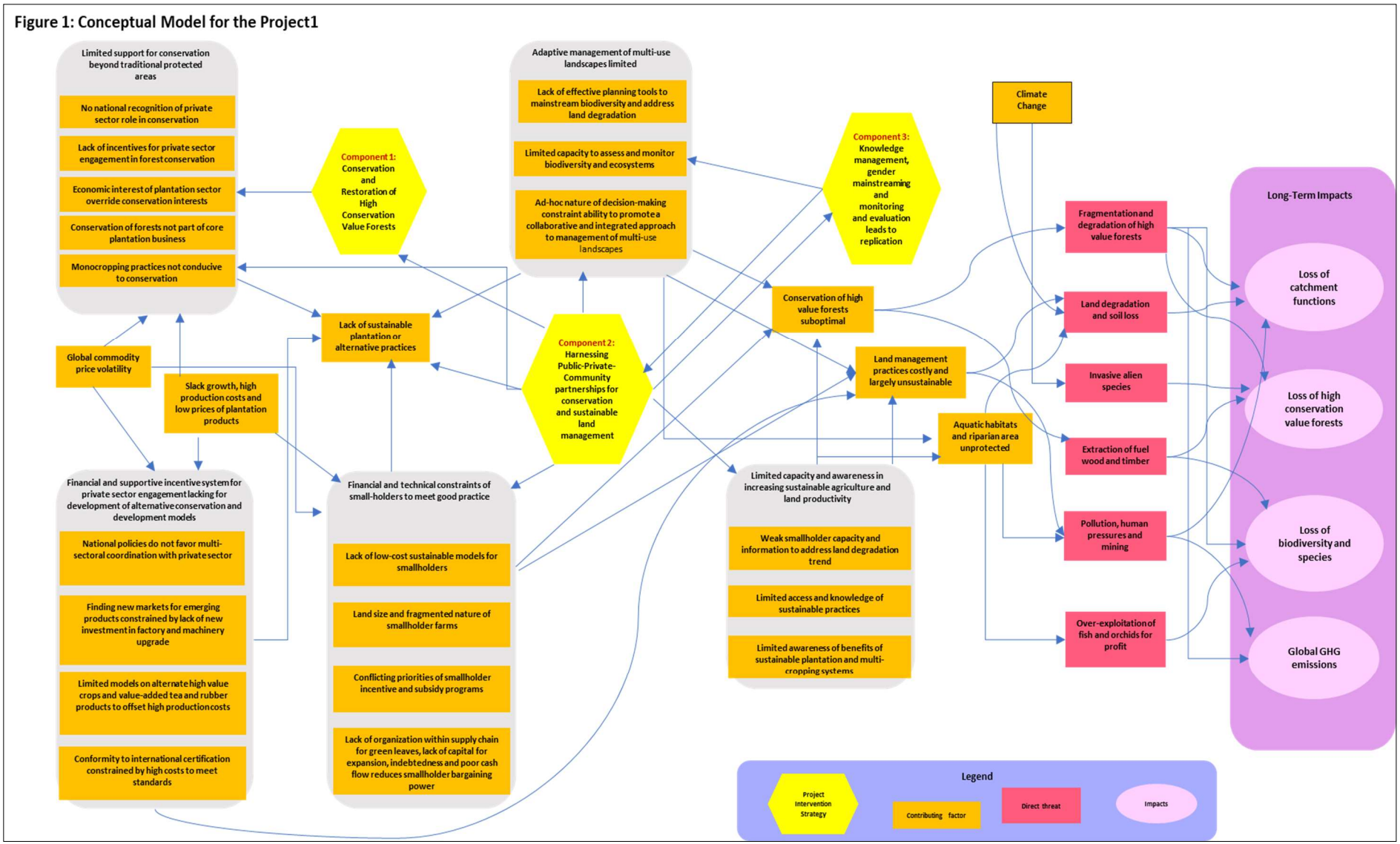
    a. Restore degraded forests.
    b. Establish new forest plantations.
    c. Provide protection status, through regulatory measures, to forests that are not yet identified as protection forests.
    d. Introduce legislations to avoid land fragmentation.
    e. Strengthen institutional and regulatory mechanisms along with required interventions to restore and manage wetlands and grasslands.
    f. Adopt soil and water conservation measures, in annual and plantation croplands.
    g. Update and operationalize the Soil Conservation Act, the main regulatory instrument related to soil erosion control in the country, to eliminate deficiencies and make it more effective to address the current land degradation issues.
    h. Update and operationalize legislations to control sand mining and to reduce land degradation due to gem mining.
    i. Change the policy of regularizing the encroachment of state lands.
    j. Halt the cultivation of annual crops in steep lands and facilitate the conversion of such lands to perennial crops.
    k. Encourage the adoption of sustainable land management practices through incentives.

l. Leverage LDN into national programs on climate change adaptation, biodiversity conservation and poverty alleviation.
m. Formulate a National Land use Plan so that new lands required for development and other purposes could be identified in a systematic manner and alternative lands could be improved in order to ensure that the natural capital remains the same.
n. Improve institutional coordination to formulate and implement the National Physical Plan and the Land Use Plan.

33. In terms of the associated measures for LDN mentioned above, the GEF project will directly contribute to the following LDN associated measures: (a), (c), (e), (f), (j), and (k). In accordance with the nationally defined defined Sri Lanka's LDN targets, the project will contribute to these targets through halting the conversion of 4,000 hectares of forests within the plantation areas, restoring 500 hectares of degrading forests to enhance connectivity, reduce soil degradation, improve land productivity and improve SOC stocks and reduce soil erosion in 60,000 hectares of plantation land based on norms established to ensure compliance with international third-party plantation certification (through the Rain Forest Alliance and Forest Stewardship Council programs). Specifically, these certification programs require compliance in terms of specific actions to ensure that plantation/smallholder lands effectively undertake erosion control, soil fertility improvements, nutrient management, productivity improvements, soil and water conservation, reduction of chemical usage, prevention of land use conversion, etc.) all of which will contribute towards the LD focal area. What is more important is that the third party international certification provides for a measurable, monitorable and enforcement mechanism to ensure compliance with ensuring sustainable land use and environmental practices

34. The complex interacting factors that threaten globally significant biodiversity in the biodiversity rich wet climatic zone of Sri Lanka is illustrated in a conceptual model in **Figure 1**. This indicates the key areas (indirect and direct factors) and the points where project intervention can contribute towards a reduction in the level of threats, and therefore contribute towards the conservation of biological ecosystems and globally threatened species – and the integrity of the ecosystems they inhabit.

Figure 1: Conceptual Model for the Project1



III. STRATEGY

35. The long-term goal of the project is to integrate biodiversity conservation, sustainable land and environmental management practices within the private sector tea and rubber plantations in the Wet Zone with the intent to conserve the high biodiversity value remnant forests within and improve market share for sustainably produced tea and rubber in the international consumer markets. This is particularly relevant (post-Covid19) as the consumer market(s) are now more sensitized to products that meet environmental, social and human rights standards. Therefore, in order for products to be competitive in international markets would require innovation in business models that protect forests, support sustainable plantation practices and are sensitive to gender and other ethical standards of plantation practice. Plantation companies would therefore require improving land management, conservation and social practices through innovative private-public-community partnerships. To achieve this objective, the GEF alternative aims to support biophysical, biodiversity, land degradation and social assessments and provide technical guidance to promote alternate and ethical business models for tea and rubber plantations through partnerships between the public sector, private sector (mainly the plantation sector), smallholder groups and local communities, including estate labour. The project will aim to harness innovative private sector financing to: (i) conserve remaining high conservation value forests within the plantation landscape; (ii) where options exists, to enhance connectivity of the currently fragmented remnant forests, in particular through improved practices within plantation lands, restoration of degraded tea and rubber lands to its natural vegetation (through promotion of assisted natural regeneration using native species) and improving native vegetation along stream and river banks; (iii) improve the health and diversity of soil biota and aquatic biodiversity and achieve improved land cover, primary production and soil organic carbon through sound land management practices in plantation estates and small-holdings; and reduce chemical use and leakage to streams and rivers; (iv) increase and sustain productivity of plantations by testing out new business models with a corresponding diversification and corresponding enhanced co-benefits to private plantations, smallholders and associated communities and provide best practices and incentives for investment in the conservation of forests (natural forests occurring on the plantation estates) and achievement of land degradation neutrality (LDN), and (v) promote greater participation of women, vulnerable groups and estate labour in improved economic activities that provide better living standards. These new plantation models, tested through the project, will promote a holistic approach that integrates sustainable plantation and land management practices with biodiversity conservation and social responsibility (mainstreaming of gender and other ethical production standards) to meet the emerging post-Covid market needs.

36. Specific efforts will be promoted to demonstrate: (i) improved conservation practices aimed at protecting the remaining high conservation value forests within the plantations; In particular, this will entail supporting the linking of restoration efforts with ex-situ research, seed sourcing, propagation and trialing of locally found species for re-introduction suitable high conservation value forests with the support of the national herbarium and botanical gardens; (ii) innovative strategies to restore degraded forest areas and/or rehabilitate degraded tea or rubber lands augmented by assisting the processes of assisted natural regeneration using native species that are present in these locations. (iii) protection and/or restoration of riparian areas to enhance their quality as ecosystems and habitats, particularly for native aquatic and riparian species, and improve connectivity with existing forests within the estates and/or with adjacent forest reserves; (iv) improved management practices in plantations (tea, rubber and forest), to introduce cover crops, enhance primary productivity and soil organic carbon content, reduce chemical usage, improve soil and water conservation, and improve macro-invertebrate composition and diversity; and (v) promotion of greater economic opportunity for local communities and estate labour.

37. The project's private sector financing and implementation is premised on innovative public-private-community partnerships with the aim of (a) increasing new and innovative financing mechanisms in the funding mix for the conservation of biodiversity, environmentally sensitive plantation practices, and improved gender and social safeguards; (b) incentivize the Regional Plantation Corporations (RPCs) to invest further in biodiversity conservation and achieve LDN on the companies' managed lands as a part of their core business model; (c) institute financial and institutional mechanisms (designed, pilot-tested and refined) for scaling up public-private partnerships and their biodiversity conservation and land management impact in the future; and (d) enhancing conservation and land management measures in plantation practices in the vicinity of natural forests within the estates.

38. The project will be implemented over a 5-year period based on the following principles:

- Promoting a holistic and integrated plantation management model (including sustainable production, biodiversity conservation and social responsibility) that meets the industry's market needs and achieve conservation targets of the project. This is to facilitate the maintenance of biological and ecological integrity of the remnant forests and riparian corridors, as well as for watershed protection. This conservation activity should directly lend itself to industry sustainability goals and promote and ensure locally grown products have a competitive edge in the global consumer market(s).
- Developing and strengthening private sector led but collaborative partnerships with public sector and community organizations to support efforts to integrate conservation, sustainable land and forest resource management, climate risk management, social responsibility and diversified and alternative environmentally friendly economic models to tea and rubber plantation sector and smallholders.
- Strengthening capacities and knowledge within the private sector, communities, provincial, district and local government institutions, community-based organizations and non-governmental organizations and increasing their potential to promote sustainable plantation practices, agriculture and natural resource management, climate risk management and biodiversity conservation in the productive landscapes.
- Ensuring that the development and implementation of this project mainstreams gender and social/cultural safeguards and ensure that the project contributes to equality and equity, through the creation of equitable opportunities and benefits for both women and men
- Ensuring an adaptive management approach that progressively identifies and addresses threats to biodiversity and natural resources and associated challenges, including those related to ecological, demographical, social, climatic, market, technological and economic factors in the biological corridors.
- Being selective in terms of identification of regional plantation companies (RPCs), investment locations and nature of interventions to serve as demonstration models in the plantation sector and in addressing the nature of challenges that operate therein taking into considerations the existing institutional capacity and resource constraints; and
- Addressing underlying policy discordance between improving plantation productivity and production, and biodiversity conservation; between watershed and forest conservation in the plantations and its economic functions; between the high demand for fuelwood for tea and rubber processing and for the community and preventing forest degradation.

39 The Ceylon Tea Road Map-2030 (CTRM 2030), is a representative industry platform developed by the Plantation Sector to safeguard the interests of the tea industry and lead it towards future sustainability. The committee that has public sector institutions, private sector industry associations and smallholder farmer federation intend to enhance the uniqueness, quality, and sustainability of tea as a premium beverage in the consumer world market to ensure the viability of the tea industry to compete in the existing market space. The CRTM 2030 seeks to achieve excellence in social responsibility (as a measure of value and reality of price conscious buying), in environmental responsibility (as a measure of value and conservation responsibility) and in promotion of clean tea (to comply with the standards of consumer countries). The roadmap seeks to invest in precision agriculture (SDG 6), renewable energy (SDG 7) and reforestation and forest protection (SDG 15). Overall, this broad and challenging task is intended to put Ceylon Tea as a premium priced brand at the forefront of the emerging market demand of an ethically produced crop. The strategy entails improving quality and processing (replanting old tea based on geography, cultivars, land and labor), price that guarantees sustainable livelihoods, diversification (based on proper land use, planting appropriate crops and complementing the traditional crop) and improving soil fertility. It also entails improving partnerships between the small farmer and manufacturer, particularly for replanting and infilling of tea and supporting livelihoods during period of income losses. It also supports cost reductions in terms of undertaking energy audits to improve efficiencies, promote cost effective renewable energy sources for drying, ensuring self-sufficiency in fuelwood, introduction of renewal sources of energy, etc.). Under the rubric of "Sustainable tea", in terms of environmental aspects, the roadmap supports achieving sustainable plantation management, environment protection, adaptation and mitigation to extreme weather and improved resilience, reduction of dependency on fossil fuels and ensuring timely and appropriate agronomic practices and inputs.

40 In terms of social aspects, the roadmap supports improving social dignity and promotion of equitable livelihoods, improving social and physical infrastructure for plantation workers, improving skills development and knowledge, supporting

alternative models of employment (revenue share model) and safety nets during crisis period. Coupled with the above, is an economic model that aims to increase revenue by reducing the commoditization of, and leveraging brand value of Ceylon Tea, improve quality of tea, increase land and labor productivity through selective agronomic and ergonomic interventions, increase efficiency in manufacturing processes, establishing land banks for forestry related activities and streamlining the supply chain. In order to help the industry to ensure a clear, practical and cohesive implementation strategy, this project will introduce a set of deliberate actions to support the implementation of CTRM 2023. Proposed activities are: (i) a linked public-private coordination platform, supported by technical assistance and implementation guidelines; (ii) training and investments for mainstreaming environmental-friendly and socially acceptable ethical practices in the plantation models; (iii) sustainable financing options to keep steady flow of investments in conservation and forestry etc. and (iv) a sustainability scorecard for the entire plantation sector that can be used for marketing leverage and improving the brand value of Ceylon Tea.

41 The CTRM 2030 has also commissioned a Carbon Neutral Tea Roadmap as part of its sustainability initiatives. This Roadmap spells out ways for the tea sector to reduce its carbon footprint year on year by integrating more renewable energy options, improving energy efficiency in the tea manufacturing process, by reducing nitrogenous fertiliser in the fields and through forestry related activities. The tea industry carbon footprint is around 1.4 million MT of CO_2 per annum. The Rs. 17 billion (USD 80 million) carbon neutral roadmap spells out strategies to reduce this footprint by 36% in 2025 and 50% by 2030. Some of the key actions and investments listed are:

- **Energy efficiency** - Variable Frequency Drives (VFDs) for withering applications, furnaces and dryers in factories, thermal energy efficiency programme for boilers, furnace replacement with either Hot Water Generators (HWG) or steam boilers, improved fuelwood use efficiency
- **Renewable Energy** - roof-top solar PV systems, development or rehabilitation of mini hydros and wind energy systems in tea estates where feasible.
- **Fertilizer Management** - site-specific fertilizer use and enhanced organic fertilizer use for soil fertility. In addition, use of alternate nitrogenous fertilisers such as urea - hydroxyapatite nanohybrid and Bio-Film Bio Fertilizer upon completion of further field trials
- **Commercial Forestry and Fuelwood Plantations** – A well-coordinated fuelwood growing programme at all Regional Planation Companies (RPCs) and State sector estates will make use of unproductive land base for cultivation of fuelwood species. A new venture where small holders join hands with private tea factories for cultivation of short rotation coppicing trees and proper management of shade trees on tea lands to meet fuelwood needs.

42 The project objective is to be achieved through the implementation of three inter-related and mutually complementary Components that are focused at addressing the barriers discussed in the previous section of this report and represented in Figure 1. The three Components of the project are:

- Component 1: Conservation and Restoration of High Conservation Value Forests (HCVFs) in the Wet Climatic Zone of Sri Lanka;
- Component 2: Innovative Public-Private-Community Partnerships for Biodiversity Conservation and Sustainable Land Management in Plantation Sector; and
- Component 3: Knowledge Management, Gender Mainstreaming, Learning, and Monitoring and Evaluation

Strategy for Site Selection and Interventions

43 A set of priority sites for conservation of forest and land restoration (in the plantation estates) were identified based on a set of selection criteria focusing on biodiversity conservation outcomes; opportunities for enhancing habitat connectivity; management of land degradation impacts and its management feasibility. Following stakeholder consultation (including RPCs, smallholders and their associated institutions), presence of threatened and endemic species and detailed maps that were available, it was decided that the project would focus on six districts, *viz.*, Nuwara Eliya, Rathnapura, Kegalle, Kalutara, Galle and Matara in terms of actual investments, while additional mapping will be undertaken in the rest of the tea and rubber plantation, including both in the wet and intermediate climatic districts of Badulla, Kandy, Matale, Colombo and Monaragala. These five districts to be mapped contain significant biodiversity that is needed to conserve the full diversity of species and ecosystems in the plantation districts.

44 The rationale for selection of the six districts for investments are the following:

- These six districts make up a contiguous landscape, which includes five major rivers basins in the Wet Zone (Kalu ganga, Benthara ganga, Gin ganga, Polwatte ganga and Nilwala ganga) as well as headwaters of two other major river basins (Kelani and Mahaweli).
- Nuwara Eliya district represent the Montane zone of Sri Lanka, which supports many range restricted (restricted to the montane zone), endemic and threatened species (restricted to the Montane zone) and therefore conservation activities carried out in this region will have a high impact on biodiversity conservation.
- Ratnapura district which borders the southern and southwestern sector of the Nuwara Eliya district contains many of the sub-montane, low-montane rainforests as well as opportunity to establish connectivity between critical montane and sub-montane habitats.
- Kegalle district contains the highest extent of natural habitat distribution within the RPC managed landscape as well as large forest patches which will enable the project to influence protection of a large extent of high conservation value forests as well as prevent further habitat fragmentation, which is one of the key threats identified within this district.
- Kalutara, Galle and Matara districts make up the first peneplain of the wet zone which contains some of the critical low country wet zone forest as well as the streams that support good populations of Sri Lanka's freshwater fauna, especially endemic fish (nearly 80% of the endemic species) and therefore will play a critical role in ensuring their long-term survival. Further, project activities that will lead to conservation of natural habitats in these districts can further synergize the watershed improvements in the Montane region and thereby can contribute to significant reduction of erosion as well as sediment flow to the ocean where many of Sri Lanka's critical shallow offshore habitats are present such as coral reefs, sandstone reefs and sea grass beds.
- In terms of the other five plantation districts (Badulla, Kandy, Matale, Colombo and Monaragala) that are to be mapped, this will be undertaken because these districts (some of which are in the intermediate climatic zone) contain significant biodiversity that are needed to conserve the full diversity of species and ecosystems in the plantation districts.

45 The above-listed six districts provide an opportunity for project interventions to be tested and later applied on a broader landscape concept within the tea and plantation districts. The overall project area was identified to include diverse and varied biological aspects to enable the testing of various interventions as opposed to working on isolated sites. The approach will focus on river basins as the landscape unit and therefore interventions will have a ridge to reef connectivity and conservation benefits could spread over a large landscape. For instance, if the catchment of the river is enhanced it will improve water quality and quantity of the river which will benefit the entire downstream area of the river basin and beyond into the offshore habitat as well (e.g. catchment improvement will reduce the soil erosion and therefore the sediment load in the river which will improve all downstream habitats as well as the sediment load reaching critical habitats offshore such as coral reefs and sea grass beds). Table 2 provides the basic land use data of the four districts.

Table 2. The extent of land under plantations and protection in the six districts

Attribute/District	**Nuwara Eliya**	**Ratnapura**	**Kalutara**	**Galle**	Matara	Kegalle
Total Extent (ha)	174,100	327,500	159,800	165,200	128,300	169,300
Extent Tea	49,721	48,602	6,305	35,600	24,307	6,971
Extent Rubber	184	38,252	36,228	6,459	5,302	59,660
Extent of Estates	49,905	86,854	42,533	42,059	29,602	66,631
Percentage of land under plantations	28.67	26.52	26.62	25.45	23	39.36
Forest Department PAs	16,021	13,937	9,503	22,731	16,837	3,860

Wildlife Department PAs	4,385	33,358	-	1,165	310	113

Abbreviations used: **FD** - Forest Department; **DWC** - Department of Wildlife Conservation.

46 Site selection was based on a desk study and mapping exercise followed by limited field level verification. The desk study involved identification of the forest (both natural and plantation) within the estate sector in each of these six districts. The steps involved in the mapping exercise is as follows:

- Preparation of maps identifying the area and location under forest cover (both natural and forest plantation) in each of these districts that was carried out by the forest department.
- Forest cover maps were overlaid with the existing protected areas (both under jurisdiction of the Department of Wildlife Conservation - DWC and Forest Department -FD) in each of the districts to identify forest cover that falls outside the protected area network.
- The forest cover/PA maps were overlaid with the estate boundaries to identify forest cover that falls within the estate sector (i.e. those forests that were not formally under any legal protection).

Potential to achieve Project Targets within the selected landscape

47 Under the component 1, Conservation and Restoration of High Conservation Value Forests (HCVFs) in the Wet and Intermediate Climatic Zones the project plans to achieve the following targets:

Target 1: At least 4,000 hectares of High Conservation Value Forests and riparian areas within tea and rubber plantations identified and managed to ensure their long-term conservation through preparation and implementation of management plans;

Target 2: At least 500 hectares of degraded forests and riverine areas within plantations managed by the RPC are enhanced through assisted natural regeneration measures to improve conservation and habitat connectivity; and

Target 3: Status of endemic, threatened and restricted range fauna and flora within the project landscape are improved through habitat restoration, threat reduction and in situ-ex situ approaches.

48 These targets will be achieved through four strategic approaches

Category 1. Sites that can be used as critical biodiversity refugia at different elevations. This category will be used towards achieving targets 1 and 3. Based on the available evidence the potential High Conservation Value Forest (HCVF) extent in the six selected districts is shown in the Table 3 below. Accordingly, the potential extent of the HCVF in the six districts stands at 5,027 ha (it should be noted that the extent of natural forests in the estates in Nuwara Eliya district is based on data available for 20 RPC estates only). Specific information on the habitat types and status is provided in the next paragraphs and in Annex 3.

Table 3. Extent of natural areas identified in the six districts

Land Use Type/District	Kalutara	Galle	Matara	Kegalle	Ratnapura	N. Eliya	Total (ha)
A. Natural forest	668	422	980	2500	30	427*	5,027
B. Disturbed forest	520	-	-	-	440	NE	960
C. Wetland	200	-	38	29	62	NE	329
D. Degraded land	-	-	-	-	322	NE	322
E. Abandoned Rubber	-	166	-	-	-	NE	166

*The extent in Nuwara Eliya district is based on information available for 20 estates only. The exact extent is likely to be much higher than this figure.

A. Natural Forest: The natural forest category described in the Table above, refer to areas that are under forest cover, which is representative of the elevation and climate (e.g. Montane forests, rainforests etc.,). Most of this extent is declared as high conservation forests in estates that are Rain Forest Alliance (RA) or Forest Stewardship Council (FSC) certified. Most of these forests are in reasonably good condition and will not require significant additional inputs, with the exception of support for mapping, inventory, threat assessment, management plans, assessment of potential for a combination of in situ and ex-situ interventions, monitoring and capacity building.

B. Disturbed Forests: The estimated extent under this category is 960 ha. These include forests in various states of degradation. These may range from open canopy forests to open scrub. In many of these sites the forest degradation has resulted due to variety of drivers such as timber extraction, fuel wood collection, forest fires and spread of alien invasive species such as *Clusia rosea*, *Dillenia suffruticosa* and *Alstonia macrophylla*. These sites new technical support to help with mapping, biological inventory, restoration plans including specifically assemblages of plants recruited from the restoration site, training in nursery management and restoration techniques and monitoring of restoration sites, record keeping and adaptive management.

C. Wetlands: The estimated extent under this category is 329 ha. This category includes a mixture of ecosystems that range from swamp forests to ponds, streams and stream reservations. These wetlands can support a rich assemblage of wetland species including freshwater fish, amphibians, reptiles, birds, mammals and insects. These sites would require support for mapping, inventory development of management prescriptions, training and monitoring.

D. Degraded land: The estimated extent under this category is 322 ha. This category includes areas that have undergone high level of degradation and exist mainly as grasslands dominated by weeds and alien invasive species. These habitats can be converted to natural forests or grasslands (as some sites might not be amenable for reforestation depending on soil type and soil moisture and second the climax vegetation in some of these sites may be *Patana* rather than forests). These sites would require support for mapping degradation and its drivers, restoration plans and techniques and training in restoration practices and monitoring.

E. Abandoned rubber: The estimated extent under this category is 166 ha. This type of abandoned rubber can be easily converted to forests. The type of intervention required will be removal of invasive alien species, selective removal of rubber creating gaps for establishment of forest species and selective planting of forest species to enrich the forest as well as to achieve the complex three-dimensional structure of the forest. The project can provide technical support for mapping, restoration plans, restoration of best practices, and training in nursery management and monitoring restoration and inventory measures.

The benefits that can be accrued by RPCs through these activities

- These activities will help RPCs to demonstrate best practices with respect to land management which will help them, to achieve sequential progression to achieve certification standards
- The RPCs who have yet to meet the targeted 10% of the extent under conservation under new certification criteria can use these activities to meet the desired target
- These activities can be used to accrue additional benefits through new emerging financial models such as biodiversity credit accruals, payment for ecosystem services, carbon credits etc.,

Category 2. Sites that can be used to improve connectivity within the larger landscape

At present three potential sites that fall into this category has been identified with an area of influence of about 600 ha (refer Table 4 below). These areas will include degraded forest areas and establishment of these corridors will require the area being restored through assisted regeneration, which will help towards meeting the target 2.

Table 4. Potential connectivity corridors where project can engage

Name of the Corridor	Map	PAs Connected	Extent (ha)	RPCs
Kotagala-elbedda	1	Kotagala-Agarapatana	300	Kelani Valley, Horana, Agarapathana
a. Hapugastenna b. Rassgala	2	Peak Wilderness-Bambarabotuwa	50	Finlays Balangoda
Sinharaja	3	Sinharaja-Walanakanda	250	Finlays
Other options from			Category 1	

The estimated extent under this category is 600 ha. Under this strategy, three potential corridors have been identified thus far. However, during the implementation phase of the project further sites may be identified once further information becomes available through the detailed mapping that will be undertaken. The development and maintenance of the corridors will require mapping, consultation with RPCs, smallholders and estate community to reach consensus on co-management arrangements, development of corridor restoration plans, and training on native species restoration techniques, monitoring and monitoring and management of HWCs. In terms of restoration, this might entail facilitation of natural forest restoration, riparian conservation and restoration, and measures to reduce HWC. In case of these corridors that are connected to either forest reserves or protected areas that are managed by either the Forest Department (FD) or Wildlife Department (DWLC) consultation between the FD, DWLC and the RPCs will enable the agreement on collaboration mechanisms, development of restoration plans and monitoring. Collaboration mechanism that already exists between FD, DWLC and RPCs will be further strengthened in particular to: (i) undertake species surveys and monitoring of threats; (ii) joint patrolling; (iii) measures to reduce human-wildlife conflict; (iv) joint awareness and communication programs and (v) collaboration in promotion of community-based ecotourism ventures

Category 3. Sites that can be connected within an estate to produce large habitat patches

This will involve establishment of riparian vegetation along the buffer zones identified for streams and rivulets that are flowing through estates. Establishment of buffer zones along streams and rivulets has been identified as a mandatory action for RA and FSC. Certification and therefore the project can help RPCs to achieve this target through technical assistance. This will require mapping of riparian areas, inventory, assessment of feasibility of establishing connectivity corridors and conservation targets, restoration plans and training for restoration, management and monitoring of riparian areas.

Category 4. Natural habitat sites for ecotourism development

This category involves establishment of nature-based tourism ventures to make optimum use of natural forests that are located in close vicinity of estates using public-private-community partnerships. The approach will diversify income sources for the RPC by using their existing infrastructure, improved livelihoods for estate communities through service provision such as nature interpreters and forest reserve to have better protection as continued presence of visitors will dissuade illegal activities in the nature reserve such as hunting and timber extraction. Also, this activity will enhance revenue generation for the protected area managers as at present there is hardly any tourism being carried out in these protected areas due to lack of formal arrangements to facilitate such tourism as well as absence of safe nature trails to facilitate the tourism experience.

At present four sites have been identified as shown in Table 5 below. However, number of sites that fall into this category can be many more as there is a high potential to develop such activities in the less travelled sites in Sri Lanka. The promotion of this novel concept will require feasibility assessment of viability, types of visitor experiences and facilities and training to operationalize the concept.

Table 5: Potential Ecotourism Development Options

Name of PA	RPC
Great Western	Thalawakele PLC
Rilagala	Kahawatte PLC
Loolkandura Forest Reserve	Janatha Estates Development Board
Peak Wilderness	Gartmore estate

Since this activity will be carried out as public-private-community partnership which will be a novel approach for Sri Lanka, the partnership model as well as the roles and responsibilities of each partner will have to be developed through a broader consultative process and the project can provide the technical support as well as facilitate the partnership development

49 The project strategy was approved at the national level inception and validation workshops. Additional details on the above strategy for site selection and intervention (including maps) are provided in Annex 3.

50 To achieve this objective the project will utilize 3 Project Components with intervention pathways described in the theory of change diagram in **Figure 2** below. The Components (as the GEF project alternative) aims to remove the barriers to

accomplishing the long-term solution (see **Fig. 1**). The details of the suggested Theory of Change are shown in Figure 2. The Theory of Change provides the potential pathways used to inform the project's components and integrated approach. It is based on the premise that biodiversity and ecosystems degradation are fundamentally inter-connected and can be successfully resolved by addressing them simultaneously in ways that deliver benefits to the plantation sector and local communities. There are explicit assumptions that must be met in order to achieve the intended results as described in the TOC, this include:

- Stakeholders, in particular, the Regional Plantation Companies are willing to accept biodiversity-based development as a good business approach. It is overall accepted that environmental-friendly approaches to plantation development and international third party certification are fundamental to survive in the highly competitive global market; (**A1**).
- Private plantation companies and small holders recognize that new economic models and diversification are important means to ensure that productive use of the land can be made (**A2**).
- Improved knowledge enables behavior change among target groups to reverse unsustainable practices (**A3**).
- There is political and public support and market forces that recognize business that meet ethical practices (**A4**)

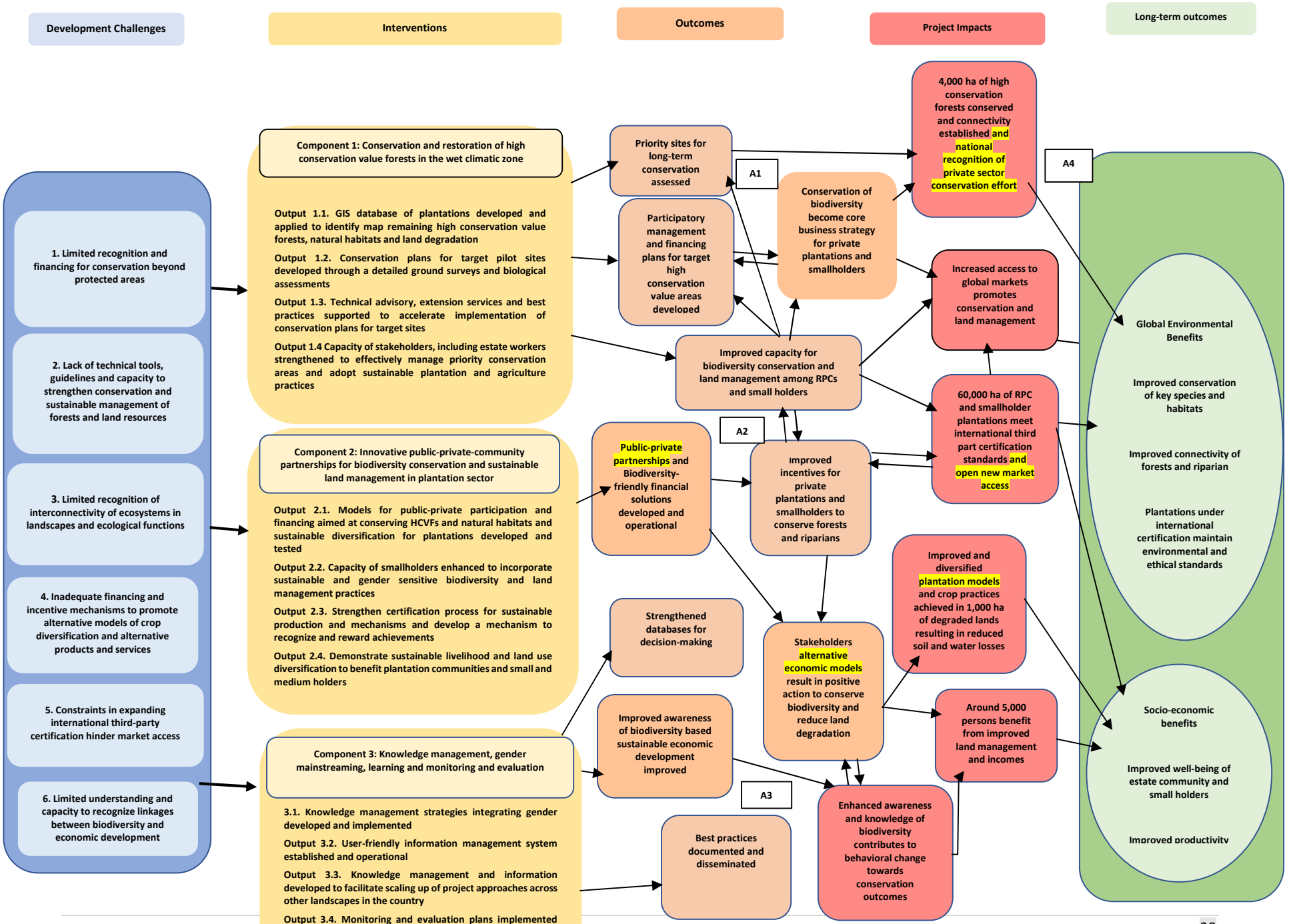


Figure 2: Theory of Change

Theory of Change Narrative

51 The objective of the project is to conserve globally significant biodiversity by improving land management practices in tea and rubber production areas in the Wet Climatic Zone of Sri Lanka through innovative Private-Public-Community partnerships.

52 Based on the above analysis of barriers to promoting conservation of high conservation value forests and avoid land degradation in the tea and rubber plantation lands in the hilly wet climate zone of the country, the Theory of Change (refer Figure 2) is based on three impact pathways: (i) Strengthened environmental, technical and institutional framework with the intent of identifying high biodiversity areas within the target landscape areas to receive specific conservation focus and addressing gaps and measures to enhance connectivity, in particular with riparian areas and neighboring protected areas; (ii) Demonstration of innovative financial measures aimed at conserving priority forests, ensuring diversification of plantation models and reversing land and environmental degradation within plantation and small holders lands; and (iii) design and implementation of systems to ensure monitoring and evaluation, knowledge management and gender mainstreaming.

53 These impact pathways will enable Regional Plantation Companies and smallholder farmers to agree on management objectives for around 4,000 hectares of high conservation value montane and lowland forests within the tea and rubber and rubber multiple use landscape, starting the process of reducing degradation and over exploitation of such forests and halting environmentally unfriendly and unsustainable land use practices. In the short-term, this will improve management of 4,000 hectares of natural forests within the plantations; improve connectivity of fragmented forest patches through riparian connections, undertaking 500 hectares of degraded or degrading forests under restoration practices, bring around 1,000 hectares of degraded tea and rubber lands under environmental-friendly multi-cropping systems; ensuring that 50,000 hectares of large tea and rubber plantation lands and 10,000 hectares of smallholder farms are under either new or meeting enhanced international certification standards (the latter including achieving mandatory sequential progression to higher certification standards and/or adoption of transition to new certification protocols) to ensure environmental, social and gender compliance that is mandatory for competing in the global consumer market(s). In addition, the pathways will benefit around 5,000 estate community and smallholders through improved livelihood practices, gender mainstreaming and improved environmental conditions. Over the medium to long term, the pathways will contribute to realizing national LDN targets, securing current carbon stocks, and in stabilizing biodiversity and ecosystem services within the tea and rubber lands in the country. This will be achieved while simultaneously improving the economic stability of plantations and smallholders through compliance with achievement of international environmental, social and gender standards for its products in the highly competitive global markets. Adopting an integrated plantation management approach will provide a stable and long-term demand for plantation crops in the international market, will remove disincentives for forest and land degradation and in the alternative help create processes and decision-making that is built on enhancing the conservation of forests, safeguard ecosystem services, producing an internationally acceptable product and enable multiple actors (plantation companies, estate community and small holders) to pursue their individual and shared interests. These systems will be promoted and replicated within the entire plantation sector to make the industry effective and competitive in the global consumer market in the long-term.

Impact Pathway 1: Enhanced conservation of natural habitats with high conservation value forests outside the protected areas and improving connectivity of the PA network

54 The remaining high conservation value forests (HCVF) in the Wet Zone (outside the protected area network) are found in plantation lands. This first impact pathway will build systematic mapping and inventory of remaining HCVF and natural habitats and the best suite of interventions to manage them sustainably within the multiple use landscapes in which they occur. This will support establishing the necessary conditions for long-term collaboration among RPCs, smallholders and estate communities and relevant public sector agencies to manage these HCVs and natural habitats within the plantation landscape. It will strengthen the capacity and skills of the plantation sector (including the numerous institutions within the sector) and build institutional capacities to enable mapping, conservation planning, implementation of conservation actions, restoration and complementary *ex-situ in-situ* efforts to enhance the quality and viability of HCVs and natural habitats within the plantation sector to act as effective repositories for conservation and protection of key endemic, threatened or range restricted species and their habitats. It will further seek options for improving recognition of HCVFs and contribution of the plantation sector to conservation through possible recognition of forests within plantation areas of special protection status and improve collaboration between the RPCs and the state forest and wildlife agencies

55 Through site-specific conservation and management plans, specific threats and opportunities in the prioritized locations will be addressed. These plans will spell out measures to reduce threats and capitalize on opportunities for conservation, restoration and diversification within plantations, especially the larger RPC-managed lands. This set of interventions will create an enabling framework and incentives for effective management of the remaining high conservation value forests, enhance their connectivity and viability and help optimize sustainable plantation land and forest management and biodiversity conservation. Interventions for soil enrichment and erosion control will be designed to ensure that the landscape continues to deliver ecosystems goods and services to all stakeholder groups, while minimizing land degradation.

56 The project will develop the capacity of targeted stakeholders to enhance conservation outcomes, reduce threats and adapt plantation practices to more sustainable forms. At plantation and smallholder level, the project will promote mainstreaming of the SLM and plantation agronomic practices in several ways. It will provide training to increase the planning and management capacities of these RPCs and stakeholder on issues related to biodiversity conservation, restoration of degraded forests and riparian areas; key staff will be trained on issues such as conservation planning, landscape approach, SFM and SLM, improved management of fuel wood plantations to enhance biological values, measures to reduce human-wildlife conflict, energy needs management and efficiency measures, monitoring of biodiversity and habitats, etc.

Impact Pathway 2: Innovative private sector financing for biodiversity conservation and land degradation neutrality (LDN) targets in plantations secured

57 Practical ways of implementing integrated sustainable plantation land management and forest conservation interventions will be demonstrated to manage the ecological, social and economic inter-relationships to deliver positive synergies. The project will investigate options for strengthening public-private partnerships and introduction of innovative financial solutions to provide budgetary support to encourage RPCs and smallholders to invest in priority actions that are needed to meet and maintain internationally acclaimed standards that are a requisite to survive in the highly competitive global consumer market that demands products that meet internationally acceptable ethical standards. To facilitate this process, the project will identify and test some promising financial solutions to support the conservation efforts supported under Impact Pathway 1. These include biodiversity financing solutions that were already tested in the BIOFIN Phase 1 project (2016-2019) such as Payment for Ecosystem Services (PES) and green/sustainable banking services, certification and those identified in the Biodiversity Finance Plan, such as carbon offsets, eco-labelling, crowd funding. In addition, the viability of a private sector sustainability fund and biodiversity accruals/credits will also be explored as potential financial solutions.

58 The project, through this impact pathway, will help remove current pervasive incentives that support forest degradation to promote internationally accepted certifications such as Rainforest Alliance (RA) and Forest Stewardship Council (FSC) as a means promote plantation products in the globally competitive marketplace. The wider practice of Good Agriculture Practices (GAP) and phasing out of chemical fertilizers and weed/pest control methods which are currently being promoted by state funded programs will enable more RPCs and smallholder farmers to achieve agronomic practices (conservation, resource management, ethical production, land management) that are closer to international standards.

59 In order to address land and environmental degradation and advance the country towards achieving LDN, the project will put at least 50,000 ha of current private plantation lands under improved agronomic practices through new and innovative plantation models to compete in the sensitized consumer market, meet soil and water conservation, soil fertility and sustainable pesticide programs, protect stream banks and aquatic environments from chemical pollution and ensure appropriate social sensitive practices. It will support around 10,000 ha of smallholder lands in terms of improving good agricultural practices and improved site-level and better integrated management systems to reduce erosion, improve land productivity and promote integrated pest management approaches that support promotion of biodiversity friendly, sustainable land and forest management. In terms of degraded or degrading plantation lands (within the RPCs and small holder farms), the project will promote alternative, new and economic crops through agro-forestry and other multi-cropping systems in around 1,000 ha that can be sustainably managed, with improved value chains to ensure that multiple products and services that can enhance the economic viability of the plantations and investments in more environmentally sustainable practices. The transformational changes, in particular for smallholders that empower women, build resilience to climate change, define new business models, streamline the value chain operations and promote tea and rubber-related nature-based tourism with ensure that these practices become the long-term policy norms for private sector and smallholders to achieve viability in the global market.

60 To ensure that potential negative impacts on livelihoods from changes in land use practices are minimized, the project will actively engage communities in developing multi-cropping agro-forestry systems and environmental friendly livelihood planning and in identifying and agreeing on activities and suitable land for establishment of these programs, with in-depth Environment and Social oversight, targeted Impact Assessment (ESIA) that will be undertaken within the first year of implementation, based on which a targeted Environment and Social Impacts Management Plan (ESMP) will be prepared and implemented (also see SESP in Annex 6 and ESMF in Annex 11).

Impact Pathway 3: Knowledge management, gender mainstreaming, learning and monitoring and evaluation to facilitate replication

61 This impact pathway will ensure that knowledge is generated, stored, shared and transmitted to facilitate wider adoption of best practices and for informed decision-making for conservation in the plantation sector. The interventions involves developing a knowledge management strategy that includes database development, developing a sustainability scorecard for tea and rubber sectors to portray industry-wide sustainability practices, developing and refining standards, guidelines and protocols for innovative conservation approaches and financing options, producing lessons learnt and success stories that will enable replication of conservation approaches and financing strategies across the entire plantation landscape.

62 Implementation of the project will be guided by strong gender mainstreaming and stakeholder engagement. Participatory monitoring and evaluation and knowledge management processes will be used to enable adaptive project management and inform stakeholders at all levels on the nature and extent of impacts intended and achieved. This is particularly important because ensuring the long-term economic sustainability of the plantation sector will require buy-in and commitment from all stakeholders to ensure that the sector is managed with full consideration of the biological, social and environmental aspects that underpin its survival in the international marketplace.

63 The existing coordination platform for multi-stakeholder engagement in sustainable production (CTRM-2030) will be strengthened and expanded. This platform will support knowledge exchange, policy level discussions and debates, undertaking interventions at landscape level and promoting replication, ensuring that the future expansion of production does not compromise biodiversity and ecosystem function and contributes to the establishment of deforestation-free supply chains that provide sustainable products to the markets. Collectively, these measures advance the country towards land degradation neutrality as well

Project Areas

64 The project target landscapes for direct intervention are located in the Nuwara Eliya, Ratnapura, Galle, Matara, Kegalle and Kalutara districts and have been prioritized based on the distribution and extent of high conservation value forests (including species diversity, status and composition) and options for establishing connectivity with riparian areas and surrounding protected areas (forest reserves and wildlife reserves). Additionally, mapping will be done in the remaining five districts of Badulla, Kandy, Matale, Colombo and Monaragala to identify areas of high conservation value for future conservation actions. Refer Annex 3 for additional details and maps.

IV. RESULTS AND PARTNERSHIPS

A. Expected Results*:*

65 Long-term solution: The project is designed to achieve long-term environmental impact of conserving globally significant biodiversity and improving land and plantation management practices to ensure environmental, social and economic viability within the tea and rubber plantation areas. This will be achieved through developing and implementing the following institutional, financial and technical measures specific to the tea and rubber plantation landscape.

- *Promotion of sustainable and innovative plantation model(s) to compete with the sensitized consumer market for these products, that recognizes the need for business models that meet acceptable international environmental, social and ethical certification standards;*
- *A private-public platform to facilitate planning and coordination in biodiversity conservation, natural resources management and gender mainstreaming within the plantation sector;*
- *Improved site-level planning, monitoring and implementation framework for demonstration of integrated plantation economic models that concurrently conserve biodiversity, improve environmental management of plantation lands and promote social and gender mainstreaming within the plantation sector operations;*
- *Promotion of new and economic crops that can be sustainably managed, with improved value chains to ensure that multiple products and services that can enhance the viability of the plantations and investments in more environmentally sustainable practices;*
- *As part of the environmentally sustainable approach, improved site-level management systems (within plantations, small holdings and agricultural lands) to reduce erosion, improve land productivity and reduce pollution of biologically rich aquatic systems through promotion of biodiversity friendly, sustainable land and forest management, and sustainable and better targeted community livelihood investments and business ventures;*
- *Improved awareness and knowledge on biodiversity conservation and the ethical and social dimensions of the emerging consumer market that encourages support and commitment from policy makers, planners, private sector and local communities to meet the international market requirements;*
- *Improved financial incentives that encourage private sector and small holders to implement conservation and land management practices; and*
- *Transformational changes, in particular for smallholders that empower women, build resilience to climate change, define new business models, streamline the value chain operations and promote tea and rubber-related nature-based tourism.*

66 The Project Objective is to ***conserve globally significant biodiversity by improving land management practices in tea and rubber production areas in the Wet Climatic Zone through innovative Private-Public-Community partnerships.*** To achieve this objective, the project is designed to develop and test viable private-public partnership(s) to achieve holistic and well-integrated management approaches for high conservation value forests within the target Regional Plantation Company land and smallholdings in six districts, that are commensurate with good environmental, social and ethical practice. These interventions build on existing initiatives and experience and expand on environmental, social and conservation practices being currently undertaken by some RPCs and smallholder farmers/ farmer groups on their respective lands.

67 The project's incremental value lies in demonstrating the development and implementation of alternative plantation models that support the conservation of species and habitats as well as sustainable environmentally-friendly and socially acceptable practices on the plantations, small holders and adjacent lands in order to meet internationally certified standards to compete in the global market. The international certification, in itself supports reducing land erosion and degradation, pollution of aquatic and riparian areas and enhancing social and economic benefits from such practices. This approach will concurrently strengthen the conservation of biodiversity, rehabilitate degraded tea and rubber plantation lands and forests, improve agricultural land productivity, maintain the connectivity and ecosystem values of these biodiversity rich forests and riparian areas and ameliorate climate change impacts. It will strengthen existing biodiversity Information management and maps will be developed for each of these target clusters which will provide the following: (i) biodiversity and species values of each parcel of forests within the target landscape clusters collating existing information and developing new information; (ii)

areas of high biodiversity conservation significance within the plantations, (iii) spatial tools on forest and land degradation and (iv) data needed to support planning for ensuring sustainable plantation, agriculture and production forestry to meet estate and labor energy needs; sustainable ecotourism development; agricultural and sloping land rehabilitation and improvement; climate change adaptation; and community sustainable resource management through improved home gardens, agro-forestry and other multi-structured land use options. The information system will allow for defining which forested areas within the plantation sector that are important for long-term conservation of threatened and endemic species as well as ensuring connectivity. It will also help identify key aquatic habitats and riparian areas that need improved conservation and management, head waters and upland habitat and forests that are necessary to maintain the ecological integrity of the landscape. Through such an integrated landscape approach it is anticipated the enhancement of the productivity of its plantation crops, agriculture and production forestry, sustainable land use and ecotourism, and community (including estate labor) participation in improved economic opportunities in the long term. It will also help develop capacities and required enabling frameworks through "learning-by-doing" approaches in the selected target plantation clusters to enable expansion and replication. The project will be able to develop and demonstrate a matrix of best private sector forest conservation, plantation and land management practices, social and ethical practices for the plantations in the Central Highlands and surrounding wet climatic regions for scaling up and replication nationally and regionally. A series of knowledge management publications and awareness events will support the achievement of these targets.

Component 1: Conservation and Restoration of High Conservation Value Forests (HCVFs) and natural habitats in the Wet Climatic Zone of Sri Lanka

Total Cost: US$ 20,953,000; GEF project grant requested: US$2,053,000; Co-financing: US$18,900,000

Outcome 1: Enhanced conservation of biodiversity rich, high conservation value forests (HCVFs) and natural habitats within tea and rubber plantations in the wet climatic zone of Sri Lanka

Baseline conditions for this outcome (without GEF project):

68 Without the GEF increment, it is likely that the conservation efforts will continue to be largely focused within the protected area system that is managed by the government entities, leaving limited financing for high conservation value forests outside the realms of the government's development budgets. As a consequence, private sector investments in conservation within the plantation sector that has recently been initiated by a few Regional Plantation Companies, will continue, but at a slow pace. Sri Lanka's slack growth, high production costs and low prices for agricultural commodities such as spices, tea and rubber in global markets could further affect new and substantial investments in conservation and environmental practice. Hence, while private plantation companies, will continue to make small investments in conservation practices in remnant forests as well on plantation lands within their ownership, without the GEF project it is unlikely that there will be: (i) significant new investments in sustainable environmentally-friendly plantation and natural forest management practices at a landscape level: (iii) new and innovative financial instruments to enhance biodiversity outcomes in the RPC plantations, and in particular in lands belonging to smallholders and individual private owners; and (iii) effective data collection, monitoring and skills development to prioritize natural forests and enhance capacity for biological oversight. As a consequence, the high conservation value remnant forest patches within the plantation and small holders will likely continue to be managed less effectively, and threats to biodiversity, including land degradation and pollution of aquatic habitats will likely remain less effectively managed resulting in loss of key habitat for endemic and threatened terrestrial and aquatic species, and their ultimate decline. Similarly, there will continue to be a lack of national recognition of the importance of these remnant forests as critical biodiversity components of the biologically rich wet climatic zone of the country. Therefore, responsibilities for conservation of these forests and its biological diversity that rests with the private plantation companies will continue to remain uncertain, if there is a further decline in demand for these commodities in the global markets. Without GEF financing, Sri Lanka will not likely be able to guarantee: (i) an effective collaborative arrangement between the public and private sector in terms of protection of these biologically rich remnant forests within the plantations; (ii) an effective consultation between different institutions and public and private sectors at the national or provincial level in support of biodiversity conservation, in particular in maintaining conservation outcomes in areas outside PAs that are necessary for ensuring species conservation and habitat connectivity for threatened species, (iii) an effective integration of biodiversity conservation targets and outcomes in plantation practices; nor (iv) an effective means to integrate local community economic

interests, knowledge and traditional resource management systems into management of agricultural and multiple use landscapes.

Alternative for this outcome (with GEF project):

69 Under this Outcome, the GEF increment will support strengthening the environmental, technical and institutional framework for enhancing conservation of biologically important forests within existing tea and rubber plantations in the country. This will entail facilitating mainstreaming of biodiversity conservation, ecosystem services and social and ethical practices into key planning instruments of private and smallholder plantations to systemically address reduction of threats, while at the same time supporting institutional capacities to protect, restore and rehabilitate these forests and related ecosystems. It will also incorporate sustainable environmental management and agronomic practices within plantations (large plantations companies and smallholders) and agricultural lands within and outside these plantations to reduce threats on forests and aquatic systems from erosion, chemical pollution and IAS, enhance connectivity with riparian habitats and adjoining protected areas. This outcome lays the foundation for testing private-private partnerships to enable replication and scale up in the rest of the plantation districts of the country (being piloted under Components 2 and 3).

70 In addition, the GEF increment will support improvement and strengthening of agronomic and non-agronomic based environmentally-friendly practices on plantation, community and smallholder lands. The community and smallholder-based models proposed are aimed at (i) ensuring sustainable land management practices; (ii) improving biodiversity friendly livelihood and business management practices; (iii) improving productivity of degraded plantation and agricultural lands; (iv) providing financial and other incentives to encourage investments and enterprises that avoid biodiversity loss; and (v) increased engagement of the community in promotion of smallholder plantation, agriculture and other alternative livelihood practices. These activities will be implemented through existing smallholder institutions, to the extent relevant. About 5,000 people would benefit directly from project investments (improved plantation and small holder agriculture and livelihoods, value addition and income from non-agricultural related investments) within the target clusters. Indirect beneficiaries would be around 200,000 people who would benefit from improved conservation, watershed management and ecosystem services generated through project interventions in forest conservation and restoration and mainstreaming of biodiversity conservation and natural resources management in the plantation sector and its vicinity.

71 Following the development of integrated conservation management plans for priority sites, the project will support the mainstreaming of biodiversity conservation aspects into plantation, smallholder and agriculture sector planning through a variety of measures including increased awareness of conservation and environment friendly practices, development of conservation management and financing plans for the proposed target sites/RPCs (including forest and connectivity plans, plantation practices, agronomic and land use), etc. These plans will, *inter alia*: (a) identify high biodiversity areas within and outside the target landscape areas in the six districts to receive specific conservation focus; (b) identify gaps and measures to enhance connectivity, in particular with riparian areas and neighboring protected areas; (c) prescribe appropriate land and forest management measures in production landscapes thus avoiding, reducing and mitigating the impacts to biodiversity; and (d) ensure that environmental and social aspects are taken into consideration in developing these plans, including compliance with UNDP SES requirements. This outcome will be achieved through the following four outputs, which will contribute to achieving the overall goal of expansion and improved management of biological habitats within the pilot target landscapes and demonstrate a comprehensive ecosystem-based planning, management and monitoring of critical biodiversity and habitats and in establishing capacity for reduction and management of threats. It will also identify through a mapping exercise, a set of priority sites within the entire plantation landscape (in all the eleven tea and rubber plantation districts) for potential replication of conservation management efforts in the long-term and set in a motion a process that recognizes the value of these remnant forests as a means to conserve the nation's critical biodiversity.

Output 1.1: A GIS-based database of tea and rubber plantations developed and applied to identify and map remaining high conservation value forests (HCVF), natural habitats, and degraded areas.

72 Under Output 1.1, a GIS based database of tea and rubber plantations will be developed/strengthened, mapping remaining natural habitats, species composition and diversity, forest plantations and land degradation (including assessment of drivers of degradation) within the tea and rubber plantations in 11 districts in the wet and intermediate climatic zones in

the country. The intent is to spatially define conservation elements, including high conservation value forests that would complement the National Conservation Review (NCR) of forest biodiversity undertaken in 1991-1996 and building on existing information available with government institutions, NGOs, IUCN, , academia and Regional Plantation Companies (RPC). The forest patches sampled in the NCR included only those over 200 hectares. Rapid surveys will be undertaken within the tea and rubber plantations to access their species composition and diversity and rank these smaller forest patches (<200 hectares) according to their biological importance based on a defined set of criteria, but including information on endemic, rare and threatened species as well as to identify potential opportunities for linking these remaining forests with other smaller patches and/or with the existing network of protected areas, where this is feasible. This output will also benefit from the mapping conducted by the ESCAMP (Ecosystems Conservation and management Project) which is preparing a landscape level plan for forest landscape restoration in the Sinharaja (southwest Central Highlands region) region which has identified a number of viable corridors linking remnant forests in plantations and existing projected areas. This will enable the identification of a portfolio of viable, and priority conservation areas within the entire wet and intermediate zone plantation sector that is necessary for the long-term conservation of the range of threatened, endemic and endangered species that are unique to these remnant forests. The outcome of this Output will inform the other outputs of this Component as well as other components.

73 The database will support the following:

- Identification of the overall conservation landscape within the estate sector
- Assessing the different natural habitat types, extents and their present status as well as threats to these natural habitats, which will inform (i) preparation of estate level management plans, (ii) prioritization of investment on estate sector restoration activities, (iii) preparation of an overall *in situ-ex situ* conservation plan for the estate sector, (iv) identification of further improvement of habitat connectivity using estate forest and (v) identification of natural resources that can be used to develop an estate based tourism network
- Showcase the sustainability of the plantation sector using quantitative data and case studies, which can support the certification process as well as to position Sri Lankan tea, rubber and other products within the sustainable product landscape
- Develop information from the plantation sector in a form that would enable its integration into national biodiversity planning and investments

74 Output 1.1 will support the following indicative activities:

1.1.1 Evaluating the existing **information** (including available biodiversity reports prepared by RPCs for the purpose of certification) to ascertain specific requirements for incorporating information (e.g. species composition and diversity, conservation values, status of forest cover and degradation, etc.) in terms of forests, wetlands, swamps, riparian areas etc. so as to provide a database(s) that could be later used for conservation management purposes. Current databases, mostly contain information of land use, including forest cover, species present, their threat status and distribution status, but limited in terms of the conservation value of these forests and natural systems. Based on this assessment, the project will support the development of **simplified, standardized and dedicated formats for information management in terms of biological values.** Existing information available with Forest Department, National Herbarium, Land Use Policy Planning Department (LUPPD), Ministry of Plantation (MOP), RPCs etc. seems to be datasets rather than operational databases. The additional information collection standards will be defined and supported by identifying software and devices for standardized inputting and recording of information; and provide for digital access and sharing (as part of Output 3.2). The hosting of these datasets will be determined as part of the analysis, along with the hardware and software needs. This will also need agreement on data sharing policy and data sharing mechanism and determination of access levels and MOUs etc., and the establishment of the database as well as reporting systems using available data sets to test it will also be addressed through Output 3.2.

1.1.2 Facilitate an effort to collect and digitally catalog existing information available with the RPCs. This will provide, along with the information generated from Activity 1.1.3 and 1.1.4 to provide a comprehensive database(s) that will facilitate long-term conservation planning within the wet and intermediate climatic zones of the country. This will provide a highly accessible, usable, and catalogued bibliography of available resources in support of replication and upscaling.

1.1.3 **Undertaking rapid assessment and mapping of the remaining forests** (and other natural ecosystems) within the plantation sector in the wet and intermediate zones using existing forest cover maps, complemented by rapid ground

surveys. The mapping will be undertaken by the Land Use Policy Planning Department (LUPPD) that has already mapped forests in 5 (Kegalle, Kalutara, Ratnapura, Galle and Matara) of the 11 districts within the tea and rubber plantation sector in the two climatic zones. All available maps with the RPCs and LUPPD should be reviewed to identify which estates are to be surveyed and plan prepared. Priority should be given to any data gaps in Nuwara Eliya as it is one of the six districts where pilots will be carried out. These maps will depict land use including land under natural forests and plantation forests as well as other important natural habitats such as wetlands, marshes, savannah grasslands, headwater forests, riparian forests, etc. The information management system will include specific data (to the extent this is available from other existing sources, supplemented by rapid ground surveys) on species composition, vegetation types, condition of forests, etc.).

1.1.4 Based on the mapping and assessment of the forests in the eleven plantation districts in the wet and intermediate climatic zones of the country, **identify a set of priority sites for long-term conservation**, based on the four categories defined in Section III of this document. The selection of priority sites will depend on criteria such as; A) Types of natural habitat that can be conserved (consideration should be (i) selection of set of habitats that represent a wide range of ecosystems from sea level to montane (ii) extent of habitat as this will influence outcomes (iii) present status of habitats as less disturbed sites are easy to manage (iv) possibility of the site receiving critical species under *in situ-ex situ* program and B) Number of critical species that can be influenced. The outcome of this exercise, will be a portfolio of viable and priority conservation areas within the plantation sector that is necessary for the long-term conservation of the range of threatened, endemic and endangered species that are unique to these remnant forests within the plantation areas in the wet and intermediate climatic zones of the country. **Preliminary site-specific management plans** would be prepared for the most critical/larger priority remnant forests in the eleven plantation districts to enable replication at a later time;

1.1.5 **Supporting a number of institutions** (e.g. the Forest department, National Herbarium, LUPPD, MPI, RPCs and others) to strengthen existing databases to serve as repositories for the land use, biological and conservation information, that is compiled from existing available information and information generated from Activities 1.1.2 and 1.1.3 to facilitate future planning and management of natural forests, other ecosystems, restoration, sustainable development activities, etc. The project will provide these institutions with additional training, technical support and updated software to facilitate strengthening of their existing information management systems.

Output 1.2: Conservation Plans for target pilot sites developed through detailed ground surveys and biological assessments.

In order to ensure investment activities (in Components 1 and 2) are strategically located to demonstrate tangible impacts and outcomes, the project will implement a suitable mix of project investments in the selected target landscapes in the six target plantation districts of Nuwara Eliya, Ratnapura, Galle, Matara, Kegalle and Kalutara (as identified in Section III) containing high conservation forests areas, where tangible impacts on biodiversity conservation and threat reduction and sustainable environmentally friendly plantation models can be demonstrated. The high conservation value remnant forests within the selected target landscape clusters will serve as demonstration for achievement of conservation outcomes under the GEF project.

75 A three-tiered evaluation process was employed to facilitate the identification of the biodiversity rich landscape and forest clusters within the plantation sector. The first tier entailed the use of biological criteria to identify the best “umbrella” sites, namely those sites that are representative of a suite of critical species and habitats (based on species irreplaceability, potential for habitat connectivity, ecological permanence and having representative bio-indicators). Once these important biological sites were identified, these were subjected to a second-tier evaluation in terms of threats where historical and future trends of land-use changes, land use conflicts and drivers of degradation and predicted response of biodiversity to these trends. The third tier involved an assessment of the demonstration potential of the proposed sites in terms of interest, enthusiasm and commitment of the RPCs and small holders in participation in the conservation effort. Based on the above, a preliminary list of forest areas, connectivity corridors (including riparian areas), and plantation/smallholder estates were selected at PPG stage. Output 1.2 will support the following indicative activities in the selected target sites:

1.2.1. **Further validation of the sites identified** at PPG stage (including the three corridors) for detailed mapping (where maps do not currently exist) to identify conservation value of these remnant forests, and develop the baseline that

includes species composition, diversity and ecosystem values and location of specific connectivity corridors that integrate riparian areas, etc.;

1.2.2 **Develop site-specific management plans** for the most critical/larger priority remnant forests in the six plantation districts to enable replication at a later time. Based on the mapping, **prioritization of specific locations/ species and conservation strategies within the selected target sites**. ii) The evaluation of options for improving conservation outcomes and identification of **specific on-the-ground investment**s required for the prioritized locations and iii) stakeholder agreements and participatory planning to finalize each site-specific management plan and iv) preliminary cost estimate for conservation activities including habitat improvement and restoration, corridor demarcation, conservation of 'refugia' needing species improvements, swamp and wetland areas for management interventions, degraded forests for re-constitution through habitat improvements, critical headwaters for protection, etc. It would also identify investment measures in disturbed forest areas for assisted natural regeneration to improve connectivity, degraded agricultural lands for productivity improvements and SLM, degraded tea and rubber lands for agroforestry, multi-cropping systems and diversification, opportunities for sustainable biodiversity-friendly community livelihood development and areas for intensive community resource use and environmental-friendly tourism. These plans would be developed through an iterative consultative process involving the respective RPCs, smallholders groups, community representatives or community organizations, Ministry of Plantation Industries, Departments of Forestry and Wildlife conservation and the relevant provincial and district entities. The conservation management and financing plans will identify activities, institutional responsibilities, financing sources, coordination mechanism, measures for management of any potential environmental and social impacts in accordance with UNDP's SES requirements and monitoring arrangements for implementation of such plans. The plans will identify priorities activities for: (i) management of HCVFs, riparian areas, connectivity corridors and other natural areas; (ii) enhancing environmental improvements within the tea/rubber areas, home gardens, agricultural lands and common grazing lands; (iii) areas for agroforestry and multi-cropping systems; and (iv) improving degraded forests and riparian areas; (iv) enhancing management of fuel wood and forest plantations; etc.

1.2.3. **Develop public-private partnerships to test conservation strategies:** This activity will support the engagement of national and local public institutions, especially those vested with natural resources conservation, forestry and biodiversity protection to enter into long term agreements with private sector plantation companies and with non-governmental organizations to promote conservation and human resource development outcomes on the plantations. Specifically, these partnerships would include:

- Collaboration with Forest and Wildlife Departments on connectivity corridors and species conservation strategies in the plantations (Deepdene Corridor, Forest Department/ Kotagala-Elbedda Corridor, Department of Wildlife Conservation);
- Partnership with the National Herbarium to enhance training and provide technical support to facilitate in-situ restoration in remnant forest patches (in particular critical and rare species, near extinct species, etc.) to improve their viability in the wild. The ex-situ activities will be financed through non-GEF resources; and
- Partnership with the State-owned plantation companies to create a land-bank for forestry and watershed-related private sector investments.

76 The outcome of this exercise, would be the development of site-specific and adaptive conservation management and financing plans for the landscape clusters, that will include specific recommendations for activities within the large private tea and rubber plantations, recommendations for improving conservation outcomes in small holder plantations, home gardens and common lands, recommendations for improving degraded agricultural lands and their productivity and options for diversification and enhancement of local livelihoods and the local economy. In the long-term, the project will seek to identify best possible options for recognizing privately owned and managed conservation forests (based on IUCN categorization) and locally developed certification models for smallholder plantation models.

Output 1.3: Technical advisory, extension services and best practices on forest restoration supported to accelerate implementation of Conservation Plans for pilot sites.

77 Within the selected target landscape clusters, the GEF increment will support the initiation of activities in the site-specific management and financing plans, with the expectation that financing from private sector (building on financial

models to be developed under Component 2, that will be tested in the target landscapes). Under this Output, the project will support: (i) improved conservation efforts that will focus on intact remnant forest to enhance carrying capacity of critical species and improve connectivity, (ii) restoration efforts will particularly focus on degraded forests and riparian areas to improve connectivity; (iii) restoration of partly degraded tea and rubber lands (e.g. agro-forestry, multiple cropping systems, etc.) to provide a multitude of products and services for enhancing the economic returns and providing community benefit: (iv) improved management practices within the plantation lands to enhance soil and water conservation, reduce pollution of streams and waterways, preserve riparian vegetation, improve management of forest and fuel wood plantations, etc.; (v) livelihood and small-scale community-based enterprises to support the estate community, youth and small holders; (vi) opportunities for ecotourism-based activities, and (vii) management of potential safeguard risks, etc. All restoration activities will take place on lands belonging to the private plantation and small holders and will be supported by non-GEF resources, in particular from the RPCs. However, in keeping with Output 2.1 of the project, it is anticipated that funding for conservation related activities would likely be generated through potential public, private and new financing options that are likely to come on stream within three years of the project.

78 Implementation of target management plans would entail the following:

1.3.1 Recruit consultancy firm to provide **technical support, guidelines, best practices** and investment support for the conservation, protection and plantation environment friendly agronomic practices;

1.3.2 In terms of **smallholder restoration activities** for forests and home gardens provide technical and planning support for identification of locations of restoration and/or improved diversification (in particular for home gardens, agroforestry, diversification with more productive economical crops), choice of species (with emphasis on economically useful fruit and non-timber species), seed sourcing, nursery and planting practices and monitoring protocols. This will entail direct and active participation of small holders in terms of choice of species and restoration practices and will entail agreement on shared goals and responsibilities as well as to optimize the conservation and sustainable livelihood benefits of forest and home garden restoration and improvement.

1.3.3 Provide technical support, extension and training for enhancing opportunities for agro-forestry, home garden development, multi-cropping systems, small-scale enterprise development and livelihood activities and ecotourism

1.3.4 Development of **evaluation tool and its application for monitoring** forest restoration, agroforestry and crop diversification progress and impacts, including in partnership with communities in terms of small holder restoration activities for assessment of biological, ecological and economic benefits; and

1.3.5 Investigation of potential for **collaboration in forest restoration, agroforestry and diversification and financing** (the financing in particular for small holders) through complementary forestry department, Ministry of Plantation, Tea Small Holdings Development Corporation, Provincial Governments, Private Sector and other programs. The potential for provision of matching small seed grants for small holders for this activity will be assessed.

Output 1.4: Capacity of project stakeholders including estate workers strengthened to effectively manage priority conservation areas and adopt sustainable plantation and agriculture practices.

79 Output 1.4 will support capacity building and skills development for local government officials, civil society organizations, tea and rubber smallholders, plantation managers, plantation workers and farmers to collaboratively manage priority conservation areas and adopt sustainable land practices in the plantation . Capacity building also underlines all the project interventions. The design of training activities will be based on an assessment of Knowledge Attitude and Practices (KAP) described under Component 3. To the extent feasible, training activities will build largely on relevant aspects of ongoing training programs of concerned agencies. The indicative activities under this Output are:

1.4.1 Based on KAP surveys, undertake a **capacity needs assessment** exercise to identify training and skills development needs for the range of stakeholders, namely private plantation, smallholders, estate labor, local communities, provincial and district institutions, etc.

1.4.2 Identify institutions (e.g. National Institute of Plantation Management, National Herbarium, and others) and resource persons to help develop a network of locally based training institutions to provide the required training and skills development;

1.4.3 Based on the training needs hire a team of consultants to prepare training modules for different short programs

1.4.4 **Support training and skills development**. The key topics to support enhancement of conservation and environmental practice within forests and plantation areas might include: (i) Overview of principles, strategies, good practices and lessons in forest conservation and management; (ii) evidence-based perspectives and new standards for biodiversity and environment sensitive, planning and management of plantations; (iii) design, management and monitoring; (iv) training on certification, particularly for small holders; (v) guidelines for biodiversity baseline assessments and monitoring of trends; (vi) strategies for supporting new plantation business models; (vi) identification and management of safeguard risks, etc. This will also include capacity building to mainstreaming of gender responsive biodiversity conservation into plantation practices, forestry, agriculture, natural resource use and other relevant sectors;

1.4.5 **Assess the effectiveness of training modules** and revise training programs as needed and adopt measures for their assimilation into training programs particularly that of NIPM, TRI, RRI, and others

Component 2: Innovative Public-Private-Community Partnerships for Biodiversity conservation and sustainable land management in the plantation sector

Total Cost: US$12,947,025; GEF project grant requested: $1,097,025; Co-financing: US$11,850,000

Outcome 2: Harnessing innovative private sector financing for conservation of biodiversity and Land Degradation Neutrality in plantations secured

Baseline conditions for this outcome (without GEF project):

80 While there is significant interest of the private plantation companies, in the form of small-scale pilots to support conservation within their lands, without the GEF project, the conservation of these forests will largely be defined by the funds that the plantation companies are willing to additionally invest, particularly given the uncertainty of the post-Covid economic recovery in the international tea and rubber markets. This would mean that it is likely that the conservation of forests and promotion of environmentally friendly plantation practices will progress at a reduced pace. Low productivity and higher cost of production, especially to accommodate Covid-19 safeguards and government-imposed wage hike for plantation workers, means that Plantation Companies will likely not have the 'spare' cash or human resources to invest in forest conservation and restoration, which in most cases is outside their core business practice.

81 Sustainable land practice, particularly in smallholder farms will be slow to materialize and intensive cultivation with excessive external input will continue, while more serious problem arising from land degradation in the uplands, as a result of soil erosion, and consequential loss of top soil and changes in the chemical, biological and physical endowments of the soil will likely persist and cause a depletion of aquatic biodiversity in streams and rivers, as well as other detrimental impacts. Large tracts of degraded tea lands in rolling to steep-sloping areas (up to 50% slope or more) that are easily eroded, too shallow, dry or rough for cultivation will continue to be lost. As the productivity of lands begin to deteriorate further, natural resources and forests will continue to decline, resulting in more open access regimes that are critical habitat for many key species. Consequently, local communities will continue to depend on natural resources, resulting in further degradation of biodiversity rich habitats that could cause disruptions to connectivity between important isolated habitats. Consequently, key biodiversity and ecosystems within and outside the traditional protected areas will face intense pressures and threats, with likely reductions in fauna and flora diversity and species population sizes, thereby threatening the survival of these species over their overall biological range.

82 This is further compounded by a slack in growth, high production costs and low prices for agricultural commodities such as spices, tea and rubber in international markets that will likely constraint the ability of the larger plantation sector

companies to invest significantly in conservation practices. The challenge of making choices between economic and conservation interests will be a key factor that the plantation companies will continue to face, given that economic interests will always prevail. Additionally, without the GEF project, the private sector investments in conservation within the plantation sector will likely not be translated into the core business investments and budgets of the plantation sector as a whole.

83 Additionally, the emerging demands of the global consumer market for supply of ethical products that meet and maintain internationally recognized certification, such as through Rainforest Alliance (RA) for tea plantations and Forest Stewardship Council (FSC) for rubber plantations has progressed covering both the larger private companies and smallholder groups. More than 100,000 ha of tea (and some cinnamon, pepper and coconut), in particular the high grown teas (over 3,000 feet altitude) is where 95% of the large plantation company lands are RA certified. While, this certification process has been instrumental in ensuring good legal, social, environmental, economic and agricultural practices (minimizing erosion, improved conservation of land, water and forests and support ethical use of labour, ensuring women right's and welfare standards), there is a need to improve the application of these certification practices to estates at lower altitudes and enhance the capacity of the RPCs to achieve sequential progression of sustainability improvement in certification standards. In terms of certified smallholders (usually certification of smallholders groups are done through a group leader which could be a RPC, factory owner or smallholder society) there is a need for enhanced capacity to maintain standards stipulated by the certification process. Without the GEF projects this progression will likely be slow and limited in scope.

84 In addition, there are a number of policy discrepancies that exist in the plantations, providing perverse incentives for forest and land degradation. Fuelwood plantations are a good example. While plantations are encouraged to grow more fuelwood for their own energy needs, the harvesting of fuelwood is controlled by stringent forestry and environmental regulations and cumbersome approval processes, that in turn creates a market for forest-sourced fuelwood. Incentives to expand new tea, coffee and spices could well encourage more forest clearing. In terms of smallholders, forest encroachment can be a real problem. Government subsidies and grants/concessionary credit doled out for tea expansion in both large, medium and smallholder lands could lead to expansion of tea into areas that are already forested or could be reforested. Thirdly, the issue of managing forested lands within plantations, and the extent to which the government is willing to encourage and incentivize private sector to protect watersheds, stream reservations and remaining forests within plantations is uncertain.

Alternative for this outcome (with GEF project):

85 The GEF increment will build on the demonstrated interest and willingness of the plantations sector to conserve biodiversity and reverse land degradation, by supporting public-private-community partnership envisaged under this Component that are geared towards leveraging, consolidating and expanding these efforts. To this end, the project will make an assessment of current financial flows to develop a suite of sustainable financing options to support the conservation and land management efforts. The investments for conservation and shift in land management practice will be leveraged through the private sector – by Regional Plantation Companies or through green lending schemes from Commercial Banks. Conversely, provision of alternative renewable energy options (to reduce demand for firewood for the tea industry and its labour force) and clean water and sanitation to communities could provide incidental benefit to the industry itself. Activities such as development of economically feasible alternative business models for the plantations may be co-financed jointly.

86 The GEF project will build on existing government and private sector investments for sustainability and this includes subsidies, low interest credit schemes and other incentives to improve sustainable and climate smart plantation practice to ensure that the tea and rubber from Sri Lanka maintain and enhance their market share in a fiercely competitive market. In this regard the Tea Board, Tea Commissioner's Department (TCD) and Tea Smallholder Development Authority (TSHDA) all provide annual subsidies and grants for tea production and improvement. These include grants for replanting and new planting (recently increased to USD 3,000/ha), improving shade tree cover, water conservation practices, nursery establishment and soil conservation practices (around USD 1 million in total). The Asian Development Bank recently launched a US$ 20 million new investment to improve tea production aimed at small and medium-sized tea holdings providing both grants and concessionary finance, for new planting and re-planting and improving existing tea cultivation. The loan's disbursement is conditional to farmers adopting Good Agricultural Practices as promoted by the Tea Research Institute that provides an opportunity for the GEF project to capitalize on.

87 Similarly, there are around 150,000 rubber estate owners mainly in the districts of Kegalle, Kalutara, Kurunegala and Ratnapura. Around 800 smallholder societies are registered with the Rubber Development Department (RDD) mainly to take advantage of rubber plantation development subsidies and grants for fertiliser, rubber replanting, new planting and to provide rain shields etc. to protect the latex from wet weather. These subsidies amount to roughly USD 1,000 per year. The RDD and an adjunct Fund called *Thurusaviya* Fund provides support to rubber cultivators and rubber nurseries.

88 In a bid to steer the industry towards greater economic, social and environmental sustainability a new, fledgling government-private sector platform has been created. The Ceylon Tea Roadmap -2030 (CTRM-2030) was initiated in 2020 with a vision of ensuring Ceylon Tea retains its market leadership in terms of taste, quality, and recognised as leading the market in social and environmental sustainability. The government-private sector platform consisting of the committee Tea Board, Tea Research Institute, Planters Association, Ceylon Tea Traders Association, Tea Smallholder Federation and RPCs would play a critical role in supporting the achievement of the CTRM-2030 objectives that includes the development of a sector-wide plan for Carbon Neutrality (including energy, fertiliser management, forestry, etc.) and a Knowledge Hub/Platform for RPCs and industry to share best practices, engage in new learning and training modules that is required for sustainable plantation management etc. Beyond this, there is also a need to improve opportunities for wider application of sustainable certification practices across the tea and rubber industry, including smallholders, the latter who overwhelmingly manage the majority of the plantation lands. Some RPCs have resorted to 'out grower' models where tea blocks are given to individuals or families to maintain, with the company buying the tealeaf from them. This transcends the traditional labour-management relationship enabling workers to treat the land as their own and invest to increase its productivity. As part of the mapping exercise adopted in Component 1, the project will create a Land Bank with participating RPCs to identify most viable areas for development of 'out grower' models with plantation communities and adjacent villages.

89 These efforts need to be translated into the core business investments and budgets of the plantation sector as a whole, in order to ensure long-term sustainable models for private sector engagement that are environmentally and socially acceptable and meet the emerging needs of the sensitized consumer market for these products. Under this Component, the project will support the following four Outputs:

Output 2.1: Models for public-private participation and financing aimed at conserving HCVFs and natural habitats, and sustainable diversification options for plantations developed and tested.

90 The project will support the development and testing of new financial model(s) as long-term measure for supporting conservation activities (identified in Component 1) such as developing connectivity corridors (within and outside the plantations), establishing riparian connectivity, protection biodiversity "refugia" etc. that is currently not embedded in the plantation business models. Some RPCs have already identified refugia and corridors, conducted preliminary biodiversity surveys and even estimated the financing needs for reforestation and corridor management. However, the current poor investment climate and the inability to leverage partnerships for effective collaboration between private plantations, state institutions and community organizations have delayed effective implementation of conservation programs.

91 This Output would support RPCs to develop strong management and financing plans described in Component 1, building on the work of the Biodiversity Finance (BIOFIN) project in Sri Lanka where 16 different biodiversity financing options were deemed feasible for implementation (see Annex 28 for brief description of potential financing options). The output would result in leveraging financing for each pilot site described in Output 1.3 with a mix of existing and new financing models (offsets/sustainability fund/ carbon and biodiversity credits) for conservation practices. It is also envisaged that a long-term financing structure for sustainability transformation in the plantation sector allied to the ambitions of the Ceylon Tea Roadmap 2030 (CTRM-2030) will be initiated to continue supporting plantation-sector forest conservation and reforestation practices.

92 Alternative business models would be premised on being compatible with the goals of biodiversity conservation and sustainable land development and would likely include additional revenue streams from crop diversifications including other forest-compatible land-uses, timber and fuelwood cultivation in abandoned lands, nature-based tourism and other similar

possibilities. Technical, advisory, extension and new information will be provided under Output 2.1 to plantation companies to support gradual shifts to alternative business practices aimed at making plantation practices more environmentally friendly and support the achievement of LDN. These interventions have been identified as integral components of the CTRM 2030 Tea Sector Carbon Neutral Roadmap and therefore have sector-wide acceptance as being critical to the sustenance of the industry and ensuring market competitiveness in the future. This output intends to expand tree cover and landscape connectivity by commercially viable agro-forestry models, creating additional income for plantation community or smallholders. These addresses the dual challenges faced by plantations (land productivity and dwindling returns from the main crop) while providing a number of eco-system services/benefits to both the plantation produce and the country at large.

93 Output 2.1 will support the following indicative activities:

2.1.1 Assessment of the current status and future financing projections for conservation of sites identified in Output 1.2 above. An international consultant will support this assessment, based on which, a financing plan with a suite of sustainable financing options will be identified and implemented during the project (supported by BIOFIN).
2.1.2 Provide technical and financial assistance for third party verification and certication costs involved in setting up voluntary carbon mechanisms
2.1.3 Conduct round tables/workshops for each site with RPCs, government (Ministry of Finance, PMMD, CTRM-2030) and possible donors to formalize funding support;
2.1.4 Trialing of carbon and biodiversity credits as sustainable financing options/private-private partnerships between RPCs and other private sector by (i) establishing a carbon exchange between RPCs/Factory Owners allowing net emitters to purchase credits in the form of restored forests or non-timber tree cover on plantation lands; (ii) allowing other private sector or international carbon markets to access the carbon exchange and invest in creating carbon sinks in Sri Lanka's plantations and (iii) using one or two target sites (Output 1.2 and 1.3) to test out the concept of 'biodiversity credits' developed by Biodiversity Sri Lanka and IUCN and currently under experimental implementation with several private sector partners. This involves valuing the biodiversity gains from reforestation (soil, habitat and eco-system services) and monetizing it to demonstrate return on investment from forest landscape restoration efforts.
2.1.5 With BIOFIN technical support, conduct a detailed assessment of long term financing options such as a Sustainability-focused Trust Fund (in accordance with existing legislative procedures) for plantations which will be co-financed through multiple streams of funding, including government grants, payment for ecosystem services, biodiversity credits and international funds from tea buyers and carbon markets.
2.1.6 Following initial assessment and mapping conducted under Output 1.1, create a Land Bank with all RPCs identifying the most viable areas for forest restoration, commercial forestry for timber or fuelwood, agro-forestry and multi-cropping systems and stream conservation;
2.1.7 Develop environmental and socially improved restoration proposals for selected participating RPCs to convert under-utilized or degraded plantation lands into sustainable multi-crop agro-forestry systems to access funding from options developed in 2.1.3 above.
2.1.8 Technical advisory and monitoring support provided to the RPCs above to adopt sustainable multi-crop agro-forestry. This includes detailed manual on recommended intercrops/trees/shrubs and market assessments of these crops; a database and monitoring system with technical experts to support cross learning, market access and quantification of agro-forestry extents across the sector.
2.1.9 Support to establish women managed community-based nurseries for native species agro-forestry.

Output 2.2: Capacity of smallholders enhanced to incorporate sustainable and gender sensitive practices into their current plantation/business model

94 As discussed earlier, tea smallholdings provide almost 70% of the tea production, however their cultivation practices are largely not regulated nor certified. Lessons learnt from previous projects suggest that smallholders are constrained by inadequate outreach extension services, lack of ready credit facilities, and lack of good planting materials, inadequate manufacturing facilities and uncertainties with guarantee price.[15] Additionally, both land management, and cultivation practices of the tea smallholdings requires urgent intervention to prevent soil erosion from poor land preparation on steep

[15] ILO. (2018) Future of work for Tea Smallholders in Sri Lanka

slopes, excessive fertilizer use to address declining yields, lack of investment in drainage, cover crops, weeding and other practices that larger estates regularly invest in.

95 The FAO implemented GEF funded RDAL (Rehabilitating Degraded on Agricultural Lands in the central Highlands) Project (ending in 2021) demonstrated sustainable land management options for tea smallholders and even encouraged vegetable farmers in the central highlands to convert fields to perennials like tea with appropriate incentives for land and water conservation. The project will build on these lessons, use the extension and training material produced by this project to promote sustainable land management and biodiversity-compatible tea cultivation in a wider landscape in the six target districts. This output aims to institutionalize the wider adoption of good agricultural practice (GAP) in smallholder tea fields that will support biodiversity and sustainable land management. This output supports operational capacity of the Tea Commissioner's Office and Tea Smallholder Development Authority (TSHDA) to incorporate SLM and conservation/agro-forestry into regular programs, financing and incentive schemes rolled out for small and medium holders. Already standards for Good Agriculture Practice (GAP) standards for tea have been developed. The project will support mainstreaming of GAP standards, sustainable land management (soil conservation, water management, fertilizer management, riparian conservation, etc.) and climate resilience (water storage, increased shade and good drainage) through the government programs, including the recently launched concessional financing scheme of the ADB.

96 Technical support, extension services and capacity development will be provided to tea smallholders through the extension network of the TSHDA and the Federation of Tea Smallholders that conduct regular awareness and field-workshops for productivity and practice improvement. The Project will develop content for the *Govi Mithuro* app, which provides phone-based extension support to farmers including tea cultivators cross Sri Lanka. The Output will have the following indicative activities:

2.2.1 Building on FAO project's knowledge and information platform, provide training and capacity development to the field extension services, and Tea Smallholder Societies in project focus' districts to better integrate SLM, GAP and conservation best practices. This will include the farmer field school approach successfully tested through the RDAL project.

2.2.2 Develop a participatory land use plan (tested by LUPPD in the RDAL project) for a selected micro-watershed area and develop a model to protect riparian corridors with community participation and models to protect riparian corridors in Ratnapura and Galle districts working with tea smallholder societies and demonstrating the adoption of SLM and agro-forestry practices covering at least 300 ha

2.2.3 Technical assistance to Ministry of Plantation to develop criteria for wider adoption of SLM/ GAP and monitor the adoption rate of these best practices in the dissemination of the ADB loan for tea replanting and new planting. Specific technical support will be extended to 'green' the activities supported through the ADB loan to improve land cover, improve primary productivity and soil organic carbon by enhancing soil quality and fertility, reduce agro-chemical usage, improve water conservation within buffer zones of conservation sites in pilot plantation area

2.2.4. Develop organic tea value chain through smallholders networked around tea factory in one selected district (Ratnapura/Galle) in partnership with Tea Exporters.

2.2.5 Development and extension services for the new intercrops (crop selection, and their processing with Dialog *Govi Mithuro* App and Export Development Board) provided.

2.2.6 Test out a forest-encroachment reporting system through Tea Smallholder Societies and Forest Department/ Wildlife Department to report on illegal forest land encroachment for cultivation.

Output 2.3: Strengthen existing certification process for sustainable production and develop a mechanism to recognize and reward sustainable achievements in plantation sector

97 This activity will expand the current adoption of the Rainforest Alliance and Forest Stewardship Council certification that provides a higher price, therefore a direct financial incentive, for sustainably produced tea and rubber. These certifications are aimed at creating market confidence of the product by monitoring economic, environmental and social indicators of the industry practice. These include chemical free areas near forests or water bodies, soil conservation, protecting and reforesting riparian areas and ensuring labor standards are respected. Around half of all RPC lands have been either RA or FSC certified.

Currently, 95% is high grown (over 3,000 feet) tea, managed by larger RPCs, have obtained RA certification. However, maintaining certification, improving current practices to achieve sequential progression of higher standards (required through the certification process) sustainability and expanding certified extents remain a challenge for most RPCs due to the extra investment and capacities required for wider adoption. Mid and low elevation tea and the majority of rubber plantations function without certification due to low market interest in non-certified products, but also due to the proliferation of small and medium holders in this landscape. Adoption of RA certification by tea smallholders is expensive and complex, although a large number of smallholder groups have collectively obtained international certification through a group leader (RPC, factory owner or smallholder society). By activities outlined below, the project will support RPCs and smallholders maintain and enhance international certification standards through promotion of best practices to protect high biodiversity forests, climate smart plantation practices, improve working conditions, support gender equality, improving sustainable livelihoods for smallholder farmers and sustainable tourism practices. The project will work with CTRM-2030 Committee to recognize and reward RPCs, medium and smallholders (through factories or smallholders societies) who achieve best practice standards and can be held up as examples supporting sector-wide transformation. These activities will promote wider sustainability practices in plantations.

2.3.1 Technical support to RPCs to achieve new and higher/advanced certification standards and recently updated standards under RA and FSC and expanding current certification to new plantation lands (through advisory support, surveys and biodiversity records, training, monitoring through third party). Maintaining and achieving sequential higher certifications standards (time sensitive) by RPCs will fetch better international prices for their products. The project will support RPCs to meet these new and sequential progression to higher standards (refer Annex 23 for details of additional requirements to meet these new and higher certification standards that the project will support);

2.3.2 Support Tea Research Institute to develop and promote bio-diversity friendly alternatives to conventional plantation inputs (fertilizer, weedicide, pesticide), in particular to meet the mandated recent national policy to shift from chemical usage to organic agricultural practices, soil and water conservation and other related environmental parameters;

2.3.3 Support small and medium-sized holdings to adopt and maintain GAP and RA-like standards which will: (i) identify a suitable institution to train and evaluate performance; (ii) provide technical support to enable smallholders to development procedures and processes for meeting reporting requirements of the certification program; (iii) develop a manual outlining the certification requirements, application and monitoring of compliance; (iv) training auditors and extension services and (v) support extension and awareness (and marketing) of the importance of achieving international certification to expand coverage among smallholders.

2.3.4 Develop and test an Annual Sustainability /Conservation Awards recognizing the best performing companies, factories, smallholder societies who adopt sustainability standards and conservation practices. This includes: (i) developing criteria and eligibility for selection, (ii) developing incentives with to reward high performance with tax breaks or grant co-funding, (iii) promoting industry acceptance and recognition of the Awards program and (iv) facilitating cross learning through joint field visits to best performing estates (tea small holders, private tea factories etc.) organized in each district.

2.3.5 Develop criteria and protocols to assess and monitor progress towards sustainable certification and biodiversity-friendly production at an industry level (to achieve sustainable practice transformation in 50,000 hectares of plantations during project period). In addition, at least 10,000 hectares of smallholder land with be supported through enhanced management, maintenance, record keeping and reporting standards the meets the third party compliance standards.

Output 2.4: Demonstrate sustainable livelihood and land-use diversification to benefit plantation communities and small and medium holders.

98 This output will deliver substantial community benefits to plantation communities and families engaged in smallholder tea production. Activities under this output aim to provide tangible financial and technical support to communities and ensure that benefits accrued through diversification, certification and sustainable financing is passed on to communities that are directly engaged in conservation actions. The output will build on baseline interventions by government (Plantation Human Development Trust), non-government (Participatory Action and Learning Methodologies or PALM Foundation,

Sarvodaya) and other stakeholders (Private Sector, Ethical Tea Partnership) in uplifting the plantation community and providing benefits to smallholder farmers.

99 The output aims to provide tangible financial and technical support to communities and thus try to wean them from some of the more destructive practices commonly observed within plantation landscape -vegetable cultivation along streams and highly erodible slopes, tapping streams at the source for drinking and cultivation purposes, excessive agro-chemical use, trapping and poaching wildlife, setting fire to grasslands and forested areas etc. The output also aims to address community and industry's dependence on fuelwood from the locality and the stress this places on remaining natural forests. Currently the percentage of sustainably sourced fuelwood in the RPCs vary between 20-30% while in the small holder tea factories its near zero, resulting in the entire industry being at a very low benchmark in terms of its fuelwood usage and sourcing. A number of energy related initiatives have been identified in the Carbon Neutral Roadmap (developed for CTRM-2030) to reduce overall dependence on fuelwood, improve process efficiency to cut down on the fuelwood requirement and growing more/ sourcing more from sustainably produced areas. It is recognized that fuelwood extraction from forests, for communities and factories, is a key threat to the remaining forests in this landscape. While the project will not directly invest in fuelwood growing or related technology development, recognizing the need to address this direct threat to biodiversity and forests, the project will support the development of a long-term program to transform the sector, embrace carbon neutrality as a broad standard and promote sustainable supply chains for fuelwood that promotes additional income and livelihood in rural areas. Annex 25 provides a list of potential livelihood options that might be considered under the project. The development of such a long-term strategy could facilitate potential opportunities for financing through multi-lateral donors and/or the Green Climate Fund. This output is specifically aimed at promotion of livelihood and alternative income generation activities through a number of interventions, as well as support for addressing the fuelwood requirements of the estate workers and smallholders. Specific interventions might include:

2.4.1 Training and material support for selected women/youth farmers to adopt land-and-water conserving cultivation practices in riparian corridors such as water saving micro irrigation, water harvesting ponds, protected agriculture (poly tunnels). This might include adaptive agricultural practices for short-term crops, multiple-story (agroforestry and inter-cropping approaches); organic fertilizer use and Integrated Pest Management (IPM), water and soil conservation and climate resilient crops and cropping techniques**.** These sustainable agriculture and land management activities will contribute to soil nutrient management activities, tillage and residue management, agronomic practices, agroforestry practices, soil and water management, and restoration and rehabilitation of degraded lands and supporting alternatives to the use of fuelwood;

2.4.2 Training and equipment for youth in nature interpretation and adventure-based tourism and set up community-based eco-tourism models (trekking, rock climbing, rappelling, bird watching);

2.4.3 Promotion of micro and small business enterprises through feasibility studies, technical assistance, extension, marketing and demonstration that can have potential for scaling up and replication. The value chain analysis will require, the mapping of (i) the market potential of the product/service, (ii) the customer requirements (iii) the challenges faced by marketers/customers, and viability, including cost/benefit analysis; and (iv) management of environmental and social impacts. The objective of this is to identify value chains where rural producers and service providers have a competitive advantage and can establish sustainable livelihoods. Based on the value chain analysis, interventions will be designed and supported under the project that could include agricultural and non-agricultural products, including of processing of non-timber forest products (fruits/ bamboo/herbs and spices) for selected women entrepreneurs through public-private partnerships with exporters/cosmetic producers/supermarkets etc.

2.4.2 Set up at least two models demonstrating community-based management of invasive species in conservation sites identified in 1.2. This could involve processing (chips or charcoal) of fuelwood for cooking/heat applications or community-led invasive removal and control as a part of landscape management techniques.

2.4.5 Technical assistance to develop a long-term program for sustainable fuelwood energy for plantation sector to reduce the dependence on fuel wood and resultant forest degradation which will involve (i) analytics and data gathering for current status of fuelwood usage in the sector (ii) Technical support (international consultant) to draw up a long-term financing plan to convert RPCs and private factories towards sustainable energy including sustainably sourced fuelwood, (iii) diagnostics using technical support to energy demand for smallholders, farmers and SMEs, including site-specific analysis of preferences for specific renewable technologies among the different uses, and analysis of

economic and financial feasibility, and management of any relevant environmental and social implications of the various proposed technologies;

2.4.6 Capacity building and rural entrepreneurship of a number of actors such as agriculture extension agents, hands-on training to farmers and smallholders, renewable energy suppliers, technicians and investors to ensure cost-effective effective introduction of renewable technologies into smallholder agriculture and guaranteeing its long-term sustainability. This might also include building capacity of small women's groups to create small enterprises around the production of alternative energy products to fuelwood for domestic use.

Component 3: Knowledge Management, Gender Mainstreaming, Learning, and Monitoring and Evaluation

Total Cost: US$7,414,500; GEF project grant requested: US$664,500; Co-financing: US$6,750,000

Outcome 3: Awareness and collaborative support for Private-Public-Community partnerships in biodiversity conservation in the plantation sector enhanced through effective knowledge management, gender mainstreaming and M&E

Baseline conditions for this outcome (without GEF project):

100 Gender and other inequities exist in terms of gaps in information sharing, knowledge, and attitudes between men and women in terms of conservation and resource uses. While knowledge and understanding of the relationship between biodiversity conservation and sustainable agricultural management and the wellbeing of the people is limited, without the GEF project, it is likely that efforts at sharing knowledge will continue at a slow pace and likely not be able to galvanize sufficient political and stakeholder support to enhance conservation and sustainable land management within the wet climatic zone. Likewise, priorities for information collection to include gender and vulnerable people's concerns will likely to be of low priority and impacts of poor land and exploitative practices will remain poorly understood and managed. This will be further aggravated by the lack of information on long-term costs of land degradation both in terms of loss in income and reduced ecosystem goods and services.

101 Without sufficient efforts to promote awareness and knowledge of the benefits of sustainable land management, current trends in land degradation, particularly in smallholder and agricultural lands will likely continue. Farmers are likely to continue to shift to increased commercial farming with shorter growing periods and high yields with a concomitant increase in chemical fertilizers that could lead to further decrease of productivity of these lands, thus accelerating soil erosion and increasing pollution of streams and rivers and causing an irreversible loss of aquatic biodiversity. Without the GEF project, there would be limited knowledge and incentives for farmers (particularly vegetable growers and smallholder tea and rubber growers) to apply new techniques in the field.

Alternative for this outcome (with GEF project):

102 The goals of Outcome 3 are: (i) improving knowledge and information collection and management systems to enhance awareness about best practices on sustainable plantation management and agricultural practices and their associated biodiversity and ecosystems through communication, documentation and dissemination; (ii) supporting the strengthening policies and programs that support conservation of forests and sustainable use of plantations, smallholder lands and agriculture; (iii) ensuring gender considerations are mainstreamed into forest and agricultural planning and management; (iv) monitoring and evaluating project investments to ensure that these are meeting project outcomes and contribute to Sri Lanka's conservation and ongoing development agendas, in particular in the biodiversity rich wet climatic zone; and (v) promote private-public partnerships, including smallholders associations to effectively co-ordinate and promote replication of best practices in the plantation sector with the intent of sharing information and best practices for replication and scaling up.

103 The development of a knowledge management and communication strategy is intended to promote meaningful stakeholder awareness, understanding decision-making and collaboration in biodiversity conservation, sustainable natural resource use and biodiversity-friendly agricultural and livelihood practices as well as document, disseminate and scale up successful lessons and best practices in resource conservation more widely in the plantation sectors in the wet climatic zones and beyond. This will be accomplished through awareness campaigns, and creation and maintenance of an accessible

information system for decision makers (including online public access database and documentation repository), adaptive management and feedback loops for key stakeholders to provide information on useful practices. Expanding the role of knowledge management is key to moving towards parity. The GEF alternative will also enable a gender-equity perspective and analysis of the way that information is prioritized. In accordance with this a Gender Analysis and Mainstreaming Action Plan (see Annex 12) has been developed to enhance the role of women in decision-making, benefit sharing and participation in conservation and sustainable land management approaches.

104 This Component will be achieved through the implementation of the following four Outputs:

Output 3.1. Knowledge management strategies integrating gender developed and implemented

105 The implementation of the Awareness and Communication Strategy and Gender Analysis and Mainstreaming Action Plan will be key to the overall goal of building bridges between the stakeholders from the grass-root to the national, provincial, private sector and community levels to support decision-making. This will include documenting best practices and results of the project and ensuring the flow of information, exchange of ideas and implementation and mainstreaming of gender in community-based conservation and sustainable natural resources management. The awareness and communication strategy is aimed at making "mainstreaming biodiversity and sustainable natural resource use" a priority for large private plantation and smallholders. The strategy will help build visibility to the conservation needs of remnant high conservation value forests and riparian areas in the plantation sector and sustainable land management in the hill country farming areas - connecting stakeholders, including policy makers, private plantations, media, research and academic institutes, NGO's and general public - through a comprehensive program of outreach and awareness. The intent is to create systems that facilitate and generate a common vision for "mainstreaming biodiversity and sustainable natural resource use" and supporting a horizontal and vertical exchange of information and knowledge to strengthen decision support systems available to private plantations, smallholders and local communities, local governments and sectoral agencies. It will also facilitate knowledge exchange through field visits and awareness trainings, identify and document promising and good practice and promote establishment of model demonstrations by involving local communities, protected areas and local governments. The intent of the gender analysis and mainstreaming action plan is to enhance the role of women in conservation-based actions, that provides a voice for women in the local decision-making process related to conservation, sustainable resource management, livelihood and other local level activities, as well as reduce resource use decisions that might have an adverse impact on women.

106 This Output would be supported through the following activities:

3.1.1 Develop an **awareness and communication action plan** based on overall knowledge management and communication strategy so that (i) the project is well understood, accepted, and implemented effectively and equitably; (ii) information and knowledge about biodiversity conservation and land use planning and management is made available for decision making and improved collaboration and sensitization on gender-related concerns; (iii) training programs are oriented towards application of knowledge to best conservation and environmentally sustainable plantation practices; (iv) knowledge and lessons learned from the implementation of this project are captured, documented and used to improve current and future project practices; (v) implementation and upscaling of best practices is improved; and (v) the public, including women has an increased awareness and understanding of biodiversity conservation, land management and threats, and (vi) knowledge management products are shared and used:

3.1.2 **Implementation of a gender analysis and mainstreaming action plan** so that: (i) a gender and socially inclusive perspective is applied to every set of activities; (ii) research on gender and social roles in forest and forest resources use informs gender mainstreaming and equitable distribution of benefits; and (iii) information is collected and shared across gender and social divides. Training of staff on application of gender mainstreaming in project communication and project activities;

3.1.3 **Design communication materials and programs** (local language, teaching materials for schools, etc.)

3.1.4 **Conduct awareness and outreach activities** for a variety of stakeholders, including particularly women and the estate community at the national, provincial and local levels such as competitions, website, mass media, video and film, festivals, etc.

3.1.5 Conduct **gender and biodiversity focused training and development of training materials.**

Output 3.2: User-friendly information management system established and operational

107 This will be achieved through: (i) development of simplified, standardized and dedicated information management system and operationalization; (ii) strengthening information support system for consortium of plantation companies and smallholders for sharing good practices; (iii) setting up of standardized information collection standards; and (vi) cross-agency and cross-sector efforts to collect and digitally catalog existing information to support replication.

108 The Project must make good use of modern techniques for knowledge management, including sharing via web-based information platforms and social media. Knowledge Management will prioritize spatial knowledge arising from the biological surveys and mapping employed within the plantation sector; written and oral knowledge of best practices; and a wide range of mapped, written, and traditional knowledge of biodiversity conservation and natural resources management. Standards developed in Outcomes 1 will also include transferring all information into a digital format as well as regular updating. This database will support the collection and documentation of detailed information on species, habitats, threats, and conservation actions, ultimately improving the overall national and sub-national capacity and the ability to effectively target threats and risks. Relevant information and knowledge will also be made available to existing key information systems of the Forest and Wildlife Departments to enhance opportunities for collaboration and cooperation in conservation efforts. The project will catalog best practices and make them available via the web. Output 3.2 will support the following activities:

3.2.1 Develop a **simplified, standardized and dedicated information management system** (including website and social media platforms) for forests outside of protected areas, including standards for information collection and sharing (refer Output 1.1);

3.2.2 **Biological Information Management System** operationalized in both the wet and intermediate climatic zones, particularly, initially in the plantation areas, including data collection, input, on-line website and dissemination;

3.2.3 Setting up **information collection standards** that are: gender and socially inclusive; facilitate standardized inputting and recording of information; and provide for digital access and sharing, including compatibility with existing databases as feasible; and

3.2.4 A **cross-agency and cross-sector effort to collect and digitally catalog existing information** on forest planning, biodiversity and natural resources management best practices, resulting in a highly accessible, usable, and catalogued bibliography of available resources in support of replication and upscaling.

Output 3.3: Knowledge management and information developed to facilitate scaling up project approaches across other landscapes in the country

109 The knowledge management products and best practices emanated from the project can guide and influence future policies, regulations and practices related to conservation of high value forests outside the protected area network as well as efforts to achieve LDN. Consultations with stakeholders from government, private sector, research organizations and others would be conducted to assess needs and gaps in policy outreach and advocacy as well as suitable approaches for replication.

110 A replication strategy will be formulated in the second half of the project based on lessons learned at the field level that will ensure that the integrated management planning approaches and models for the plantation sector developed and tested under the project can be scaled within the country. This Output would support the analysis, documentation and dissemination of best practices and lessons learned that deliver tangible improvements in biodiversity and natural resources status to provide examples for replication. It would also entail participation in national regional workshops, conferences and field visits for national and sub-national staff to improve learning and exchange of experiences in mainstreaming biodiversity considerations in the plantation sector, sectoral planning and practices for achieving LDN, both within the plantation and outside. Based on these best practices and lessons learned, the replication strategy will provide a basis for actions in other areas, identify required institutional and coordination arrangements, resources and partnership commitments. Key activities under this Output will include:

3.3.1 **Documentation and dissemination** of case studies, best practices and lessons learned from the project for use by targeted private plantation companies and smallholders;

3.3.2 Development of **policy guidance notes** that addresses current constraints and gaps in existing policies and legislation;

3.3.3 **Technical reports, publications and other knowledge management products** (including in local languages) documented and disseminated via mass media;

3.3.4 **National and sub-national workshops** to facilitate dissemination of field lessons and help inform policy and practice relevant to private plantation conservation efforts. The initial documentation of these lessons will be included as part of the monitoring process, that would be complemented by additional national technical support to distil and document lessons and experiences. The project will support workshops at the sub-national level (Year 5) to share lessons and experiences and a national workshop at the end of Year 6 to facilitate the sharing of lessons more widely, but importantly to be able to further develop and refine successful approaches for replication nationally;

3.3.5 Efforts would be made to **institutionalize some of the best practices** through promotion of new plantation models that seek to integrate environmental consideration in plantation economic planning and budgetary processes as a means to encourage sustainability and replication. In order to expand access to finance for replication and up-scaling the project will collaborate with the private and public sector financial institutions to support plantation entities, smallholders and other land users;

3.3.6 **Inclusion of public engagement pages** on national and sub-national websites and social media platforms that link to information about the project and its products, including development of a specific public information sharing platform;

3.3.7 A **consortium of participating plantation companies and smallholder** tea and rubber estates established to effectively support, co-ordinate and promote replication of Private-Public-Community partnerships in the plantation sector;

3.3.8 Preparation of a **replication and scaling up strategy** based on project experiences and best practices for promotion of integrated biodiversity management in the plantation sector, including identification of financial incentives, alternate resource management models, partnership and coordination arrangements;

3.3.9 A **plantation sector based Manual and Lessons Learned guide** (with contributions from project partners) that captures the process of project implementation, and describes Integrated management strategies for the plantation sector, sustainable land and agricultural management strategies for smallholders and farmers, sustainable livelihood improvements, mainstreaming and collaboration with public institutions at sub-national level to broadly promote sustainable conservation and land management practices; and

3.3.10 **End of project national seminar on** outcomes and replication for conservation and integrated management practices in the plantation and smallholder sectors in Sri Lanka.

Output 3.4: Monitoring and Evaluation plans implemented and adaptive management adopted

111 Under this Output, the project will work towards implementing the stipulated M&E requirements for monitoring the Project Results Framework (Section IV), M&E Plan (Section V), Monitoring Plan (Annex 5), and also the Gender Action Plan (Annex 12). Along with the Knowledge Management activities (Output 3.3), these two outputs will provide the basis to assess the progress in meeting agreed outcomes and guide adaptive management. To the extent feasible, the project will promote a transparent, participatory approach to monitoring, evaluation and learning, involving all relevant stakeholders, including smallholders and local communities, in particular for specific activities aimed at these stakeholders.

112 A mid-term evaluation will be carried out with field visits to selected pilot sites and consultation with local stakeholders and private regional plantation companies national project partners. A final evaluation will also be conducted and will include review of project reports, web-based information, and field visits to selected project sites, with recommendations for ensuring sustainability of Project conservation outcomes and the LDN targets. Under this Output, the following are indicative activities:

113 This Output would be supported through the following activities:

3.4.1 Based on the RFA, M&E Plan, Monitoring Plan, Risk Log and Gender Action Plan and SESP define a **comprehensive M&E plan** for the project that identifies key indicators, methods and frequency of monitoring, reporting and feedback loops.
3.4.2 Identify **staff requirements and roles and responsibilities**, budgetary requirements for monitoring, reporting and feedback
3.4.3 Evaluate currently identified **risks** (social and environmental) and assess if additional risks and/or change in risk rating is required
3.4.4 Undertake **regular monitoring** (at intervals found appropriate), assess progress towards meeting planned outcomes and impacts and measures for adjustment as required
3.4.5 Undertake **independent mid-term** monitoring and make appropriate adjustment as deemed necessary to ensure achievement of project outcomes
3.4.6 Undertake **independent terminal evaluation** to access extent to which planned outcomes have been achieved and identify measures to ensure that project outcomes are sustained and maintained

Partnerships:

The proposed project will coordinate with selected donor, private sector, government programs and specific projects associated with them to generate positive results through combined action (where appropriate) and to share lessons learned and best practices. The relevant national Environment and Natural Resources programs are provided in Table 6.

114 In the context of the above and related core programs, the project will collaborate with agencies on knowledge and lessons learned from important, recently completed projects (which are described in the various sections of the project design), as well as ongoing and pipeline projects (usually assisted by donor/development partners). Collaboration with ongoing and pipeline projects would primarily aim to synergize planning and implementation with concerned projects in common sites. For projects without common sites, the main purpose is to build on each other's field methodologies and share information needed for policy dialogue. The project will work with the different partners to achieve the proposed outcomes of the project. The key partners and their work that is critical to support the tea and rubber industry listed in the Table 6 below, including their specific role in key aspects of the project.

Table 6: Partnership Programs

Name of on-going and planned program/project, years of implementation and sites	Program/project objectives and targets	How proposed UNDP/GEF project will collaborate with the program/project?
Ministry of Plantation Sri Lanka: Tea Development Project (ADB) USD 20 million and Japan Fund for Poverty Reduction USD 1.25 million.	The Project aims to increase the income of tea smallholders and private estates on a sustainable basis and to improve the environment at the same time. To fulfill the objectives, the Project will (i) undertake institutional reforms to improve the effectiveness of tea-related institutions and rationalize the cess rebate to benefit the smaller holdings; (ii) provide credit financing for replanting and infilling on smallholdings and private estates, establishment of nurseries, rehabilitation of tea factories, and handling of green leaf; and (iii) improve social infrastructure such as workers' housing and rural feeder roads as well as afforestation. The Project is expected to replant 9,600 ha and infill 35,800 ha of tea;	The ADB project is aimed improving tea production and productivity and rehabilitating abandoned and degraded tea lands belonging to smallholders. As such the GEF project will collaborate with the Ministry of Plantations to provide technical advisory guidance and extension services to loan and grant recipients through this program. The GEF resources will be aimed at ensuring wider adoption of GAP (Good Agriculture Practices) and other forms of sustainable standards certification among smallholders, ensuring that the replanted and in filled extents conform to good land management and agronomic practices that do not threaten biodiversity and water sources.

	establish 455 tea nurseries; rehabilitate 85 tea factories; improve 5,000 workers' housing and sanitation facilities; improve 250 km of feeder roads; and afforest 1,000 ha of degraded land.	
Ministry of Plantation (Export Development Board) World Bank and European Union (Agriculture Sector Modernizing Project)	The Agriculture Sector Modernization Project was established to support increased agriculture productivity, improved market access, and enhancing value addition of smallholder farmers and agribusinesses in the project areas. This project has three components. 1) The first component, Agriculture Value Chain Development, seeks to promote commercial and export-oriented agriculture; attract and leverage investments from farmer producer organizations and agribusinesses for high value agriculture production and value addition; and provide the enabling environment, incentives, and access to finance for such investments through matching grants, technical assistance support, linkages to the commercial banking sector, and a Partial Credit Guarantee (PCG) facility. It has three sub components as follows: (i) investment preparation support; (ii) matching grants to farmer producer organizations and agribusinesses; and (iii) partial credit guarantee. 2) The second component, Productivity Enhancement and Diversification Demonstrations, aims at supporting smallholder farmers to produce competitive and marketable commodities, improve their ability to respond to market requirements, and move towards increased commercialization. It has four sub components as follows: (i) farmer training and capacity building; (ii) modern agriculture technology parks; (iii) production and market infrastructure; and (iv) analytical and policy advisory support.	The multi-ministry Agriculture Sector Modernizing project will support value-addition of other economically important, export-oriented crops such as cinnamon, coffee, cloves, coconut or fruits/ greenhouse vegetables etc. This project could provide loans and matching grants to agri-entreprenuers and farmer organizations, especially women's farmer organizations to obtain training, equipment (greenhouses, cold chain facilities, refrigerated transport and processing equipment) needed to transform small scale agriculture value addition ventures into sustainable agri-businesses. This project can benefit both RPCs who wish to diversity into multi-crop agro-forestry on their marginal lands and also smallholder groups/ societies who can potentially develop viable commercial export-oriented agri-business on pepper, greenhouse vegetables, cinnamon or organic coffee.
Regional Plantation Companies' Innovations in biodiversity and ecosystem conservation	The plantation companies have been in the forefront of private sector involvement in conservation through many programs such as: (i) Integrating conservation in sustainable plantation management (ii) Species and ecosystem inventory and conservation (iii) Establishment of forest corridors (iv) Soil conservation and fertility improvement (v) Water and energy conservation (vi) Replacing fire wood use with alternative sources of energy for cooking and heating (vii) Climate mitigation (viii) Forest cover improvement and stream protection	The GEF project will build on and expand all of the initiatives already under implementation by the Private plantation company to other estates and smallholder plots and sustainable (refer Annex 21 for details of current Regional Plantation Company conservation and sustainable management efforts
Ceylon Tea Roadmap Committee (CTRM 2030)	The Ceylon Tea Roadmap -2030 (CTRM-2030) was initiated in 2020 with a vision of ensuring Ceylon Tea retains its market leadership in terms of taste, health benefits, quality, and recognised as leading the market in social and environmental	CTRM is developing a set of social and environmental sustainability standards for both RPCs and Smallholder producers to follow and a set of criteria on which to measure and evaluate level of adoption throughout the industry stakeholders. The project envisages working

	sustainability. The government-private sector platform consisting of the Tea Board, Tea Research Institute, Planters Association, Ceylon Tea Traders Association, Tea Smallholder Federation and RPCs would play a critical role in supporting the achievement of the CTRM-2030 objectives that includes the development of a sector-wide plan for Carbon Neutrality (including energy, fertiliser management, forestry, etc.) and a Knowledge Hub/Platform for RPCs and industry to share best practices, engage in new learning and training modules that is required for sustainable plantation management etc.	closely with the CTRM 2030 on a number of activities including the establishment of sustainability standards, development of a sustainability report and awards programme, and establishing a fund to support industry transformation to a environmentally-friendly, ethical and gender responsive sector. The project will also support the development and wider use of the CTRM knowledge hub and expand the platform to the rubber sector as well. Using the best practices in conservation for marketing and brand development of Ceylon Tea would also be complementary to the objectives of the CTRM - 2030 objectives.
Biodiversity Sri Lanka and IUCN technical interventions on private sector financed forest restoration and biodiversity credits generation	BSL in partnership with the Forest Department, IUCN Sri Lanka and 10 member companies, undertook a pilot project to establish the biodiversity baseline and to develop a Forest Management Plan for a 10ha block of degraded land, within the Kanneliya Forest Reserve, with a view to restore the degraded land through scientific principles of ecological restoration. The intension is to restore this patch of highly degraded rainforest, to enhance its ecological functions, habitat quality, species diversity and its capacity to provide biodiversity and ecosystem services that are in close approximation to what prevailed before it was converted to its present state.	The project implemented by Biodiversity Sri Lanka, technically supported and monitored by IUCN will provide the UNDP GEF project with some recent examples and costing of restoration initiatives in the Wet Zone of Sri Lanka. Further more, this project is testing out the concept of 'tradable' biodiversity credits by assigning values to the changes in above and below ground biodiversity through project interventions. The example of Biodiversity Credits is discussed in the Component 2 description and further reviewed in Annex 26 on pre-feasibility assessments for the financing options that will be adopted and promoted using the GEF funding.
Ministry of Irrigation Upper Watershed Management World Bank (IDA) and Government of Sri Lanka (GoSL) USD 15 million. This is the first component of the USD 75 mlii Targeting Nuwara Eliya, Badulla, Kandy, Matale districts	The project will help to develop a Watershed Management Plan for the upper Mahaweli watershed through a consultative approach, with activities to be implemented at mini-watershed levels. Establishment of soil conservation measures. (on-farm and Off-farm). The following interventions will be supported through the restoration budgets of GoSL. ● Reforestation of degraded forest lands and degraded plantation lands. ● Rehabilitation of abandoned small tanks in UMW. ● River bank conservation. ● Home garden development. ● Livelihood development. The IDA component of the project will also support climate resilience in the upper watershed by strengthening and enhancing the existing bulk water management model. Support for the WRB in the development of knowledge-based integrated groundwater management basin plans in eight pilot basins.	The World Bank project will complement the GEF project in Nuwara Eliya district in the following ways: (i) Comprehensive threat analysis and watershed management plan for the five districts, including Nuwara Eliya. (ii) Provides financing for watershed restoration and related infrastructure investments including erosion control and land stabilization that will complement capacity development, technical support and best practices to support conservation actions of the proposed GEF project (iii) Infrastructure improvement of large water resource structures and delivery will overall improve watersheds that will benefit plantation and smallholders in five plantation districts (iv) Strengthened water resources institutions that help policy innovations facilitating improved water and soil management in the plantations as well
Ministry of Irrigation	The project is to generate resilient livelihoods by increasing the capacity to adapt to climate	All of the defined activities are relevant to the GEF project that could be effectively channeled in particular for:

Resources' GCF Knuckles Area Conservation project USD 50 million	induced change in Knuckles mountain range in intermediate climatic zone. Activities include: (i) Direct land use interventions with farmers and other land users (vegetation management, rehabilitation of village ponds for water harvesting, climate smart farming, increasing efficiency of irrigation, fertilizer and integrated pest control, agroforestry, home gardens and analogue forests. Restoration and sustainable intensification of degraded plantations into food gardens, agroforestry practices including intercropping with high-value short-rotation horticultural crops. (ii) Upgrade of value chains by strengthening the capacity of farmers and collective groups as enterprises (iii) Inclusive and evidence-based land use planning processes, including governance mechanisms that reconcile non-congruent hydrological and administrative boundaries, information systems and climate- responsive rural advisory services required to enable land users to adapt to change.	(i) Land use interventions with farmers and small holders for climate smart agriculture and soil and water conservation (ii) Value chain promotion of farmer collectives, for minor crops in particular (iii) Local land use planning
UNDP and Ministry of Environment Biodiversity Finance Initiative (BIOFIN)	In Sri Lanka, BIOFIN works with national stakeholders such as the Central Bank of Sri Lanka and Sri Lanka Tourism Development Authority to develop innovative financial solutions for biodiversity management. Under the Sustainable Finance Framework, green lending facilities are promoted with the financial institutions of the country and with the SLTDA a sustainability tourism certification program has been introduced for the tourism accommodation sector and is testing out PES: Payment for Ecosystem Services for watershed management at mini-hydro power plants. BIOFIN second phase in Sri Lanka started in 2020 and it will be operational till end of 2025. The main objective of the BIOFIN second phase is to complete the piloting of three financial solutions (sustainable finance road map development and implementation; National sustainability certification scheme for Tourism sector in Sri Lanka; Payment for Ecosystem Services with mini hydro operators) identified in the phase 1 (implemented from 2016-2019) and scale up the initiatives to ensure that achievement of national biodiversity management targets and goals will be facilitated. To achieve these objectives, BIOFIN is working closely with the government ministries, agencies, non-government organizations and private companies. BIOFIN promotes four different strategies- avoiding future costs of restoration, realignment of investments on other sectors to include biodiversity management, increasing the efficiency of investments on sustainable	The project will work very closely with the BIOFIN Global Team drawing on their technical resources and using some of the assessments and studies conducted by the BIOFIN team for the pilots currently underway such as payment for ecosystem services, implementing procedure for the sustainable finance road map, sustainability certification etc. The financial solutions identified during the PIF and expanded during the PPG o0f the GEF project includes many options from the Biodiversity Financing Plan developed by the BIOFIN Phase 1. These include carbon offsets, eco labelling, certification, crowd funding and exploration of some new financing options such as biodiversity credits and plantation sector sustainability fund for which the BIOFIN Phase 2 project will provide technical support through local and international experts.

	biodiversity management and generating new revenue- to achieve the objectives.	
UNDP 7th Operational Phase of GEF Small Grants Program 2021 USD 1.82 million	The project aims to build social, economic, and socio-ecological resilience in Sri Lanka of Knuckles Conservation Forest and its buffer zone, the coastal region from Mannar Island to Jaffna, and the Colombo urban wetlands through community-based activities for global environmental benefits and sustainable development. Activities that are relevant to the current project are: Community level small grant projects in the selected landscapes that reduce the loss of biodiversity, support innovation in biodiversity conservation and optimize ecosystem services	The GEF project will work closely with the small grants program to build on lessons in relation to enhancement of sustainability and resilience of production systems, including soil and water conservation and agro-ecology practices and developing develop community enterprises through access to fair trade, and new markets, certification, increase effective distribution of community products, improve marketing strategies, business model innovation, new technologies and improved quality of community products.
UNDP Managing Together GEF Project Managing Together (2020-2024) USD 3.346 million	The project aims at integrating community-centered, ecosystem-based approaches to forestry, agriculture and tourism through the following related activities: (i) Institutional capacity building and cross sectoral coordination in planning, decision-making and actions (ii) Design of landscape strategies for biodiversity conservation and sustainable livelihoods Participatory land-use planning and livelihood-focused interventions in forestry, agriculture and tourism	This project will complement the GEF 7 project in that it would provide valuable lessons in landscape planning that will provide learning for building connectivity of forest and riparian areas, and livelihood interventions related to agriculture and forestry

115 In terms of the co-financing, the following are details of the co-financing activities and risks associated with these activities:

Table 7: Co-financing Partnership Arrangements

Co-financing source	Agency	Co-financing type	Co-financing amount (USD)	Included in project results?	If yes, list the relevant outputs
Government	Ministry of Plantations	Grant/investment mobilized	29,600,000		
Government	Ministry of Environment	In-Kind/Recurrent expenditure	200,000	No	NA
Private Sector – Regional Plantation Corporations	Dilmah Ceylon Tea Company PLC (Kahawatte RPC)	Grant/Investment mobilized	1,328,249	No	NA
	Elpitiya Plantation Company	Grant/Investment mobilized	302,500	No	NA
	Hayleys Plantations (Kelani Valley, Talawakelle and Horana PLCs)	Grant/Investment mobilized	6,870,330	No	NA
Private Sector	English Tea Shop	Grant/Investment mobilized	1,000,000	No	NA

GEF Agency	UNDP	In-kind/Recurrent expenditure	500,000	No	NA
Total Co-financing USD			**39,801,079**		

Ministry of Plantations: The following are the co-financing activities of MOP.

(1) *National Institute of Plantation Management (NIPM):* USD 135,000. This will cover costs of conducting Professional programs (Tea Manufacture, Rubber Manufacture, Coconut Processing and Language Proficiency) and skills development training for factory officers, field officers and clerical staff and other categories of personnel working in the sector, smallholder development programs, technical Development Programs and Management development programs.

(2) *Rubber Research Institute (RRI):* USD 750,000 to cover the following activities for revitalizing the rubber sector by developing economically and environmentally sustainable innovations and transferring the latest technologies to the stakeholders through training and advisory services in the following areas: (i) genetics and plant breeding (expansion of genetic diversity of local breeding pool with adding new genotypes, screening of suitable abiotic stress tolerant clones for marginal areas; etc.); through molecular and field evaluation; (ii) plant pathology and microbiology (screening of clones for disease resistance, screening of pesticides, integrated pest management systems, biology and epidemiology of pests and surveillance of potential pathogens and disease out breaks, and improvement of beneficial soil microflora and related microbiological studies); (iii) soil and plant nutrition (improvement of soil fertility, increasing efficiency of nutrient uptake, economizing of fertilizer use, soil, water and nutrient management, and weed management); (iv) biochemistry and physiology (increase the productivity of rubber lands, improving sustainability of rubber farming, etc.); and (v) extension services (rubber agronomy and technology to stakeholders, support academic programs of universities and other higher education institutions, etc.)

(3) *Tea Small Holder Development Authority (TSHDA):* USD 16,200,000 in support of development of tea small holdings, increase of production, marketing activities, improvement of productivity and working for the welfare of the tea small holders, including specifically (i) Results Based Approach of the organization to improve the livelihood of tea smallholders: (ii) providing subsidies for tea replanting and crop rehabilitation; (iii) facilitation and coordination support to fulfill social development needs of tea smallholders; (iv) maintain a wealth of knowledge about tea crops and tea production in Sri Lank and (v) enhancing social and environmental measures.

(4) *Sri Lanka Tea Board (SLTB)*: USD 5,375,000 for activities related to regulating the activities of tea Industry, viz. production, increase of cultivation, replanting rehabilitating old gardens, establishment of factories and monitoring their operations, intensifying the monitoring of quality standards of tea at the point of sale, pre-shipment, warehouses of brokers, blenders and exporters and providing advisory services on hygienic blending and storing.

(5) *Tea Research Institute (TRI):* USD 1,110,000 for generating and disseminating new technologies related to tea cultivation and processing, including (i) breeding and crop improvements (diversifying breeding strategies to conform to the diverse socio-economic and agro-ecological conditions); (ii) Alternate energy sources and energy efficiency; (iii) Soil fertility improvements (integrated Soil Fertility Management, strategies, site specific fertilizer management, recommendations for improving productivity and profitability, methods for formulation of bio-organic and mineral or compound fertilizers, soil fertility improvement by bio-film technology and VAM for better and more efficient plant-nutrient utilization, and as an added advantage to plant protection); (iv) Factory development for quality improvements (post harvest damage to tea leaves, increased hygienic standards towards meeting requirements for ISO 22000 and HACCP, reduced worker requirements, reduced costs of energy, and finally improved made-tea quality for enhancing profits); (v) Integrated Pest Management (development of cost-effective control methods, integrated management strategies to control major tea diseases, with a special preference to biological control measure, screening of synthetic fungicides, and establishing residue levels and pre-harvesting intervals, (PHI), development of cost-effective control methods for integrated management of nematode pests in tea and development of integrated weed management strategies); (vi) Productivity improvements (shade management, inter-cropping and optimization of the tea manufacturing processes); (vii) Technology transfer (testing adaptability in the field); and (viii) Socio-economics (identification of socio-economic measures, to overcome the shortage of workers in the tea sector in

the different regions and analysis of the comparative advantages of the Sri Lankan tea industry with a view to improving profitability)

(6) *Thurusaviya Fund*: USD 1,220,000 to provide grants for cultivation of rubber in smallholdings or in the processing, manufacturing or marketing of rubber; stimulate production and value added rubber based products, etc.

(7) *Small Tea and Rubber Revitalization Program*: USD 4,810,000 for improving the productivity of the tea smallholder sector, expanding rubber cultivation to non-traditional areas, and to support small scale rubber processing

Ministry of Environment; USD 200,000. Staff time related to participation in project-related activities, meetings, field visits etc.

Private Sector- Regional Plantation Companies: The following are the co-financing activities

Dilmah Ceylon Tea Company PLC (Kahawatte RPC) – USD 1,328,249: Dilmah Ceylon Tea Company would spend this amount through the 5-year period of the project to improve environmental sustainability, social aspects and biodiversity conservation practices in 16 estates that it manages. This would entail resources for conservation of existing high value forests, restoration and improvement of degrading forests, riparian reservation conservation, sustainable land and water management practices in plantation lands and support to energy conservation activities and recommendations arising from the ESMP.

Hayleys Plantation Group– USD 6,870,330: The Hayleys Plantation Group will support a total of 60 tea, rubber and mixed crops plantation estates under the Kelani Valley Plantations, Talawakelle Tea Estates and Horana Plantation PLCs. The co-financing is related to practices of agriculture and sustainable environmental activities, forest and biodiversity conservation and community support programs and recommendations arising from the ESMP.

Elpitiya Plantations PLC – USD 302,500: The Elpitiya Plantations PLC will provide co-financing to support environmental sustainable plantation practices integrated with environmental health, economic profitability and social responsibility and recommendations arising from the ESMP.

English Tea Shop Organic – USD 1,000,000: The ETS will provide co-finance support for creating shared values for sustainable solutions at the community level. It will finance training of farmers and small holders for organic farming, fair trade and organic certification, support improved land protection measures, biodiversity conservation, etc.

UNDP: USD 500,000: The co-financing will support activities complementary to sustainable financial solutions for biodiversity conservation, integrating environmental and human rights safeguards into the private sector business environment in parallel financing (USD 350,000) and technical advisory support and guidance on climate-smart agriculture, sustainable public-private-community partnerships and ecosystem services through in-kind support from on-going programs (USD 150,000).

116 The co-financing is based on the current mandates and programs of the government institutions that will continue to be financed by the government. Since the risks are not directly related to achievement of the results and that these are largely on-going programs, the risks related to the co-financing from government entities are not expected to be substantial. The risks will be monitored by the PMU with oversight from UNDP CO. Co-financing would be monitored and recorded on an annual basis. In terms of the private sector, in particular the RPCs, these agencies are mandated to ensure that they meet stipulated standards for third party international certification that is monitored regularly by RP and FSC to ensure that there is adequate reporting and compliance with the certification requirements. Due diligence has been undertaken for the five major RPCs and the English Tea Shop, that have provided co-financing and will participate in the project. The risks are therefore not significant. The PMU will monitor the co-financing activities, and have access to monitoring reports submitted by the RPCs to meet certification requirements. UNDP CO will oversee these aspects.

Risks

117 The following Table 8 identifies potential risks and management measures to mitigate these risks. The overall risk for the project is classified as 'Substantial'

Table 8: Risks and Risk Management

Risks	Rating	Preventive Measures
General Risks		
1. The limited experience and lack of practical methods for public-private partnerships in natural resources management	Moderate	The MOE, MPI and plantations (RPCs) have coordinated effectively leading to co-design of the project with all parties at the table (government, private sector and civil society). Providing a neutral coordination platform (BSL), which has representation from government and private sector and the UNDP have worked together to identify resources for capacity building, including in related skills and approaches both at the project level as well as in the respective partner organization levels. Experiences of co-management from other countries in the region and beyond have been shared. The project will support the establishment of a consortium of participating plantation companies and smallholder tea and rubber estates to effectively co-ordinate and promote Private-Public-Community partnerships in the plantation sector. Project design also ensures that project activities are phased in a way that allows the project to gain from the capacity building and experience sharing and learning by doing.
2. Private sector involvement and financing for the core project activities may be hampered as the tea and rubber industry is currently facing an economic crisis	Moderate	The project activities require the private industry to take a long-term view of the plantations and the land under their control, in particular the benefits that forest and riparian conservation and environmental-friendly plantation models will bring on the long-term. The RPAs recognize that long-term forest restoration will impact the main crop (tea or rubber) by stabilising the micro-climate, mitigating rainfall variability and temperature rise caused by climate change, while improved practices on plantation lands will help enhance the productivity of their lands, reduce erosion and land degradation. The participating RPCs are already financing investments in conservation and land management of their estates (refer Annex 21) and have collectively indicated a willingness to participate and finance investments in collaboration with the GEF project. The challenge of work within the industry to invest in models where the return is necessarily long-term and as such, the project will encourage a mix of financing models tied to a broad basing of the core business (eco-tourism, tree crops, sustainable fuel wood) that provides both long term and short-term gain. Working with banks to facilitate this transformation through green lending programmes is envisaged with the support of BIOFIN's Phase 2.
3. Capacity of government institutions to coordinate across a multitude of institutions, including in particular the private sector might pose serious constraints, given previous experiences on GEF projects	Substantial	UNDP will provide limited execution support to engage third party/ies to provide execution support to the IP. UNDP will sign a LOA with the Government to provide this execution support and the cost for providing services will be recovered through DPC. Specific details of UNDP's execution support will be identified in consultation with the ministries and will be outlined in the Project Document and LOA. This recruited 'Third Party' organization/s, responsible for the IP for the results and deliverables, will function as project 'Responsible Party/s' and deliver the project according to the agreed work plan and schedule. This organization/s will recruit project management staff and technical expertise as required and specified in the project document. Procuring technical services and community mobilization support required for the implementation of project activities and safeguards will be undertaken by this entity
4. The COVID19 Risk	Substantial	See Sub-Section below 'Summary analysis and project implications/opportunities of Covid-19' for specific risk assessment and mitigation measures
5. RPCs may violate social standards they have asserted under their own corporate principles/pledges, international frameworks they have signed onto (e.g., Rainforest Alliance, UN Global Compact) and legal	Moderate	The Project will be subject to monitoring according to the oversight responsibilities of the CO to ensure compliance with UNDP Rules and Regulations and GEF Policies. These oversight functions will especially include: a) close monitoring of the situation of the RPCs' petition (the Department of Labor (Wages Board) made a decision to increase the daily wage of estate workers to LKR 1000, plantation companies have filed a joint petition to quash this decision) with the Court of Appeals Sri Lanka by the Project Team, under the direct supervision and guidance of the Climate and Environment Team (CET).

regulations in countries of operation. In this scenario, UNDP could face a reputational risk due to engagement with the RPCs; especially in context of RPCs facing significant backlash from media, public, NGOs and governments.		b) The Senior Management of UNDP will be closely apprised of any new development by the CET and the Project Team to enable timely actions and decision-making. c) Active monitoring of the RPC activities for the identify any violations & accusations of deviation from the UNGC's principles (derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work) and those of the Rainforest Alliance'. d) Refer partnerships with these RPCs to the Senior Management for reassessment should any controversies associated with violations of social, and legal standards arise. e) In collaboration with the Business and Human Rights in Asia: Enabling Sustainable Economic Development through the Protect, Respect and Remedy Framework (B+HR Asia) Project, in the duration of 2022 to 2023, conduct trainings programs on human rights protection and relevant due diligence procedures within the RPCs during project implementation
Social and Environmental Risks		
6. The project proponent (including RPCs) may not effectively engage and ensure participation of all stakeholders, including the estate communities and small holders, during the project design and the implementation phases that could result in violation of human rights.	Moderate	The consultations with stakeholders, including estate community and small holders were in the form of focus group discussions, to the extent feasible under the current Covid19 restrictions. Based on these, and other discussions with other stakeholders, the following management plans/frameworks were prepared at PPG stage to understand and try to address the potential environmental and social impacts of the project. These included the following: (a) A **Stakeholder Engagement Plan** that defines the clear role and responsibilities of each stakeholder, including local communities and estate community and small holders in the implementation of the project. (b) A **grievanc**e r**edress mechanism for the project,** based on the existing locally acceptable and UNDP mechanisms to provide an avenue to articulate any project specific grievances and have a transparent system address such grievances (c) **An ESMF** has been prepared. The ESMF lays out procedures and actions to identify and assess potential impacts of project activities, including in particular activities that have still not been fully designed (and likely to be better defined in early implementation of the project) following the participatory conservation and sustainable land management, agro-forestry and livelihood planning process. The ESMF includes procedures for screening investments as and when these are identified, on the basis of which these activities will be excluded (if these fall within the category of restricted activities) and for others, appropriate impacts, mitigation and monitoring measures, will be instituted before these are financed. The ESMF includes list of potential impacts and mitigation/management actions for each potential impact. An oversight and monitoring mechanism is instituted to ensure that management actions are effective. (d) For those activities that present significant risks, additional consultations will be made as part undertaking a targeted ESIA(s) assessment and developing a scoped ESMP(s) to address these specific risks (e) **A Livelihood Action Plan(s)** will be developed during early project implementation, in case there is any inadvertent restriction on access to resources by communities on account of project activities, to enable replacement activities to be designed and implemented in case there are losses of incomes or resources

		The tea and rubber RPC plantations and smallholder farms are **certified under Rainforest Alliance (RA) or Forest Stewardship Council (FSC)** that requires them to follow norms on biodiversity and forest conservation, good agronomic practices, human rights and social practices, be gender sensitive and refrain from use of forced and child labor. As part of the certification process, the plantation companies and smallholders have to maintain records and are audited at regular intervals to ensure compliance with all certification norms to maintain certification status. This ensures compliance with strict environmental, social and human rights practice.
7. Improved management of the forests in tea and rubber plantations might have an unintended impact on plantation workers' access to fuel wood and forest resources, potentially causing economic displacement	Moderate	Based on the consultation with plantation communities and Regional Plantation Companies (RPCs) the following management measures are planned under the project: (a) Undertake survey and assessment of fuelwood use and sources to help develop an long-term strategy to identify options for meeting future energy needs of the tea and rubber factories and plantation community. The options will be screened against potential environmental and social safeguard impacts. (b) Support alternative measures for addressing community energy needs if there is shift from use of existing forest resources by communities. These measures will include the following: (c) In the short-term, the project will promote RPCs and private sector to introduce efficient cooking and water heating technologies using waste agricultural materials (processed briquettes/pellets) (d) Encourage use of existing invasive species as fuelwood, while at the same time promoting growing of fast growing fuelwood species (e) Reach out to private sector energy companies to incorporate new RE systems (solar and biogas) to meet potable water and hot water demands of the plantation community. (f) Incorporate GRM system to enable community to voice any concerns and seek remedial action
8. Women (plantation workers and other disadvantaged groups) may not be fully involved in planning, implementation and monitoring of project interventions and getting benefits from such initiatives, rather influential leaders and/or groups may have more control on local level decision making.	Substantial	A Gender Specialist was assigned during the PPG stage to undertake a Gender Analysis of the proposed project interventions and develop a Gender Mainstreaming Action Plan to identify measures to ensure that the project contributes to gender equality and creates equitable opportunities for women and men at all levels of engagement. The gender action plan identifies the following actions to enhance the role of women and ensure their more active participation in project activities: (a) Capacity building of men and women to ensure that they more actively participate in decisions regarding conservation, agro-forestry, livelihood and other income generation activities (b) Specific livelihood and supplementary income generation activities that are tailored to women, such as development of small-scale tea, agro-forestry and multi-cropping systems on idle plantations lands that are not under plantation crops, improving home gardens and growing of high value crops (cinnamon, spices, etc.) for smallholder women groups, (c) Development of business models for women and unemployed youth for alternate energy technology development (briquettes, pellets, energy efficient cooking stoves, etc.) (d) Training on better handling of chemicals (pesticides and weedicides) to reduce health related impacts (e) Promotion of self-help approach among women as a means of savings (f) Gender disaggregated information in RFA (g) Grievance redressal mechanism (h) Provision of gender support to oversee and monitor gender related accessed through the Plantation Human Development Trust Fund

		(i) Comprehensive Stakeholder Engagement Plan that identifies key institutions in the country that can provide guidance and oversee gender mainstreaming during the project period In addition, the project will support the undertaking of scoped ESIA(s) and targeted ESMP to assess additional measures (beyond what is described above) necessary to address this risk and other substantial risks
9. Development interventions in terms of habitat and stream restoration, community livelihoods and community-based enterprises (e.g. eco-tourism and natural resources based value addition, etc.) can have adverse impacts on species and habitats	Moderate	The project outlines specific criteria for target conservation interventions. During project implementation specific investments and locations for interventions will be defined based on (a) Assessment of the conservation value of each target sites; (b) Survey and inventory of species and diversity within the target sites as means to identify appropriate actions to enhance conservation; (c) Access scientific expertise of scientific institutions (National Herbarium, Forest and Wildlife Departments and qualified individuals) to develop management interventions; (d) Develop ecological baselines to access and monitor outcomes of conservation actions: (e) The site-specific management plans will be adaptive in nature enabling revisions based on outcomes of monitoring; etc. (f) Monitoring indicators are selected to reflect the health of species and ecosystems. (g) In terms of community-based enterprises, specific criteria and procedures will be used to assess potential impacts from any livelihood investment activities and define management responses before these activities are financed
10. The conservation focus of the project landscapes within the proposed plantation areas could cause social impacts and exacerbate any existing conflicts in resource use if the activities are not well implemented or stringent enforcement measures are instituted	Moderate	The following management measures are proposed: (a) The project will conscientiously promote inclusive measures to ensure equitable participation in project activities and benefits and opportunities between non-working and working populations (b) Work with the Plantation Human Development Trust (PHDT), a tripartite organization of Government, Regional Plantation Corporations and Plantation Trade Unions to implement social development programs to access current tensions within the project sites and provide guidance to RPCs on measures to diffuse tensions and enhance relationships. (c) Setting land aside for riparian restoration, establishing nurseries, removal of invasive species, small and micro enterprise development, etc. will provide equal opportunities for all, in consultation with Self Help Groups (SHGs). (d) Consideration for out-grower models for agro-forestry, spice gardens and forest restoration with SHG group in non-productive tea and rubber lands to promote economic and livelihood models to reduce resource use conflicts (e) Preparation of a livelihood plan, if community restrictions on livelihoods are affected (f) A project's grievance redress mechanism or GRM system was developed at PPG that will be applied to address any specific community concerns and help resolve conflicts. (g) A Comprehensive Stakeholder Engagement Plan will also be developed.
11. Smallholders and farmers, will likely continue to cultivate in steep and landslide prone areas causing land	Moderate	Project design will include specific actions and incentives to encourage smallholder plantations and farmers engagement that allows for practice change (better agricultural practices, high value crops and value addition, agro-forestry,

degradation and biodiversity loss mainly in aquatic systems		etc.) rather than dedicate land for conservation. This will be addressed through the following management interventions: (a) The mapping under Outputs 1.1 and 1.2 will collect baseline information on land degradation and potential activities in land hazard areas (steep slopes, eroding lands and lands prone to slides) (b) Based on mapping, provide extension and training to introduce "Good Agricultural Practices" (GAP) on potential steep lands, (c) In terms of small holder plantations, strengthen adherence and maintenance to international certification mechanisms that increase returns and are environmentally and socially acceptable (d) In terms of agro-forestry and agricultural farmers, support extension to promote more suitable crops and cropping systems that stabilize soils and reduce erosion (e) Collaborate with the World Bank-funded Watershed Management project that could help smallholders and farmers in the project area in carrying out soil and land stabilization measures so as not to burden growers with additional economic costs
12. Risks associated with RE projects (micro-hydro etc.) – could cause indirect risks on extraction and diversion of water for agricultural and other uses, and may raise certain environmental risks and risks to biodiversity	Moderate	At PPG stage, an assessment was made of the potential for any RE projects, including new and existing micro-hydro schemes and energy efficient stoves. To manage any risks, the project will support the following interventions: (a) The project will not finance micro-hydro schemes, but GoSL regulations (which meet equivalent International/World Bank EA safeguard standards) require that all such investments follow the statutory national requirements for conduct of EIAs and consultation with affected people (b) In terms of bio-mass use for efficient cook stoves the project will help establish linkages with private sector for production and marketing of energy efficient cook stoves that will be based on assessment of availability of biomass that is consistent with the SES standards (e.g. Tea cuttings etc.) (c) Support for development of a long-term energy strategy for the plantation sector to meet its energy needs including plantation community energy requirements (d) Provide technical support through the Forest Department to improve the management of fuel wood plantations within the estates
13. The continued use of chemicals in the plantation and annual vegetable cropping areas could pose a significant health hazard to plantation labor and farmers as well as to the environment.	Moderate	Based on an assessment under at PPG stage, it was noted that a total of 210 estates belonging to 18 Regional Plantation Companies (RPCs) have been awarded Rainforest Alliance (RA) certification that requires maintaining internationally acceptable environmental and social practices, that includes minimal and safe chemical usage. This certification is an economic incentive for RPCs to break into the very competitive global market. To help RPCs and smallholders meet these acceptable internationally recognized stringent environmental, social and ethical standards, the project will support the following actions: (a) Support capacity building within the Tea and Rubber Research Institutions (institutions that guide and advise RPCs on meeting fertilizer application procedures and standards) to enable them to support the recent government policy on moving from chemical fertilizer use to organic agriculture; (b) Provide training and extension to small holders and estate workers on the safe use (use of protective gear and other precautions), storage and disposal of chemicals until the shift to organic fertilizers is complete (c) Support RPCs to maintain the restrictions on chemical applications, particularly near streams (maintaining a 15-meter buffer zone) to reduce discharges into streams

		(d) Ensure restriction in application of fertilizer (including organic fertilizers) within a 15-meter buffer zone from public places and worker settlements (e) A similar assessment will be undertaken in relation to fertilizer use in small vegetable growers and include specific measures to address this. (f) Project implementation will include additional measures to be introduced in the plantation lands to restrict use of any chemicals in areas close to streams and human habitations, as is currently practiced in some of the estate plantations (g) Support the RPCs and smallholder farmers to develop approaches to meet the organic agriculture policy of the government including soil fertility improvements, biological measures for pest control, biological and mechanical weed control, organic fertilizer production, harness traditional knowledge related to organic farming, create awareness towards organic agriculture, provide training to extension staff and most importantly facilitate the promotion and maintenance of certification standards
14. Human-Wildlife conflict that exists in estates that are adjacent to protected areas may increase from conservation actions initiated by the project	Moderate	Since the issue can vary from one location to another, with no conflict on some estates to conflict in others. To remedy this situation, the following management measures are suggested: (a) Contract a national consultant to undertake active consultation with affected communities to assess the nature and severity of the HWC, based on which in consultation with the RPCs, and wildlife and forest staff develop a conflict management plan (b) Education of affected communities on how to avoid and deal with any potential conflict, precautions to be taken, etc. (c) RPCs to improve lighting in locations where plantation worker dwellings adjoin the forest (d) Work with the wildlife and forest departments to create potential barriers to reduce animal ingress into settlement areas (e) Establish communication means to ensure rapid engagement of forest and wildlife department staff to defuse any potential conflict (f) Restore degraded areas to increase connectivity of habitats thereby providing for movement corridors for large conflict producing wildlife to reduce impacts with human use areas and thereby potentially reduce conflict.
15. Long-term sustainability of the positive project outcomes could be negatively impacted by climate change. In the short-term climate induced natural hazards and weather events could impede smooth implementation of the project.	Moderate	Refer Sub-Section below 'Summary analysis and project implications for climate change considerations' for specific Climate Risk assessment and mitigation measures.
Overall Project Risk	**Substantial**	

Summary analysis and project implications/opportunities of COVID-19

118 The socio-economic system underlying effective project success must also recognize that the phenomena such as climate change and the loss of ecosystems and biodiversity are thought to be underlying factors, or factors that exacerbate impacts associated with the pandemic. Therefore, the project has built in certain provisions, as is permissible within the framework of the project to attempt to address some of the implication of Covid-19. The project will deal with Covid-19 from three perspectives: opportunity, risk, and ecology. The Tables below summarize the risks and opportunities. The ecological perspective is described above, but to summarize, the intention of the project is to recover an intact ecosystem, preserve ecosystem diversity and integrity and ensure a well-managed production landscape, where crop agriculture is done in an

ecologically sound manner, healthy forests and biodiversity are protected, and as the more intact landscape develops over time, that the possibility of future outbreaks might be likely to be contained, although this is not a certainty.

119 To effectively address Covid-19 requires sharing of information about the ways these affect peoples' health and wellbeing and measures for avoidance and prevention. It is also necessary, where possible to recognize the links between zoonotic diseases and the condition of natural ecosystems. This is further complicated by the Government's recent decision to stop food import and improve agricultural expansion and productivity that has created a renewed interest in cultivation and demand for land. This would require controlling the degradation of natural ecosystems, resource exploitation, or conversion of land for agriculture or plantations and effectively protecting areas to restore and maintain the integrity of natural habitats, recognizing that there is a concomitant need to enhance the means of sustainable livelihoods and resource use to ensure that local communities have the means to economically survive and meet the health challenges.

120 Currently UNDP has a long-term program that focuses on green business in Sri Lanka through BIOFIN with an emphasis on recovery following Covid-19 in a more sustainable way. Both of these programs will, in part, shift to ensure long-term sustainability of forests and livelihoods options, including HCVFs to be developed under this GEF proposal. While local (and potentially international) tourism opportunities could be one of the many possible options available for diversification of plantation revenues, there is potential considerable impacts that can happen if these tourism visitation is not effectively managed. Specifically, for the tourism sector, when visitation is possible, the World Tourism Organization (WTO) guidelines will be followed. Other livelihood business development will necessarily follow government safety protocols under Covid-19 (see Risks/opportunities from COVID below in the Risks section).

Table 9: Covid19 Potential Risks

Risk category	Potential Risk	Mitigation and Management Strategy
Economic disruptions in livelihoods due to COVID-19.	Although, Sri Lanka had effectively managed the early risk, the third wave (started April 2021) has potential to cause serious implications for the project, unless there is a drastic change in mitigation of the disease. There are large number of non-workers living on estates who would have lost their employment in towns and cities and returned to the plantations. In such case, this could accelerate deforestation, resource exploitation and associated biodiversity loss due to increased need for certain forest resources (fuel wood and timber) and land for agriculture crop products on account of people's loss of income.	During the early part of project implementation particularly during the preparation of site level interventions (ecological and livelihood) and smallholder farm development plans, an evaluation will be undertaken to assess any potential future risks. This assessment will focus on potential social and economic risks, in particular on vulnerable and poor populations and identify potential options for provision of income generation opportunities, if the disease becomes a problem. The gender actions will also specifically focus on vulnerable women plantation workers in high-risk areas. The livelihood, small agro-business exercises and alternative energy activities can help people responding to and ensuring income recovery. Special efforts would be made to enhance technical support, extension services and materials to enable the successful implementation of such activities.
Stakeholder engagement process	Given, the nature and impact of COVID-19, there is concern that the priorities of community, private entities and government and other stakeholders would shift to address the priority of COVID-19. Thus, if the Covid situation becomes more severe that might affect their active participation in project-related activities	The Government of Sri Lanka, and the RPCs will have stringent measures in place for staff to ensure that they continue to perform their official duties. It is anticipated that these strict measures will continue. If the situation becomes untenable, meetings can be conducted in small groups and via other communication methods, to the extent these are feasible in given situations. Given, if the situation does not change the engagement of estate workers, smallholders and communities will likely require precautions, including following COVID-19 protocols (e.g. current practice of designated places where meetings are allowed with sanitary facilities, masks, social distancing and temperature checks) for meetings at the community levels that will be restricted to smaller numbers of

		staff and community members, using precautions of masks and social distancing.
Availability of technical expertise and capacity and changes in timelines	If COVID-19 continues or is not effectively contained, project start-up and implementation could be delayed	The project development work plan and team will take these constraints into consideration and ensure that local expertise is mobilized to ensure timely delivery of mapping, planning and technical support. Additionally, given that the estates tend to insulate themselves to prevent disease spread and contain morbidity, this will also be taken into consideration.
Enabling financial environment	The COVID-19 and other potential zoonotic disease outbreaks could pose serious difficulties for ensuring effective implementation of co-financing agreements, if Covid-19 situation is not contained.	There is likelihood that if the COVID-19 situation continues or is not effectively contained, the availability of co-financing could be affected by shifts in government and private sector fiscal priorities and exchange rates. The government and RPCs, in particular have shown strong support for the project that might help to ensure some level of commitment to financing. Additionally, some co-financing is solicited through donor funded programs where funding has already been committed, so it is likely the co-financing activities might not be affected in the long-term.
Project start-up and implementation	The COVID-19 and other potential future zoonotic disease outbreaks could pose serious difficulties for effective project implementation.	The changing situation in the country related to Covid-19 could result in potential delays in start-up and implementation. If this happens, the project team will take this into consideration when developing annual plans and implementation schedules, using best possible means to try and minimize delays. While this is a reality, the project will ensure that effective methods for bio-secure implementation are planned and implemented including the use of remote communication, where feasible, coupled with the use of PPE and following the safe COVID-19 guidelines and protocols of the government of Sri Lanka and UNDP. The project will consult with the national and provincial governments and RPCs to ensure that effective safety protocols are in place before any consultations are undertaken at the field level. Local level consultation will only be undertaken if it complies to national and local government guidelines and UNDP guidelines. For example, it is likely that the consulting team will be small (1-2 people), national staff, and may have to be across design, gender, social and environmental issues, and they will likely consult with small group sizes (under 10 people or per local guidelines) and will have PPE for themselves and for people they talk to in person. Additionally, COVID-19 protocol will be developed and followed, such as testing, and supply of sanitizer and masks. In any case where either party is not comfortable to engage in discussions; it will not proceed. As much as possible, remote connections will be sought, for example via RPC and individual plantation estate for consulting with plantation workers and communities. In all cases, continued attention will be given to ensuring the voices of women, youth, and any underrepresented community members using gender and community development specialists. The Stakeholder Engagement Plan for implementation will be updated to address such restrictions and define mitigation measures.
Travel restrictions for local tourists	Although, not significant so far, visitors to the HCV forest sites t would be	While international tourism is not a big revenue generator in the project sites, options for promoting national tourism and

	affected due to restrictions placed by the pandemic, business and local incomes would be affected	other income generation would be investigated with the financial support that might be available through a number of financial instruments, all of which have potential for supporting the poor and economically disadvantaged, who are likely to be most affected by zoonotic disease outbreaks. Eco tourism ventures in the plantations, promoted by the project, could take advantage of the return of trained youth who may have employment in tourism or hospitality ventures elsewhere in the country.
Awareness on the impacts of COVID-19	There could likely be lack of information on implications of COVID-19 and means for its prevention, particularly in some of the remote settlements	The project will develop, through its communication and KM strategy in the target sites to maintain a system of on-going communication to foster improved coordination, speed and efficiency of directing awareness of COVID-19 protocols for management and control of the disease. The Plantation Human Development Trust (PHDT) and RPCs, and smallholder societies will disseminate lessons of COVID-19 and make communities aware of resources that might be available for control, testing and management of the disease

121 The Covid-19 outbreak has helped improve the global realization regarding the fragility of current societies in regard to the pandemic that could also positively affect people's perception of the climate emergency. This is particularly true in the competitive global tea (and to some extent rubber) markets, where there is a great emphasis on products that are produced under ethical standards that take into consideration social, environmental, gender and human rights issues. Similarly, the role of science when making decisions in the context of the health crisis could highlight the benefits of drawing up and implementing policies substantiated by the scientific community to deal with crises, both current and new. Covid-19 has also helped to recognize the need to redefine economic and conservation approaches to focus on the promotion of human wellbeing and equality within clear environmental and social boundaries, rather than on GDP growth and the accumulation of capital—all inadequate proxies for wellbeing. While there are many risks posed by the virus, it also offers the opportunity for private plantation companies and smallholders to build improved practices in their chain of operations that support forest conservation and resource management that might have positive impact on biodiversity, ecosystems and local livelihoods, and hence improved community welfare and health related benefits. The project will therefore seek means to enhance these opportunities as discussed below.

Table 10: Opportunities presented by COVID-19

Opportunity Category	Potential	Project Strategy
Improved efforts towards protection of forests and ecosystems at the landscape level	Support for landscape level conservation has high potential for improved management of production areas (forests and plantation areas) that can enhance natural habitats	The integrated approach supported through the project is intended to enhance the health of the forests and ecosystems with natural and production areas and hence mainstream biodiversity and ecosystem service considerations into all aspects at the landscape level. Among the proposed several alternative livelihoods will be solutions based on multi-cropping systems, agro-forestry, establishment of riparian forest corridors through plantations and production forests that would promote intact forest and wildlife habitats that could result in healthy environment/ecosystem that might reduce impacts from the virus.
Reduction of unsustainable resource extraction and environmental degradation	Agreements with estate community, smallholders and other stakeholders will support improved and sustainable practices within the landscape as well as forest management agreements	Planning on the production landscapes through appropriate environmental management measures (such as non-application of chemicals near streams and settlements and agreements with communities can ensure commitments to protection of forests, reduction of degrading agricultural and

		other practices as well as measures to enhance restoration of degraded forests.
Opportunities for ensuring alternate options for management any Covid-19 related impacts	The project support for environmentally-friendly agro-forestry, high value alternate crops and livelihood opportunities will facilitate both short and long-term responses to COVID-19	The project will provide technical support to estate workers and small holders to facilitate the development of improved production systems, reduce unsustainable practices that can facilitate to some extent management of any negative economic impacts from Covid19. Additionally, innovative financial solutions promoted through the project can facilitate new economic opportunities for women and youth in the plantation sector.

Summary analysis and project implications for climate change considerations

122 Plantation crops in particular tea, is a key contributor to the Sri Lanka economy in terms of foreign exchange earnings, employment and food supply. However, since tea is a crop that is very sensitive to temperature, rainfall and soil conditions, changes in temperature, rainfall and the occurrence of extreme weather events can adversely affect the sector. Overall findings[16] show that hotter and wetter climate will have a detrimental effect on Sri Lankan tea production. More accurate assessments indicate that the majority of tea plantations in Sri Lanka, except those at high elevations (1,200m), are likely to be adversely affected due to climate change. Mid elevations seem to show/neutral impacts. The beneficial effects at higher elevations are due to prevalence of lower temperatures than that of optimum for tea (around 22^0C) at present. However, the potential benefits of rising temperatures at high elevations could be reduced by drier weather condition and possible changes in pest and disease incidences. Under a high emission scenario, by mid-century, a decline in 12% in the annual tea production is predicted. Dry weather and periods of drought impact on yields and plant health. Last year, despite Covid-19 related increase in demand for tea, the tea yields dropped to a 25-year low, which was attributed to drought. Rubber plantations are impacted by rainfall leading to disruptions in rubber tapping and drying. Again, longer dry periods, drought and high temperatures can deplete plant growth and latex yields. Plantations are reporting early stream drying (at higher elevations mostly) and increased incidence of forest fires (human induced but common during dry seasons).[17] High rainfall events have caused severe erosion and soil degradation in the hill country including the tea plantation areas. Smallholder tea lands are especially susceptible to erosion and degradation as their land management and erosion control practices are not as well established as the larger plantations. Frequent landslides triggered by high intensity rainfall disrupt plantation workers housing, the road network, often cutting of access to remote plantation areas for weeks, and other services such as transportation, power, water etc.

123 Rubber is considered to be among the best crops to be used in mitigation option of climate change due to its adaptability to climate variabilities and capabilities of fixing a considerable amount of carbon dioxide during its 30-year economic lifespan.[18] However, despite its advantages to mitigate climate change impacts, natural rubber is rarely integrated in discussions on climate change nor as part of strategies and measures to mitigate climate change. The Tea industry is contemplating certain shifts in their practices to adapt to the changing climate, like diversifying less productive tea lands with marginal soils into other uses such as mixed-cropping (fruits and spices when soil and environmental conditions favor cultivation of these crops) and fuel wood or timber plantations rather than replanting/planting tea which is expensive and has a comparatively long gestation period. Where, tea would be still productive, climate adaptation would require improvement in soil conditions to retain more moisture and reduce ambient temperatures around the tea bushes (to improve micro-climatic conditions) through soil and moisture conservation measures by maintaining drainage systems and stone terracing, mulching and re-introduction of tea pruning on tea lands. The establishment of shade trees in tea lands, particularly in low and high elevations is a very important practice. Other suggestions include converting unproductive tea lands into 'thatch banks' that contribute to enriching the soil.

124 The biodiversity in the wet zone of Sri Lanka is significantly important both at the regional and global scale as it has the highest species diversity for flowering plants, amphibians, reptiles, and mammals. These ecosystems provide many

[16] Gunathilaka, D. Smart, J.C.R. and Fleming, C.M. The impact of changing climate on perennial crops: the case of tea production in Sri Lanka. Springer, February 2017.

[17] Discussions with plantation managers on climate change impacts.

[18] www.gupta-verlag.de/rubber

services that are of important economic value and play a crucial role in supporting the agricultural sector. Change in macro environmental parameters, especially precipitation, humidity, temperature and pH etc. trigger considerable threats to species that depend on specific habitat/micro climatic conditions and increase the threats from invasive species etc. Studies on several rare, endemic species detailed in Sri Lanka's Third National Communication to the UNFCCC, National Biodiversity Strategic Action Plan 2016-2022 and Technology Needs Assessment for Climate Change Adaptation show that the habitat ranges will shrink and shift for both higher plants, insects and reptiles as temperature increases and rainfall becomes more erratic. As a consequence, climate change can also have a profound impact on natural forests and ecosystems that could lead to the reduction in the distribution and abundance of species, especially endemics, that is further exacerbated by habitat loss, fragmentation, deforestation and forest degradation. Policies and measures are thus critical to preserve the remaining natural habitat in the wet climatic zone, even though the country faces many economic challenges, the funds and expertise available for monitoring climate change impacts and biodiversity conservation. Additionally, home gardens (and other multiple-cropping systems) that are complex sustainable land use systems that combine multiple farming components that provide household needs, income generation and many environmental services are important aspects to deal with climate change, particularly for small holder farmers in the mid-country.

125 The level of impacts and coping strategies of populations depends heavily on their socio-economic status, socio-cultural norms, access to resources, poverty as well as gender. Research has also provided more evidence that the effects are not gender neutral, as women and children are among the highest risk groups. Key factors that account for the differences between women's and men's vulnerability to climate change risks include: gender-based differences in time use; access to assets and credit, treatment by formal institutions, which can constrain women's opportunities, limited access to policy discussions and decision making, and a lack of sex-disaggregated data for policy change. Future projected changes with respect to climate risks are currently actively under consideration by the RPCs and have incorporated into the set of management measures included in the respective activities. However, in the case of small holders there is still a void in their understanding of the impacts of climate and measures to adapt and cope. Further, given gender disparity, climate change can have a profound impact on women. Moreover, increased protection of high conservation value (HCV) and high carbon stock (HCS) will help safeguard important ecosystem services, such as soil and water conservation, thus securing livelihoods for local farmers. Proposed project activities also include delivering technical assistance for improved forest conservation, improving forest connectivity, restoration of degraded forest and riparian corridors, agro-forestry and multi-cropping systems are important measures to adapt to changing climates. The integrated management approaches developed will include considerations on implementing good plantation and agricultural crop practices to protect against climate and disaster hazards, e.g., constructing vegetative strips to help minimize erosion. The project will ensure that local level RPC and extension staff and technical consultants for agricultural-livelihood improvement, will provide oversight and ensure appropriate safeguards are implemented that account for current and future-projected hazards.

Table 11: Climate Risk Analysis

Risk	Risk Management Objective	Project Climate Mitigation and Management Strategy
High temperatures, loss of soil moisture, longer dry periods and more dry days	Improving plantation productivity and viability and quality through improved plantation management through shade provision and ground cover crops and erosion control measures.	The project will mitigate this impact by the following measures: (i) Introduction of native shade trees into tea fields that support biodiversity outcomes (ii) Cover crops, mulching and other techniques for soil moisture conservation (iv) Shade netting or mechanical protection for tea and rubber nurseries (v) Fire protection- vegetative barriers, etc. (vi) Sprinkler irrigation where feasible to overcome long dry periods
Stream drying and impact on riparian habitat, water availability for agriculture	Stabilizing the riparian systems, ensuring water quality and quantity, year round access to water, by protecting watershed	The project will mitigate this impact by the following measures: (i) Demarcating and protecting watersheds and stream catchments

and daily use for community	forests and stream reservations.	(ii) Reforesting the riparian boundaries (iii) Negotiation with communities and downstream users to rationalize water use and extraction, especially during dry season (iv) Developing alternate sources of water (wells, tube wells) for community use (v) Developing surface water storage (ponds/wetlands) where feasible and with appropriate landslide mitigation measures inbuilt.
Climate risks could exacerbate risks posed by clearing of forests and unsustainable forest and land use practices could result in increased vulnerability and reduced coping capacity	Improve design of landscape conservation outcomes to enhance protection and maintenance of forests and natural habitats that can act as an effective means to reduce impacts of climate change	The project will mitigate this impact by the following measures: i) Applying a scientific-based approach and steps for planning and management to ensure that forest management plans ensure that forests, riparian and natural ecosystems are conserved; ii) Promoting conservation practices to improve protection and management of critical ecosystems services to help to increase the overall resilience of the natural systems to climate risks in the areas compared to business as usual; iii) In terms of the Monitoring Plan, the condition of the natural ecosystems would be monitored to ensure that activities do not damage these sensitive ecosystems so that it is in a better overall situation to manage climate changes; iv) Applying the knowledge and communications to improve awareness of climate and ensuring measures to improve climate resilience; v) In addition, the project will incorporate CC (say using climate screening tool developed by the World Bank) to identify climate change adaptation and mitigation needs for the project activities
Climate sensitivity for local communities recognizing the profound relationship between climate change, Covid19 and local community vulnerabilities	Enhancing community resilience and capacity to cope with climate impacts	The project recognizes the need to assist the vulnerable local population to cope with climate impacts through the following measures: i) The project strategy places a strong emphasis on supporting small holder farmers and facilitating more sustainable farming and plantation practices; ii) The project will provide technical support and extension for agro-forestry and multi-cropping systems, on-farm improvements, land management and erosion management that support climate smart best practices; iii) Through the integrated approach to tea and rubber plantation management, the project will provide technical support, training and best practices to ensure ethical (environmental, social and gender sensitive) practices in RPC and small holder farms to meet international certification (and local certification standards for small holders) to ensure forest conservation practice, protect riparian corridors, more sustainable pesticide practices, improve opportunities for estate workers, etc. that could have a positive impact on improving resilience to climate impacts; iv) The ecotourism related interventions (including co-management) planned under the project will provide opportunities for estate youth to improve forest related

		livelihood diversification and sustainable forest management as a means to enhance incomes and diversified livelihoods; v) Project teams will provide training and extension to enable improved adaptation practices in agriculture, agro-forestry and livelihood diversification; vi) The ESMP will screen for climate risks and proposed measures to be instituted under the project to manage climate risks. These will be designed into the community livelihood activities to ensure that these are best adapted to the situation
Forest conservation can enhance climate risks and impacts	Enhancing conservation of intact forests	Degraded forests are far more likely to deteriorate and cause environmental damage than the multistory, intact forests that maintenance of which is planned under this project. As a consequence, the project will support the following activities to reduce forest degradation: i) An objective for this project is to conserve and increase the area of intact forests, reduce conversion of forests to other use and promote forest conservation that will be likely much less vulnerable to the effects of climate than fragmented landscapes; ii) Reduce the effects of non-climate stressors, such as pollution, overexploitation of natural resources, and land use change.
Social inequalities can exacerbate impacts of climate change on women and disadvantaged groups	Reduce vulnerabilities of women and disadvantaged groups to climate impacts	i) Identify populations most at risk and target adaptation measures toward them; ii) Ensure that measures/activities (training) are implemented by the project to enhance women and vulnerable community capacity (including on disaster management) to adapt to climate impacts; iii) Empower women and marginalized populations and ensure that they are part of the decision-making process through their participation in local decision-making processes with regard to adaptation efforts, particularly regarding risks that differentially affect them (e.g., droughts, crop diseases, human-wildlife conflict, etc.); iv) The project will provide training and awareness to women and marginalized groups (estate workers) regarding the risks associated with climate change and measures to reduce such risks; v) The screening of project activities will evaluate climate risks on estate and vulnerable communities and propose measures to manage climate risks. These will be designed into the ESMP, natural resource and plantation and small holder activities to ensure that these are best adapted to the situation.
Limited technical and institutional capacity and information on climate risk can exacerbate impacts	Information management	i) The project will provide technical and extension support to address climate effects, adaptation and mitigation actions as part of the investment activity planning and process; ii) The ESMF screening process will evaluate information access and propose measures to improve access and availability of information on climate risks and best practices for management.
Monitoring of climate risks will be critical to ensure that the project benefits are effective	Monitoring of climate risks	ii) The RPCs will have prime responsibility for ensuring that safeguard measures (including climate risk management) are implemented during project planning and implementation and in monitoring their outcomes.

		iii) The RPCs will be encouraged to regularly report the results of monitoring to the PMU for quality control, ensuring due diligence and overseeing and guiding this process.
Limited awareness of climate risks and its impacts	Improved awareness	i) Increasing awareness on climate and disaster risks through multi-stakeholder dialogues; ii) Capacitate extension services on delivering climate and disaster risk management assistance; iii) Sharing best practices among the communities
Lack of financial support for local communities can constraint their ability to respond effectively to climate risks in the long-term	Financial support for climate risk management	i) The project will provide support for diversification of degraded tea lands for enhanced productivity and improving livelihoods and incomes for small holders and estate workers; ii) Additionally, as a measure to attract non-GEF resources as a complementary support for climate responses, including in the longer-term, the project will seek to identify promising financial instruments, including more effective use of BIOFIN options.

126. The Social and Environmental Screening Procedure (SESP) was followed during project preparation, as required by the SESP Guidance Note of the UNDP. Accordingly, the social and environmental sustainability of project activities is in compliance with the SESP for the project (see Annex 6). The SESP identified high social (particularly as related to impacts on estate labor and those associated with potential child labor in the project areas) and environmental risks for this project that would have potential negative impacts in the absence of safeguards. To avoid any potential for any likely impacts, the project will ensure Social and environmental screening of all proposed investments to determine if there are any impacts. If the impacts are considered significant or cannot be managed by simple and practical mitigation measures that can be implemented within the capacity of the communities, these activities will be avoided. When impacts are easily manageable, the PMU would include responsibilities for ensuring oversight for these measures and monitoring of its implementation. Annually supervision missions will assess the extent to which the risks have been identified and managed. Overall, the project is expected to result in positive impacts for biodiversity conservation and socio-economic benefits through the greater participation of local communities in biodiversity corridor management processes, sustainable use of forest and resources, and improved natural resources-based livelihood activities. No on-the ground investments will be initiated without completion of specific ESIA and ESMPs in Year 1 of the project. The project does not involve large-scale infrastructure development. The project will not support employment or livelihoods interventions that may pose a potential risk to health and safety of communities and/or individuals or to biodiversity and ecosystem functions. While the project will not propose any temporary or permanent physical displacement, nor will there be the need for land acquisition or access restrictions, in cases where this is unavoidable, particular in terms of loss of access to firewood for estate labor, the project will prepare an Action Plan for affected households to ensure that this risk is effectively managed and affected households have access to similar or better resource options.

127. Grievance redress mechanisms will facilitate the resolution of any conflict related to resource use and access. Specific institutional and administrative arrangements have been defined that encourages active participation of all households and capacity building programs. For further information on social and environmental aspects and management measures refer UNDP SESP in Annex 6 and ESMF in Annex 11. A screening checklist will be developed based on the SESP during early project implementation to screen all investments to ensure that they comply with sound social and environmental principles.

128. In line with UNDP standard procedures, the Project will set up and manage a **grievance redress mechanism** (GRM) as recommended by UNDP (2014) that would address project affected persons' (PAP) grievances, complaints, and suggestions. The GRM will be managed and regularly monitored by the PMU. It will comply with the following requirements.

Project-level Grievance Redress Mechanisms

129. Grievance redress mechanisms (GRMs) refer to formal institutions and channels that capture beneficiary complaints or grievances related to targeting, service delivery, or other program functions and provide redress. Grievance redress is a vital element of managing a targeted program, particularly when cash is involved. Grievance redress mechanisms can be important for mitigating inclusion and exclusion errors and for monitoring corruption.

130. GRM systems have established resources by appropriate agencies related to the project to receive and address concerns about the impact of their policies, programs and operations on external stakeholders. The stakeholder input handled through these systems and procedures may be called "grievances," "complaints," "feedback," or another functionally equivalent term.

Objectives of the GRM:

a. To provide stakeholders with a clear process for providing comment and raising grievances;
b. To allow stakeholders the opportunity to raise comments/concerns anonymously through using the community suggestion box, which will be maintained at the Community Information Centre;
c. To structure and manage the handling of comments, responses and grievances, and allow monitoring of the effectiveness of the mechanism;
d. To ensure that comments, responses and grievances are handled in a fair and transparent manner, in line with internal policies and international best practice.

Project roles and Responsibilities:

131. The project could establish its own structure to address the unique issues at three key levels. The system will be widely publicized that those who have any grievance could utilize different means of informing the project focal including a 'complaint box' where written complaints could be lodged. The staff are responsible are expected to register all complaints in a separate register. The complaints are taken seriously and are attended without delay. It is possible that the complaint Centers be located at the regional PMUs. Due to the rural nature of the communities, making complaints directly at the regional PMUs could have challenges. Therefore, at the estate levels, a focal could be established, including maintaining a complaint box at an appropriate identified location, 'project resource center'. The direct responsibility could lie on the regional PMUs to address the complaints, and Regional PMUs should incorporate the required mandate and resources to handle the grievance system.

Procedure for Comment Response

132. The steps taken by the project office for receiving and handling any comment pertaining to the project are outlined below.

STEP 1: Submitting a comment

A comment or a grievance can be submitted to the project office in several ways:

a. During regular meetings held between communities and project officials;
b. Through the Local Consultative Forums established in the landscape areas;
c. During informal meetings with project officials;
d. Through communication directly with management;
e. Directly by e-mail to the project management;
f. Directly by telephone;
g. Placing a comment in the community suggestion boxes placed in different places

For those comments/grievances submitted informally, the focal person will arrange a meeting where the comment/grievance can be explained in full and written down.

STEP 2: Logging comment

Once a comment has been received, it must first be logged in the comments register/data base and the Project Manager will be informed.

STEP 3: Providing initial response

The person/community/stakeholder that lodged the initial comment will be contacted within 7 days to acknowledge that project management has logged the comment and provide feedback. The respondent will either accept or refute possible responsibility for the grievance.

This notification will include details of the next steps for the investigation of the grievance, including the person responsible for the case.

STEP 4: Investigating the grievance

Grievance will be investigated initially by the safeguard specialist with the aim to complete the investigation within two weeks of lodging of the complaint.

Depending on the nature of the grievance, the approach and personnel involved in the investigation will vary. A complex problem may involve external experts, and a simpler case may be easier, and quicker to investigate. Project Management Unit will involve the aggrieved in the investigation, where possible, to ensure participation.

STEP 5: Concluding/resolving the grievance

The grievance will be concluded with concerned parties agreeing on the findings and remedial measures taken. The project management will outline steps taken to ensure that similar grievance does not occur again. If the complainant is satisfied, the grievance focal person should seek their sign off from Project Manager.

STEP 6: Taking further steps if the grievance remains open

If the grievance still stands, then the grievance focal person will initiate a further investigation and determine the steps for future action.

Record Keeping

All comment responses and grievances must be logged using the comment response and grievance logging forms and registers. This includes details of the comments/grievance, the commenter/aggrieved, and ultimately the steps taken to resolve the grievance. Hard copies of the form will be kept at the project sites, whilst soft copies will be saved in the PMU. Any accompanying documentation e.g. written statements, photographic evidence, or investigation reports will be filed along with the grievance log both in hard and soft copies.

A master database will be maintained to record and track the management of all comments and grievances. This will serve to help monitor and improve the performance of the comment response and grievance mechanism.

Monitoring and Review of grievances

It is important to monitor the effectiveness of the comment response and grievance mechanism. Appropriate measures for this include quarterly reporting on the number of grievances received, resolved and are outstanding. This will be presented in the regular project meetings and archived.

Reviewing and analyzing the trends and time taken for grievance resolution will help to evaluate the efficacy of the comment response and grievance mechanism.

Submitting Concerns through UNDP's Accountability Mechanism

As part of the stakeholder engagement process, project-affected people will be informed of processes for submitting concerns through UNDP's Accountability Mechanism,

A Compliance Review to respond to claims that UNDP is not in compliance with applicable environmental and social policies; and

A Stakeholder Response Mechanism (SRM) that ensures individuals, peoples, and communities affected by projects have access to appropriate grievance resolution procedures for hearing and addressing project-related complaints and disputes.

Stakeholder engagement and south-south cooperation:

133. Extensive consultations with stakeholders were conducted during the PPG stage, within the limits presented by the Covid19 situation. Initial stakeholder analysis during the PIF stage was followed up with consultation during the PPG stage in terms of the design of the project. During the PPG stage, the stakeholder analysis was updated and elaborated following consultations undertaken at the project level, with the RPCs, trade unions, estate labor, smallholders, farmers, business community, research institutes, provincial and district governments, sector agencies addressing both institutional stakeholders in the context of their statutory involvement in the project, and more broadly for non-governmental stakeholders including natural resource-dependent communities. A number of stakeholder workshops were conducted to obtain the perspective of the different stakeholders during the period October 2020 through June 2021. A number of bilateral meetings with future partners were also conducted. An inception workshop was conducted in Colombo on 28 July, 2020 and validation workshop on 05 November, 2021 to discuss the project design and reach general consensus on project outcomes, outputs, activities and institutional arrangements for the project. Detail of consultation meetings and issues discussed at these consultative meetings is presented in Annex 24. The list of stakeholders consulted has been downloaded in PIMS.

134. The purpose of the Stakeholder Involvement Plan (SIP) for the project is to ensure long-term sustainability of the project achievements, based on transparency and the effective participation of the key stakeholders. The objectives include the following: (a) to identify the main stakeholders of the project and their basic roles and responsibilities in relation to the project; and (b) to take advantage of the experience and skills of the main stakeholders, safeguard their active participation in different activities, reduce obstacles in project implementation, and sustain gains after project completion. The approach is based on the principles of fairness and transparency in selection of stakeholders, ensuring consultation, engagement and empowerment of relevant stakeholders. This is to ensure: (i) better coordination between them from planning to monitoring and assessment of project interventions; (ii) access of information and results to relevant persons; (iii) accountability of stakeholders; (iv) implementation of grievance and redress mechanism; and (v) sustainability of project interventions after its completion.

135. Stakeholder involvement will enhance the planning and management of high conservation value forests and associated habitats within the plantation sector, enhance environmentally sound plantation practices, improve and sustain the productivity and management of the smallholdings and agricultural land and support new economic models in the plantation sector. Their engagement will secure the conservation of globally and nationally important biodiversity within the wet climatic zone, and mainstream biodiversity and sustainable natural resource use in the plantation sector. MOE will be instrumental in establishing collaborative links with private plantation companies, smallholders, farmer associations, and other national and provincial government sector and administrative bodies. The Project may solicit the services of NGOs/Civil Society Organizations (CSOs) to implement project activities.

Identification of Potential Stakeholders

136. The SIP involves the identification of stakeholders at the national and subnational levels that would be engaged as project partners. These include private sector entities, government entities, smallholder associations, CSOs and local communities. The key stakeholders and their role and responsibilities is outlined in Annex 10.

Role and responsibilities of key stakeholders and their Involvement Mechanisms and Strategies

137. Mechanisms and strategies for stakeholder involvement will ensure that relevant shareholders: (i) receive and share information, (ii) provide inputs in the planning, design, implementation, monitoring and evaluation of project initiatives, and (iii) play a role in sustaining the initiatives during and after the closure of the project. Roles and responsibilities of main stakeholders of the project are summarized in Annex 10. Early in project implementation, the MOE (in consultation with the MPI and RPCs will develop a more detailed Stakeholder Involvement plan that would ensure: (a) stakeholders' involvement in project planning, implementation and monitoring; (b) stakeholders involvement in social and environmental screening and risk monitoring; (c) free, fair and transparent methods of information sharing; (d) implementation of gender mainstreaming strategy and action plan; I measures to empower stakeholders and potential project beneficiaries; and (f) disclosure and accessibility of information

138. The Project put great emphasis on tracking the successes and failures, the lessons learned, in similar projects focused on landscape planning, financial solutions and private sector approaches to biodiversity conservation both in the region and elsewhere. These specific topics would be discussed through south-south and triangular cooperation to present opportunities for replication in other countries, and to facilitate dissemination through global on-going South-South and global platforms. There are a number of global GEF programs, notably "Advancing leadership in private sector", "Private sector climate resilience and adaptation initiative' and IUCN's blended finance program can provide good lessons on scaling-up innovative financing models for biodiversity conservation will be followed and may be incorporated into Project interventions.

139. In addition, to participate in global and regional fora, the project will explore opportunities for meaningful participation in specific events where UNDP could support engagement with the global development discourse on private sector participation in conservation. The project will furthermore provide opportunities for regional cooperation with countries that are implementing initiatives on BIOFIN financial solutions, international certification and private sector led forest conservation initiatives in geopolitical, social and environmental contexts relevant to the proposed project in Sri Lanka.

Gender equality and Women's Empowerment: Refer to the gender analysis and gender action plan included in Annex 12.

140. Women are directly engaged in estate labor, smallholder farm management, agriculture and natural resources management. They are expected to significantly influence current practices, and can be effective advocates of sustainable natural resources management strategies. Female labor represents about 50 percent of those in the estate sector in Sri Lanka while women make up about 90 percent of those involved in tea plucking. Whether in the large estates or smallholder lands, the vast majority of workers in plantations are women. The working conditions for men and women in the estates are very different because of the type of work done by men (pruning, clearing, supervising, etc.) and by women (tea plucking and rubber tapping). Women pickers work longer hours than men, only to come home and shoulder the domestic work (cooking, cleaning, etc.) and care work (taking care of the children and ageing or ill family members). Women are the majority estate workers but occupy the lowest tier of plantation work hierarchies. The PPG surveys found very few estates hired or promoted the female labor force to supervisory positions[19], citing mainly the nature of work and mobility requirements. Both females and males are entitled to the same daily wage, but men work shorter hours. Men in the tea plantations work for around four to five hours and therefore have the flexibility to manage time and can choose to work elsewhere to supplement income. Women however do not have this flexibility as they work over 7-8 hours and rarely, during drought and low yield periods up to ten hours. As an economic entity, the plantation sector is a patriarchic industry. In most instances, women, unlike men, hardly have the opportunity to move up the career ladder. A very few females, if educated up to General Certificate of Education (GCE) ordinary level, stand a chance to be appointed to 'office posts' such as Child Development or Welfare Officers on larger plantations.

141. A report of an independent evaluation of a CARE Sri Lanka project on 4 RPCs to develop community development forums (CDF) to provide a platform for improved gender and youth engagement and participatory decision making, points to the general working conditions on estates. Many of the issues faced by female workers pertain are related to working conditions – having to carry heavy loads over long distances and over difficult terrain, having to work through heavy rain, lack of toilets in the field, exposure to leeches and snakes, high weed cover and difficulty to pluck leaves, field officers' harassment and at times, sexual exploitation etc. There were other issues brought up- lack of awareness on sexual and reproductive health, unemployment among youth, lack of facilities for garbage disposal and gender-based violence and child abuse etc.[20] However, women on plantations are employees within a formal labor contract with the private sector RPCs. They are therefore entitled to benefits, leave, maternity, creche and pre-school facilities and free medical clinics.[21] As such, they are entitled to a minimum number of workdays and benefits. Further, the plantation workers are unionized and have strong political representation that has often lobbied for better wages and increased benefits.

142. Within the smallholder families, the workload remains the same as women in larger plantations. However, as these fields are individually owned, the family unit has to fulfill the labor requirement and are not entitled to any of the benefits that

[19] Finlay's recently appointed two female Assistant superintendents and they also have female supervisors – but do not know the numbers.
[20] CARE International, 2020. "Empowering Sri Lanka's Tea Plantation Communities Final Evaluation."
[21] Employees Trust Fund and Employees Provident Fund which are both co-contributory funds withdrawn on retirement and against which they can take out loans.

come with the larger plantation sector. Their income is the price received for the leaf from the collector, and often smallholders are indebted to collectors.[22] Practices such as savings and insurance are not common, leaving families vulnerable to low crop due to natural disasters, pest and diseases and other shocks (death or chronic illness of family member, landslides, sudden market failure). Small holders are organized as societies of which both men and women are members, but membership is linked to land ownership, therefore more men than women are members. In a given household, if the land is held in the male's name, then membership of the society will be in the male's name as well, even if the women is the primary worker on the tea or rubber holding.

143. In the plantation sector, the gender analysis revealed the following inequalities in status and condition of women and men in different areas and are manifested in the following:

- Norms, attitudes, and institutions that limit women's and men's life options
- Women's limited access to land and natural resources, particularly in smallholdings and agricultural lands
- Low participation of women in governance and decision-making processes and in project activities
- Women's role in the plantation sector, in particular in tea, is limited to harvesting, tea factory operations, fuelwood collection, tending to household chores, etc.
- Gender-role and multiple burdens and various forms of violence against women and girls
- Unequal access to resources and services makes it difficult to improve their productive and reproductive work
- Limited access to education and health services

144. In this regard, this project will seek to understand and expose gender-differentiated practices, gendered knowledge acquisition and usage of, as well as gender inequalities in control over resources in selected target landscape sites, which will inform policies regarding plantation practices, sustainable natural use and the sharing of its benefits. It will also consider the influences of gender differences and inequalities on the use of biodiversity, and the ways in which these differences and inequalities influence how women and men in selected landscape sites are affected by various policies, planning and programming.

145. The direct beneficiaries will be at least 5,000 individuals comprising estate community members, smallholders and community members (at least 50% of beneficiaries are women) who will benefit from three inter-related components of the project. Further, the project will support tea and rubber plantation community members, smallholders and farmers in target landscape that are expected to benefit from capacity building programs under this project.

146. A screening of the UNDP social and environmental screening (SESP) (see Annex 6) revealed a potential risk related to gender: "Project potentially may limit women's ability to participate in decision making, affected by resource restrictions (if any), and participate in benefit sharing, taking into account different roles and positions of women and men in accessing environmental goods and services while also facing potential of having adverse impacts on gender equality and/or the situation of women and girls". This risk will be managed through the project.

147. Gender mainstreaming in the project will be addressed (see Annex 12) through the following actions:

- Ensure that project materials, including meeting agendas, reporting templates, communications materials, and all written policies include gender and social mainstreaming.
- Create and require minimum standards for consultation and planning, including representation from multiple gender and social groups and/or tasking of planning team members to speak for vulnerable peoples.
- Capacity building and training for project staff, planning team facilitators to include the input of multiple groups into resulting plans.
- Support research and mapping of: (i) current gender roles and how they have changed between generations in each of the development sectors (plantation agriculture, fuelwood collection, agriculture, smallholder farming, livelihood related activities, etc.); (ii) gender and social group uses and use patterns of resource uses; (iii) market access by

[22] Ibid, p 15.

gender; and (vi) applying a gender and socially inclusive lens to all research plans and priorities to ensure that multiple groups' data needs are filled.

- Invest in staff to enable adequate connections with multiple groups. Instead of general community meetings, meetings with (i) women's groups; (ii) men's groups; (iii) youth groups; (iv) estate labor; (v) trade unions, etc.
- Capacity building and training for project staff and planning team facilitators to better engage multiple gender and social groups.
- Apply a gender and socially inclusive lens to every meeting, report, plan, and activity.
- Apply sex disaggregated targets and baselines where appropriate, as part of project monitoring plan.
- Conduct economic and social analyses of proposed high conservation value forest conservation resulting from the project, and all other outputs;
- Implement the Communications Strategy, including holding multiple, targeted meetings by disaggregated groups.
- Incorporate gender and socially-sensitive indicators and collect sex disaggregated data for monitoring and evaluating project results.
- Recruitment of gender specialist to facilitate the implementation and monitoring of the gender plans and for capacity building and training of key implementing agency staff.
- Identify special investments based on women's requirements to ensure that they benefit from project investments as well as capacity building and training activities will be designed into the project to enhance the capacity of women and vulnerable members to take an active part in the planning and decision making process. This attention on gender mainstreaming is recognized in project Output 3.2. Gender-disaggregated targets and indicators are included within the project results framework. The project is aiming for at least 50% of direct beneficiaries to be female.

148. A detailed Annex 12 provides an analysis of gender aspects related to the plantation sector and an action plan detailing specific actions to be taken under the project enhance women's role in project decision-making and benefit-sharing.

Innovativeness, Sustainability and Potential for Scaling Up:

149. The project will address innovation, sustainability and scaling up as follows:

150. ***Innovation:*** The project is designed to reflect innovation. It will build on the conservation practices already instituted by certain plantation companies that would be further strengthened by provision of technical support and capacity building to provide a stronger scientific and information base on which improved conservation actions can be taken. Innovation will be promoted through: (i)Developing a database for biodiversity and land availability in the Wet Zone plantations as an information base on species, habitats and ecosystems that would enable improved conservation management planning; (ii) viewing remaining forests, riverine ecosystems and protected areas as a system in itself, so as to promote opportunities for linkage of habitats to protect as much of the biodiversity of the wet climatic zone; (iii) establishing platforms for improving dialogue between public-private-community representation to meet new challenges in sustainable production, climate resilience, and certification; (iv) developing new financial solutions and funding streams to promote sustainable plantation products and services; (v) bringing actors from the provinces, markets, private and civil society sectors together to achieve mutual understanding and negotiate and implement mutually agreeable plans for conserving biodiversity, combining top-down and bottom-up approaches; and (vi) promoting an alternate conservation-production based economy in the plantation sector, with value creation and increased and alternative economic benefits; creating green products and testing sustainable financing mechanisms through the private sector.

151. ***Financial sustainability*** will be achieved through (i) promotion of public-private-community partnerships, incentives, best practices and awareness creation; (ii) development and promotion of new business models for plantation, that looks at opportunities for added products (e.g. ecotourism, agroforestry, etc.) and improved ecological services (soil fertility improvements, reduced pollution, reduced soil erosion, etc.); and (iii) facilitating market linkages and expanding on-going programs related to green certification, biodiversity credits, green lending, and potential establishment of a private sector run "Plantation Sector Fund" to improve sustainability and encourage the willingness of the private sector to invest in biodiversity conservation and sustainable use practices that makes good business sense. ***Institutional sustainability*** will be achieved through systematic capacity development of existing private (Regional Plantation Companies) and public (forestry

and agricultural agencies, provincial government agencies, etc.) agencies, networks of civil society organizations, smallholders, local farmer and community groups, and other relevant sectors in the plantation areas. The project will help establish alliances for public-private-community for conservation and sustainable use of resources that is expected to continue beyond the project period. Capacity building measures will be improved by integrating these programs into the curricula of training institutes. Carefully tailored training and capacity building to enhance the skills of staff of plantation estates, smallholders and local communities in relation to conserving natural forests, improving plantation practices, sustainable agricultural practices, agroforestry, ecotourism will provide institutional sustainability. ***Social sustainability*** will be achieved through development/strengthening of stakeholder participation mechanisms for the target plantation owners, smallholders and communities. A Knowledge Management and Communication strategy will be developed during the implementation stage of the project (Output 3.1) to facilitate awareness and enhance stakeholder participation. Extensive consultations were undertaken at PPG stage to ensure collective decision-making regarding project design (Refer Annex 24 of UNDP Project Document for details of PPG consultations). Key decisions on forest conservation will be undertaken prior to delineation of areas to be set asides for conservation, restoration and protection so as to ensure that there is buy-in from all stakeholders (refer Output 1.2 to ensure stakeholder buy-in and support). ***Environmental sustainability*** will be achieved through a coordinated approach involving improved protection of forest areas, restoration of degraded forests, stream banks and agricultural lands, sustainable land and agricultural interventions, and improved incentives for conservation and community participation.

152. ***Potential for scaling up****:* The project is designed building on existing success in the plantation sector to provide demonstration models for up-scaling in the plantation sector in the country. In particular, the capacity building and the development of best practices, guidelines and manuals for each aspect of the project will strongly support up-scaling. It will undertake mapping of forests in all plantation districts, assess their conservation values and develop conservation management prescriptions to promote scaling up. Increasing and bringing new estates under international certification would help promote scaling up of conservation and sustainable plantation practices that are required to maintain specified certification standards. The project is seen to strongly support the government's ambition to move to sustainable and chemical free agriculture and promote climate resilience in the plantation sector. This is reflected by the enthusiastic commitment of co-finance to the project from both public and private sector. In as much, the pilots demonstrated will be promoted through knowledge platforms and existing plantation knowledge networks, increasing their replicability. The project also hopes to establish longer term financing strategy to support replication and scaling up throughout the plantation districts.

153. Ensuring that activities, impacts and lessons learnt from the demonstration sites are disseminated widely would help generate a demand for similar activities throughout the plantation sector. The Project's investment strategy will seek to develop synergies among private and public actors with an objective of raising additional investments that will fund and expand models of conservation and sustainable plantation management within and outside of the targeted sites. A sustainability and replication strategy will be designed as part of Output 3.3 that would enable scaling up. An indicative scaling up Theory of Change is provided in **Figure 3** that would be further evaluated and updated based on lessons learned from the project.

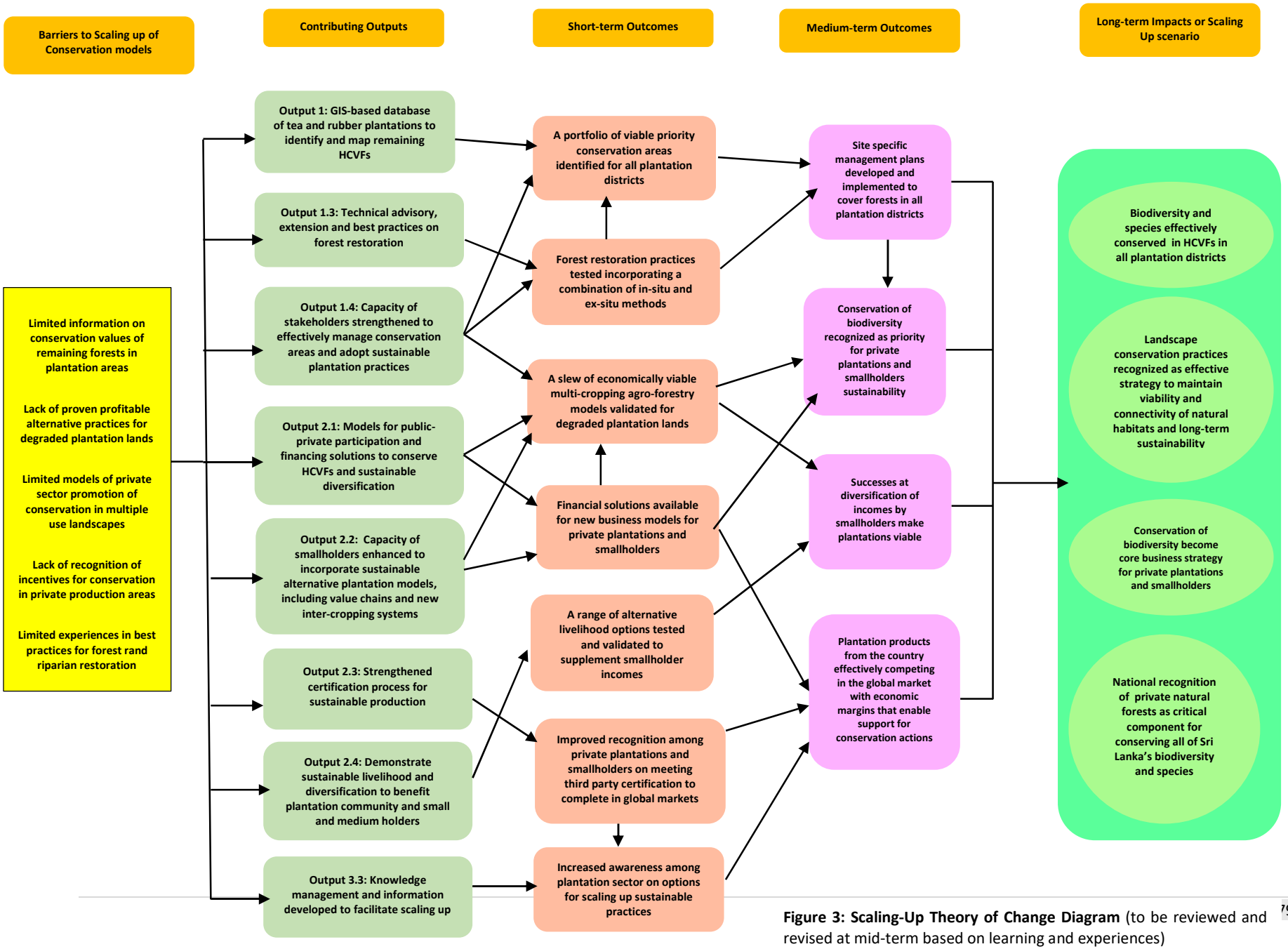


Figure 3: Scaling-Up Theory of Change Diagram (to be reviewed and revised at mid-term based on learning and experiences)

V. PROJECT RESULTS FRAMEWORK

This project will contribute to the following Sustainable Development Goal (s): SDG 15 "Life on Land"; SDG 5: "Gender Equality"; SDG 13: "Climate Action".				
This project will contribute to the following country outcome (UNDAF/CPD, RPD, GPD): United Nations Development Assistance Framework (UNDAF) 2018-2022, Outcome 4: By 2022, people in Sri Lanka, in particular the vulnerable and marginalized, are more resilient to climate change and natural disasters and benefit from increasingly sustainable management of natural resources, better environmental governance and blue/ green development. **UNDP Sri Lanka Country Programme Document, 2018-2022, Output 2.2:** Policies, systems and technologies in place to enable people to benefit from sustainable management of natural resources**. UNDP Strategic Plan 2022-25: Signature Solution 4**: Environment; Output **4.1 Natural resources** protected and managed to enhance sustainable productivity and livelihoods				
	Objective and Outcome Indicators	**Baseline**	**Mid-term Target**	**End of Project Target**
Project Objective: To conserve globally significant biodiversity by improving conservation and land management practices in tea and rubber production areas in the Wet Climatic Zone through innovative Private-Public-Community Partnerships	**Indicator 1** (GEF Core Indicator 11; IRRF 4.1.1): Number of direct project beneficiaries (smallholders, plantation workers and community members) disaggregated by gender (individual people)[23] directly benefitting from conservation, sustainable land management practices and improved livelihoods	Currently, benefits from conservation, SLM and livelihood is minimal	At least 1,000 smallholders, plantation workers and community members (of which 50% are women) engaged in conservation, sustainable land management and livelihood practices	At least 5,000 smallholders, plantation workers and community members (of which 50% are women) directly benefitting from conservation, sustainable land management practices and improved livelihoods.
	Indicator 2 (GEF CI 3; IRRF 4.1.2): Area (hectares) of land restored as follows: Sub-Indicator 3.1. Area of degraded agricultural land restored and Sub-Indicator 3.2: Area of degraded forest land restored	Critical corridors linkages weak at present due to degrading forest land. Additionally degrading tea lands not effectively restored resulting in environmental consequences	A total of around 400 hectares under restoration as follows: 3.1. Degrading agricultural and crop lands under rehabilitation with multi-cropping agroforestry and other productive systems amounting to around 200 hectares 3.2. Identified conservation corridors mapped, boundaries defined based on key species needs, management prescriptions for enhancing connectivity identified for 500 hectares and restoration initiated in 200 hectares	At least 1,500 hectares of forests and agriculture/crop lands restored as follows: 3.1. 1,000 hectares of degrading agricultural and crop lands under rehabilitation with multi-cropping agroforestry and other productive systems 3.2. 500 hectares of degrading forest land restored to improve biodiversity and enhance connectivity
	Indicator 3 (GEF CI 4; IRRF 4.1.2): Area of landscape under improved management practices (excluding protected areas) Sub-Indicator 4.2: Area of landscapes that meet national or international third-party certification that	Natural forests and production lands within plantation landscape not effectively managed for conservation and	At least 20,000 hectares of plantation landscape under effective conservation and sustainable land management practices	At least 64,000 hectares of plantation landscape under effective conservation and sustainable land management practices

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	incorporates biodiversity considerations; Sub-indicator 4.3: Area of landscapes under SLM in production systems; and Sub-Indicator 4.4: Area of High Conservation Value forest loss avoided (hectares)	sustainable management practices		
	Indicator 4 (GEF CI 6): Greenhouse Gas Emissions mitigated (million metric tons of CO_{2e})	Limited efforts within forests within plantations to assess carbon values	Methodology for C assessment and training undertaken to facilitate long-term monitoring	7,297,157 tCO_2 mitigated over a 20 year period
Project component 1	Conservation and Restoration of High Conservation Value Forests (HCVFs) in the Wet Climatic Zone			
Project Outcome[24] **1** Enhanced conservation of biodiversity rich high conservation value forests and natural habitats within tea and rubber plantations in the Wet Climatic Zone of Sri Lanka.	**Indicator 5:** Status of species diversity in terms of endemic, restricted and threatened faunal and floral species in the target priority sites as measured by key taxonomic groups (flowering plants, dragon flies, butterflies, freshwater fish, amphibians, reptiles, birds and mammals (refer Annex 22 for list of species for monitoring and monitoring methods and baselines)	Baseline data exists in around 40 estates for various species varies as follows among estates: 58-152 faunal and 32-82 floral species in Nuwara Eliya district; 163-177 faunal species and 87-183 floral species in Matara district; 23-200 faunal species and 25-277 floral species in Kegalle district; and 81-214 faunal species and 177-334 floral species in Rathnapura district. Annex 22 provides details for each of the 40 estates	Validation and collation of existing baselines for estates in an accessible database Additionally baselines will be established for at least 10 other estates with large forest patches (defined through work under Indicator 2) and monitoring continued on regular basis. Stable or increased species diversity as indicated in baseline values	Stable or increased diversity of key species as diversity as indicated in baseline values
	Indicator 6: Number of plantation districts mapped for priority high value forests, conservation value assessed, options for connectivity established and management plans developed for key conservation clusters.	Forest base maps exists for the districts of Kalutara, Kegalle, Galle, Matara and Ratnapura, while in Nuwara Eliya district RPCs would have information for its individual estates. Therefore during the implementation of the project, plantations in other districts such as Matale, Kandy, Badulla, Kurunegala, Monaragala and Colombo for which GIS based maps are	Forest baseline maps validated through ground truthing and information accessed for the districts where such information is currently unavailable. Based on this exercise, forest extents verified, large and priority conservation patches identified, including options for promoting connectivity and included in database for future actions mapping completed in 5 districts covering around 5,000 hectares	All natural forests in the 11 plantation districts mapped, extents verified, priority conservation patches identified and information accessible through database covering around 10,000 hectares

[24] *Outcomes are medium term results that the project makes a contribution towards, and that are designed to help achieve the longer-term objective. Achievement of outcomes will be influenced both by project outputs and additional factors that may be outside the direct control of the project.*

		lacking, maps will be developed through the LUPPD.		
	Indicator 7: *% Increase in institutional capacity of project stakeholders* as measured by UNDP Capacity Development Scorecard of baseline values of key plantation companies	Current institutional capacity of the 13 key RPC baselines as measured by the UNDP Capacity Development scorecard are as follows: Lalan Rubber – 59; Elpitiya Plantations -58; Horana Plantations – 49; Kelani Valley -58; Balangoda Plantation -55; Kahawatte Plantation-55; Hapugastene Plantation – 57; Agalawatte Plantation-37; Maturata Plantation-42; Talawakelle Plantation-56; Kotagala Plantation-41; Namunukula Plantation-47; Watawala Plantation-59	At least 10% average increase in capacity of the key RPCs from baseline values	At least 20% Increase in institutional capacity as measured by UNDP Capacity Development Scorecard of key RPCs from baseline values
Outputs to achieve Outcome 1	Output 1.1: A GIS-based database of tea and rubber plantations developed and applied to identify and map remaining high conservation value forests (HCVF), natural habitats, and degraded areas. Output 1.2: Conservation Plans for target pilot sites developed through detailed ground surveys and biological assessments. Output 1.3: Technical advisory, extension services and best practices on forest restoration supported to accelerate implementation of Conservation Plans for pilot sites. Output 1.4: Capacity of project stakeholders including estate workers strengthened to effectively manage priority conservation areas and adopt sustainable plantation and agriculture practices.			
Project Component 2	Innovative Public-Private-Community Partnerships for Biodiversity Conservation and Sustainable Land Management in Plantation Sector			
Outcome 2 Harnessing innovative private sector financing for conservation of biodiversity and LDN in plantations secured	**Indicator 8:** Number of new financial solutions developed and applying financial instruments and mechanisms (green lending, certification, biodiversity credits, PES, Sustainability Fund, etc.)	Baseline: 2 (certification and Carbon to a limited extent)	Assessment of at least 4 financial solutions completed and mechanisms for testing developed for 2 new solutions	Implementation of 2-3 new operational financial solutions to assess effectiveness and long-term financial viability
	Indicator 9: % increase in budget allocation (over baseline) by at least four major Regional Plantation Companies towards achieving improved conservation and LDN outcomes	Baselines of current RPC expenditure for conservation assessed in Year 1 based on certification costs, meeting certification	Major Plantation Companies allocating an average 40% increase of baseline budgets towards achieving improved	Major Plantation Companies allocating an average two-fold increase of baseline budgets towards achieving improved conservation and LDN outcomes

		norms, conservation and SLM actions	conservation and LDN outcomes	
	Indicator 10: Changes in water quality and quantity in selected rivulets, streams and sub-catchments within pilot priority sites as measured by: DO; pH; conductivity, total dissolved solids, nitrates, phosphates and benthic macro-invertebrates, etc.	Around 10 monitoring stations to be established in participating RPC lands and baseline defined in Year 1.	Maintained or/and improved water quality and quantity in monitoring stations	Maintained or/and improved water quality and quantity in monitoring stations
	Indicator 11: Number of new livelihood/small-scale entrepreneurships operational to benefit small holders farmers and estate community	Baseline 0	At least 2-3 new livelihood/small scale entrepreneurships identified for each district, viability and value chain assessed and training provided	At least 2-3 new livelihood/small scale entrepreneurships operational in each targeted district
Outputs to achieve Outcome 2	Output 2.1: Models for public-private participation and financing aimed at conserving HCVFs and natural habitats, and sustainable diversification options for plantations developed and tested. Output 2.2: Capacity of smallholders enhanced to incorporate sustainable and gender sensitive practices into their current plantation/business model Output 2.3: Strengthen existing certification process for sustainable production and develop a mechanism to recognize and reward sustainable achievements in plantation sector Output 2.4: Demonstrate sustainable livelihood and land-use diversification to benefit plantation communities and small and medium holders.			
Project component 3	Knowledge Management, Gender Mainstreaming, Learning, and Monitoring and Evaluation			
Outcome 3 Awareness and collaborative support for Private-Public-Community partnerships in biodiversity conservation in the plantation sector enhanced through effective knowledge management, gender mainstreaming and M&E	**Indicator 12***:* Percentage (%) project stakeholders aware of opportunities of improved conservation and sustainable land management outcomes , adverse impacts of inaction on species, ecosystems and land (based on Knowledge, Aptitude and Perception -KAP surveys)	Baseline to be established in Year 1 through KAP surveys	At least 20% (of which at least 50% women) of sampled plantations, smallholders and community members, government and sector agency staff, and other stakeholders aware of potential opportunities for conservation and sustainable land management outcomes in the plantation and related sectors and, adverse impacts of inaction on species, ecosystems and land management.	At least 60% (of which at least 50% women) of sampled plantations, smallholders and community members, government and sector agency staff, and other stakeholders aware of potential opportunities for conservation and sustainable land management outcomes in the plantation and related sectors and, adverse impacts of inaction on species, ecosystems and land management
	Indicator 13: Biological information database with inventory of natural forest areas, conservation values, species information (threats etc. developed and operational for monitoring and decision-making.	Natural forests base maps available for five districts (some information also available with individual RPCs) but not compiled in a database that can be	All existing information from the base maps from Kalutara, Kegalle, Matara, Galle and Ratnapura districts and data available with RPCs for Nuwara	Information from all plantation districts (eleven) compiled into a single database that would enable prioritization for conservation purposes, monitoring, etc.

		useful for management purposes	Eliya district compiled into an database	
	Indicator 14: % of online platform application users sharing information and lessons on What? with national and international partners.	Dialog *Govi Mithunu* (Farmer's Friends) App. launched in 2020, but content and format need simplified and strengthened in content. FAO and GSL land degradation knowledge platform established in 2018-2019 needs support for operationalization CTRM-2030 proposals to establish knowledge hub for tea industry under consideration	At least 10% increase in outreach/downloads by smallholder farmers and feedback received on technical content Improved outreach for FAO/GSL LD platform and linking platform with Dialog App and CTRM Hub CTRM-2030 Knowledge Hub (established by project) with participation of TRI, NIPM, Planter's Association and Tea Smallholder Federation	Functional online platform developed and sharing of information on lessons and outcomes with national and international partners with at least 20 Regional Plantation Companies and 45 smallholder societies/associations (10 each in Galle, Matara and Rathnapura districts and 5 each in Nuwara Eliya, Kegalle and Kalutara districts)
	Indicator 15: Number of best practices on new and innovative conservation and sustainable land management documented supporting replication and up-scaling (knowledge products, database, research papers)	Baseline is 0	At least three good practices in conservation and sustainable land management codified and disseminated nationally and replicated in additional estates and small holder farms	At least ten good practices in conservation and sustainable land management codified and disseminated nationally and replicated in additional estates and small holder farms
Outputs to achieve Outcome 3	Output 3.1. Knowledge management strategies integrating gender developed and implemented Output 3.2: User-friendly information management system established and operational Output 3.3: Knowledge management and information systems developed to facilitate scaling up project approaches across other landscapes in the country Output 3.4: Monitoring and Evaluation plans implemented and adaptive management adopted			

VI. MONITORING AND EVALUATION (M&E) PLAN

154 The project results, corresponding indicators and mid-term and end-of-project targets in the project results framework will be monitored annually and evaluated periodically during project implementation. If baseline data for some of the results indicators is not yet available, it will be collected during the first year of project implementation. The Monitoring Plan included in Annex 5 details the roles, responsibilities, and frequency of monitoring project results.

155 Project-level monitoring and evaluation will be undertaken in compliance with UNDP requirements as outlined in the UNDP POPP and UNDP Evaluation Policy. The UNDP Country Office is responsible for ensuring full compliance with all UNDP project monitoring, quality assurance, risk management, and evaluation requirements.

156 Additional mandatory GEF-specific M&E requirements will be undertaken in accordance with the GEF Monitoring Policy and the GEF Evaluation Policy and other relevant GEF policies[25]. The costed M&E plan included below, and the Monitoring plan in Annex 5 will guide the GEF-specific M&E activities to be undertaken by this project.

157 In addition to these mandatory UNDP and GEF M&E requirements, other M&E activities deemed necessary to support project-level adaptive management will be agreed during the Project Inception Workshop and will be detailed in the Inception Report.

Inception Workshop and Report

158 A project inception workshop will be held within 2 months from the first disbursement date, with the aim to:

a. Familiarize key stakeholders with the detailed project strategy and discuss any changes that may have taken place in the overall context since the project idea was initially conceptualized that may influence its strategy and implementation.
b. Discuss the roles and responsibilities of the project team, including reporting lines, stakeholder engagement strategies and conflict resolution mechanisms.
c. Review the results framework and monitoring plan.
d. Discuss reporting, monitoring and evaluation roles and responsibilities and finalize the M&E budget; identify national/regional institutes to be involved in project-level M&E; discuss the role of the GEF OFP and other stakeholders in project-level M&E.
e. Update and review responsibilities for monitoring project strategies, including the risk log; SESP report, Social and Environmental Management Framework and other safeguard requirements; project grievance mechanisms; gender strategy; knowledge management strategy, and other relevant management strategies.
f. Review financial reporting procedures and budget monitoring and other mandatory requirements and agree on the arrangements for the annual audit.
g. Plan and schedule Project Board meetings and finalize the first-year annual work plan.
h. Formally launch the Project.

GEF Project Implementation Report (PIR):

159 The annual GEF PIR covering the reporting period July (previous year) to June (current year) will be completed for each year of project implementation. Any environmental and social risks and related management plans will be monitored regularly, and progress will be reported in the PIR. The PIR submitted to the GEF will be shared with the Project Board. The quality rating of the previous year's PIR will be used to inform the preparation of the subsequent PIR.

GEF Core Indicators:

160 The GEF Core indicators included as Annex 16 will be used to monitor global environmental benefits and will be updated for reporting to the GEF prior to MTR and TE. Note that the project team is responsible for updating the indicator status. The updated monitoring data should be shared with MTR/TE consultants prior to required evaluation missions, so these can be used for subsequent ground truthing. The methodologies to be used in data collection have been defined by the GEF and are available on the GEF website (www.thegef.org).

[25] See https://www.thegef.org/gef/policies_guidelines

Independent Mid-term Review (MTR):

161 The terms of reference, the review process and the final MTR report will follow the standard templates and guidance for GEF-financed projects available on the UNDP Evaluation Resource Center (ERC).

162 The evaluation will be 'independent, impartial and rigorous'. The evaluators that will be hired to undertake the assignment will be independent from organizations that were involved in designing, executing or advising on the project to be evaluated. Equally, the evaluators should not be in a position where there may be the possibility of future contracts regarding the project under review.

163 The GEF Operational Focal Point and other stakeholders will be actively involved and consulted during the evaluation process. Additional quality assurance support is available from the BPPS/NCE-VF Directorate.

164 The final MTR report and MTR TOR will be publicly available in English and will be posted on the UNDP ERC by June 2025. A management response to MTR recommendations will be posted in the ERC within six weeks of the MTR report's completion.

Terminal Evaluation (TE):

165 An independent terminal evaluation (TE) will take place upon completion of all major project outputs and activities. The terms of reference, the evaluation process and the final TE report will follow the standard templates and guidance for GEF-financed projects available on the UNDP Evaluation Resource Center. TE should be completed 3 months before the estimated operational closure date, set from the signature of the ProDoc and according to the duration of the project. Provisions should be taken to complete the TE in due time to avoid delay in project closure. Therefore, TE must start no later than 6 months to the expected date of completion of the TE (or 9 months prior to the estimated operational closure date).

166 The evaluation will be 'independent, impartial and rigorous'. The evaluators that will be hired to undertake the assignment will be independent from organizations that were involved in designing, executing or advising on the project to be evaluated. Equally, the evaluators should not be in a position where there may be the possibility of future contracts regarding the project being evaluated.

167 The GEF Operational Focal Point and other stakeholders will be actively involved and consulted during the terminal evaluation process. Additional quality assurance support is available from the BPPS/NCE-VF Directorate.

168 The final TE report and TE TOR will be publicly available in English and posted on the UNDP ERC by January 2028. A management response to the TE recommendations will be posted to the ERC within six weeks of the TE report's completion.

Final Report:

169 The project's terminal GEF PIR along with the terminal evaluation (TE) report and corresponding management response will serve as the final project report package. The final project report package shall be discussed with the Project Board during an end-of-project review meeting to discuss lesson learned and opportunities for scaling up.

170 Agreement on intellectual property rights and use of logo on the project's deliverables and disclosure of information: To accord proper acknowledgement to the GEF for providing grant funding, the GEF logo will appear together with the UNDP logo on all promotional materials, other written materials like publications developed by the project, and project hardware. Any citation on publications regarding projects funded by the GEF will also accord proper acknowledgement to the GEF. Information will be disclosed in accordance with relevant policies notably the UNDP Disclosure Policy[26] and the GEF policy on public involvement[27] .

171 **Monitoring and Evaluation Budget for project execution:**

[26] See http://www.undp.org/content/undp/en/home/operations/transparency/information_disclosurepolicy/
[27] See https://www.thegef.org/gef/policies_guidelines

GEF M&E requirements	Indicative costs (US$)	Time frame
Inception workshop and report	7,500	Inception Workshop within 2 months of the First Disbursement
M&E required to report on progress made in reaching GEF core indicators and project results included in the project results framework	54,000	Annually and at mid-point and closure
Preparation of the annual GEF Project Implementation Report (PIR)	None	Annually typically between June-August
Monitoring of safeguards	60,000	On-going
Supervision missions	None	Annually
Independent Mid-term Review (MTR)	28,500	September 2025
Independent Terminal Evaluation (TE)	50,000	December 2028
Total indicative cost	**200,000**	

Monitoring Plan

This Monitoring Plan and the M&E Plan and Budget in Section VI of this project document will both guide monitoring and evaluation for the duration of project implementation.

Monitoring	Indicators	Targets	Description of indicators and targets	Data source/Collection Methods[28]	Frequency	Responsible for data collection	Means of verification	Risks/Assumptions
Project objective To conserve globally significant biodiversity by improving conservation and land management practices in tea and rubber production areas in the Wet Climatic Zone through innovative Private-Public-Community Partnerships	***Indicator 1:*** GEF Core Indicator 11: Number of direct project beneficiaries disaggregated by gender	*MTR: At least 1,000 beneficiaries (of which 50% are women)* *TE: At least 5,000 beneficiaries (of which 50% are women)*	*Smallholders, plantation workers and community members directly benefitting from conservation, sustainable land management practices and improved livelihoods*	*Consultations with beneficiaries and women groups. Regular livelihood and field surveys*	*Annually* *Reported in DO tab of the GEF PIR*	*RPCs and PMU supported by consultants*	*Annual project work plans and budgets; Independent social and gender evaluations M&E reports*	*Assumptions:* *-Local communities, smallholders and RPCs understand the need for ecological security and agree to participate in restoration work.* *- RPCs consider it a priority to support integrated planning of its landscape for species conservation* *Risks:* *-Global market fluctuations leave plans unused, in particular uncertainty regarding availability of financial resources to drive restoration work, especially beyond the project life span can be another* *-Local communities perceiving conservation as a threat since it may prevent them from collecting resources from natural areas such as fuel wood*

[28] Data collection methods should outline specific tools used to collect data and additional information as necessary to support monitoring. The PIR cannot be used as a source of verification.

Monitoring	Indicators	Targets	Description of indicators and targets	Data source/Collection Methods[28]	Frequency	Responsible for data collection	Means of verification	Risks/Assumptions
	Indicator 2 <u>GEF Core Indicators 3</u> Number of hectares of land restored as follows: Sub-Indicator 3.1. Area of degraded agricultural land restored and Sub-Indicator 3.2: Area of degraded forest land restored	*MTR: Restoration initiated in around 400 hectares comprising 200 hectares of agricultural/croplan d and 200 hectares of degrading forest lands* *TE: At least 1,500 hectares of land restored including 1,000 hectares agricultural/croplan d and 500 hectares of degraded forests restored*	*Degraded and degrading forests and riparian areas and crop lands restored through assisted/ natural regeneration and multi-cropping measures to improve conservation and habitat connectivity*	*Forest Department and RPC consultations,* *Review of progress in restoration sites* *Measurement of plant survival and/or regeneration*	*Annually* *Reported in DO tab of the GEF PIR*	*RPCs, Forest Department and PMU*	*Restoration Plans and progress reports, satellite images of restoration sites, biodiversity assessments of restoration sites before and after restoration, forest surveys*	<u>*Assumptions:*</u> *-RPCs, smallholders and government conservation entities are willing and recognize the value of conserving forests within RPC landscape* *-Communities are able to derive appropriate economic benefits from forest and land restoration* <u>*Risks:*</u> *-Vested interests might constrain ability to engage communities in equitable fashion* *-Smallholders and Communities might not have capacity and technical support to manage degraded land* *Incompatibility of existing laws might prevent application of some models such as agroforestry as a means of restoration*
	<u>Indicator 3: **Mandatory** GEF Core Indicators 4:</u> Area of landscape under improved management	*MTR:* At least 20,000 hectares of plantation landscape under effective conservation and sustainable land	*HCVFs and production areas in landscape under improved conservation, restoration and*	*RPC and Forest Department Consultations* *Review of biodiversity assessment reports*	*MTR and TE* *Reported in DO tab of the GEF PIR*	*RPCs and PMU supported by consultants*	*Forest resource and species surveys* *Extent of HCVFs as*	<u>*Assumptions:*</u> *-RPCs and smallholders recognize that it is in their economic interests to achieve*

Monitoring	Indicators	Targets	Description of indicators and targets	Data source/Collection Methods[28]	Frequency	Responsible for data collection	Means of verification	Risks/Assumptions
	practices (excluding protected areas) Sub-Indicator 4.2: Area of landscapes that meet national or international third-party certification that incorporates biodiversity considerations; Sub-indicator 4.3: Area of landscapes under SLM in production systems; and Sub-Indicator 4.4: Area of High Conservation Value forest loss avoided (hectares)	management practices *TE:* At least 64,000 hectares of plantation landscape under effective conservation and sustainable land management practices	*improved connectivity and sustainable management.*	*before and after project* *Review of operational sites* *Consultation with farmers* *Comparison of HCVF extent before and after project using land use maps*			*measured by satellite images* *Restoration reports* *Annual work plans* *Progress reports* *Field visit reports* *FSC and RA certificates and websites*	*higher certification standard* *-Adequate technical and extension support available to smallholders to meet certification standards* *Risks:* *-Slack growth in the plantation sector may likely constraint investment in meeting certification requirements* *-Government policy changes may discourage private sector investment in conservation aspects*
	Indicator 4: GEF Core Indicators 6: Estimated tCO_2 mitigated over a 20 year period	*MTR:* *TE: Progression towards meeting target of 7,297,157 tCO_2 mitigated over a 20 year period*	*Forests restored, forest loss avoided and land restored*	*Consultation with RPCs and Forest Department* *Field visits and observations*	*MTR and TE* *Reported in DO tab of the GEF PIR*	*PMU*	*Progress reports in terms of forest restoration, forest survey reports etc.* *-Fuel wood use reports*	*Assumptions:* *-Success of restoration efforts* *-RPCS and smallholders take action to conserve forests* *Risks:* *--Slack growth in the plantation sector may likely constraint investment in conservation actions* *-*

Monitoring	Indicators	Targets	Description of indicators and targets	Data source/Collection Methods[28]	Frequency	Responsible for data collection	Means of verification	Risks/Assumptions
Project Outcome 1: Enhanced conservation of biodiversity rich forest ecosystems within tea and rubber plantations in the Wet and Intermediate Climatic Zones.	***Indicator 5:*** Status of species diversity in target priority sites (baselines from 40 estates) covering endemic, restricted and threatened faunal and floral species in the target priority sites as measured by key taxonomic groups. Baseline data for 40 estates for various species varies as follows among estates: 58-152 faunal and 32-82 floral species in Nuwara Eliya district; 163-177 faunal species and 87-183 floral species in Matara district; 23-200 faunal species and 25-277 floral species in Kegalle district; and 81-214 faunal species and 177-334 floral species in Rathnapura district. Annex 22 provides details for each of the 40 estates	*MTR: Stable or increased diversity of key species* *TE: Stable or increased diversity of key species*	*Covers eight taxa, namely Flowering Plants, Dragonflies, Butterflies, Freshwater Fish, Amphibians, Reptiles, Birds and Mammals.* *Monitored would be actual change in the total number of species, and the number of critical species (endemic, threatened and range restricted).*	*Field surveys and assessments*	*Annually* *Reported in DO tab of the GEF PIR*	RPCs and consultants	Field survey reports	*Assumption:* *-Adequate technical capacity available for undertaking stringent monitoring of populations of key species* *-Monitoring results are readily available for decision-making* *Risk:* *-External factors beyond the control of the project (e.g. climate change) might effect populations negatively*

Monitoring	Indicators	Targets	Description of indicators and targets	Data source/Collection Methods[28]	Frequency	Responsible for data collection	Means of verification	Risks/Assumptions
	Indicator 6 Number of hectares of priority high conservation value forests assessed for long-term conservation and monitoring	*MTR: At Least 5,000 hectares of HCVFs mapped in 5 districts* *TE: All HCFs covering around 10,000 ha identified and mapped for conservation in all 11 plantation districts*	*All HCVFs in target districts mapped, assessed for conservation value, options for enhancing habitat connectivity, management plans developed and financing*	*Consultations with RPC, FD, LUPPD*	*Annually* *Reported in DO tab of the GEF PIR*	RPCs, LUPPD and Forest Department	Progress reports Maps Conservation Plans	*Assumption:* *-Adequate financial and technical resources available for undertaking mapping and biodiversity assessments in all the HCVFs in the six target districts* *-Adequate commitment by RPCs to carry out improved management of the HCVFs*
	Indicator 7 Change in institutional capacity as measured by UNDP Capacity Development Scorecard of baseline values of key plantation companies	*MTR: At least 10% average increase in capacity of the RPCs from baseline values* *TE: At least 20% Increase in institutional capacity as measured by UNDP Capacity Development Scorecard of key RPCs*	*Institutional capacity of RPCs in particular to meet certification standards (see Annex 27 of capacity scorecards)*	*Consultations with RPCs*	*MTR and TE* *Reported in DO tab of the GEF PIR*	PMU and BSL	UNDP capacity development scorecards	*Assumption:* *-The RPCs will develop institutional and technical measures that facilitate integrated conservation planning and management in a timely manner.* *-Development strategies and management plans will be supported by RPCs funding for their implementation* *Risks:* *-Priorities of RPCS and smallholders might shift if global market prices decline*

Monitoring	Indicators	Targets	Description of indicators and targets	Data source/Collection Methods[28]	Frequency	Responsible for data collection	Means of verification	Risks/Assumptions
								- Plans are developed by not used
Project Outcome 2: Harnessing innovative private sector financing for conservation of biodiversity and LDN in plantations secured	***Indicator 8:*** Number of new initiatives underway at EOP using the new financial and institutional mechanisms established by the project	*MTR: Assessment of at least 4 financial solutions completed and mechanisms for testing developed for 2 potential viable solutions* *TE: Implementation of 2-3 operational financial solutions to assess effectiveness and long-term viability*	*Establishment of certification, biodiversity credits, PES, Sustainability Fund, etc.*	*Consultations with RPCs, Financial intermediaries*	*TE and MTR* *Reported in DO tab of the GEF PIR*	PMU and RPCs	Progress reports Financial Reports and Economic viability assessments	*<u>Assumptions:</u>* *-Private financial institutions willing to support conservation actions* *There is support for tweeting existing financial options (in particular through government programs) for environmental ethical practices* *<u>Risks:</u>* *Perverse policies might be disincentive for creation of new financial instruments* *- Financial options might not be viable*
	Indicator 9: Number of major Regional Plantation Companies allocating an increased budget towards achieving improved conservation and LDN outcomes	*MTR: At least 4 Major Plantation Companies allocating an average 40% increase of baseline budgets towards achieving improved conservation and LDN outcomes* *TE: At least 4 Major Plantation Companies allocating an average two-fold increase of baseline budgets towards achieving improved conservation and LDN outcomes*	*RPC funding for conservation outcomes based on baselines to be assessed in Year 1*	*Consultations with RPC financial officers* *Review of RPC expenditures*	*Annual* *Reported in DO tab of the GEF PIR*	*PMU*	*RPC annual budgets* *Project progress reports*	
	Indicator 10: Change in water quality and	*MTR: Maintained or/and improved water quality and*	*Measured by DO; BOD; pH; sedimentation*	*Water samples and chemical assays*	*Annual*	*PMU and consultants*	*Water quality*	*<u>Assumptions</u>:*

Monitoring	Indicators	Targets	Description of indicators and targets	Data source/Collection Methods[28]	Frequency	Responsible for data collection	Means of verification	Risks/Assumptions
	quantity in selected rivulets, streams and sub-catchments within pilot priority sites	*quantity in monitoring stations* *TE: Maintained or/and improved water quality and quantity in monitoring stations*	*rates, nitrates and phosphates and benthic macro-invertebrates, etc.*		*Reported in DO tab of the GEF PIR*		*monitoring reports*	*_Adequacy capacity and interests for monitoring exists* *- Baseline stations and standards established* *Risks:* *-Natural weather events may affect the reliability of the information*
	Indicator 11: Number of new livelihood/small-scale entrepreneurships [29] operational to benefit small holders farmers and estate community	*MTR: At least 2-3 new livelihood/small scale entrepreneurships identified for each district, viability and value chain assessed and training provided* *TE: At least 2-3 new livelihood/small scale entrepreneurships operational in each targeted district*	*Baselines of average incomes will be validated in Year 1 for each target community*	*Monitoring based on action plans for improved business models agreed and under implementation initiated Consultations with beneficiaries*	*Annual* *Reported in DO tab of the GEF PIR*	*Livelihood and income surveys*	*Progress reports* *Livelihood survey reports*	*Assumptions:* *-Local communities understand need for ecological security and agree to participate in livelihood activities.* *Risks:* *-Lack of capacity in communities to meet obligations related to project.* *-Livelihood benefits may be limited for communities to give up current unsustainable practices*
Project Outcome 3: Awareness and collaborative support for	***Indicator 12:*** Percentage sampled plantations, smallholders and community members, government and	*MTR: At least 20% (of which at least 50% women) of sampled plantations, smallholders and community members,*	*Measured of awareness of potential conservation threats and adverse impacts of unsustainable forest*	*KPA surveys*	*Year 1, MTR and TE* *Reported in DO tab of the GEF PIR*	*PMU*	*KPA survey reports*	*Assumptions* *- Gender and Social Inclusion Mainstreaming Plan followed and benefits distributed equitably.*

[29] This might include, but not restricted to livelihoods/entrepreneurships associated with: minor crops, spices, ecotourism, fruit crops, chippers for cooking energy source, biodiversity products, medicinal and aromatic plants, etc.

Monitoring	Indicators	Targets	Description of indicators and targets	Data source/Collection Methods[28]	Frequency	Responsible for data collection	Means of verification	Risks/Assumptions
Private-Public-Community partnerships in biodiversity conservation in the plantation sector enhanced through effective knowledge management, gender mainstreaming and M&E	sector agency staff, and other stakeholders aware of potential opportunities of improvement in conservation and sustainable land management outcomes	*government and sector agency staff, and other stakeholders aware of potential opportunities for conservation and sustainable land management outcomes* *TE: At least 60% (of which at least 50% women) of sampled plantations, smallholders and community members, government and sector agency staff, and other stakeholders aware of potential opportunities for conservation and sustainable land management outcomes*	*developments and behavior change for biodiversity outcomes*					*-Stakeholders willing to actively participate in the review process.* *<u>Risks:</u>* *-RPC priorities may change due to reduced market demand* *-Actions among the assorted agencies, private sector and CSOs remain uncoordinated* *-Community diversity will not be a hindrance to outreach activities* *- Estate labor groups are left out*
	Indicator 13: Biological information database operational with inventory of natural forest areas, conservation values, species information (for the priority	*MTR: All existing information from the base maps and data available with RPCs and other line agencies for the six target districts are compiled into a database* *TE: Information from all plantation districts compiled into a single*	*The database will integrate existing data available from numerous sources and data collected under the project, and likely will include the following: species (R, E, T*	*Consultation with database consultants;* *Review of database*	*Annually* *Reported in DO tab of the GEF PIR*	*PMU and consultants*	*Project progress reports* *Database reports*	*<u>Assumptions</u>* *RPCs and other holders of data are willing to share this information* *-Technical capacity and expertise exists to manage and operate the database* *<u>Risks:</u>*

Monitoring	Indicators	Targets	Description of indicators and targets	Data source/Collection Methods[28]	Frequency	Responsible for data collection	Means of verification	Risks/Assumptions
	clusters), threats etc.	*database that would enable prioritization for conservation purposes, monitoring, etc.*	*and V), their status, habitats, threats, and conservation actions,*					*Lack of long-term commitment and funding can make this activity unsustainable on the long-term* *-Lack of use of the data may constraint future conservation efforts*
	Indicator 14: Status of online platforms for sharing of information on lessons and outcomes with national and international partners and number of regional RPC users	*MTR: At least 10% increase in outreach/downloads by smallholder farmers and feedback received on technical content* *TE: Functional online platform developed and sharing of information on lessons and outcomes with national and international partners with at least 20 Regional Plantation Company and 45 smallholder societies/association (10 each in Galle, Matara and Rathnapura districts and 5 each in Nuwara Eliya, Kegalle and Kalutara districts)*	*Assessment of frequency of use of database by different actors and for different uses*	*Consultation with database consultants, Users etc.*	*Annual* *Reported in DO tab of the GEF PIR*	*PMU and consultants*	*Database use reports*	
	Indicator 15: Number of new and innovative conservation and sustainable land management best practices documented and	*MTR: At least three good practice in conservation and sustainable land management codified and disseminated*		*Consultations with all stakeholders and field visits*	*Last 2 years*	*PMU*	*Document reports* *Best practice reports*	*Assumptions* *-Project management will be able to identify, document and disseminate the best*

Monitoring	Indicators	Targets	Description of indicators and targets	Data source/Collection Methods[28]	Frequency	Responsible for data collection	Means of verification	Risks/Assumptions
	supporting replication	*TE: At least ten good practice in conservation and sustainable land management codified and disseminated*						*practices* *-Mid Term Review and End of Project Evaluation of the project will also contribute to identifying the best practices* *-Best practices on sustainable resource management readily available to resource users*
Mid-term GEF Tracking Tool		*Completed in timely fashion*	Standard GEF Tracking Tool available at www.thegef.org Baseline GEF Tracking Tool included in Annex.	After 2nd PIR submitted to GEF	*Project Manager and UNDP CO*	Completed GEF Tracking Tool	*Assumption: National and private agencies commitment to assessment*	***Mid-term GEF Tracking Tool***
Terminal GEF Tracking Tool		*Completed in timely fashion*	Standard GEF Tracking Tool available at www.thegef.org Baseline GEF Tracking Tool included in Annex.	After final PIR submitted to GEF	*Project Manager and UNDP CO*	Completed GEF Tracking Tool	*Assumption: National and private agencies commitment to assessment*	**Terminal GEF Tracking Tool**
Mid-term Review		*Completed in timely fashion*	To be outlined in MTR inception report	Submitted to GEF same year as 3rd PIR	*Project Manager and UNDP CO*	Completed MTR	*Assumption: National and private agencies commitment to assessment*	***Mid-term Review***
Environmental and Social risks and		*Completed in timely and diligent manner*	Updated SESP and	Annually	*Project Manager*	Updated SESP	*Assumption: National and private*	**Environmental and Social risks and**

Monitoring	Indicators	Targets	Description of indicators and targets	Data source/Collection Methods[28]	Frequency	Responsible for data collection	Means of verification	Risks/Assumptions
management plans, as relevant.			management plans		*UNDP CO*		*agencies commitment manage social and environmental risks*	**management plans, as relevant.**

VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Roles and responsibilities of the project's governance mechanism:

172 This project will be executed as a 'supported NIM' following UNDP's National Implementation Modality (NIM) with Ministry of Environment (MOE) as the Implementing Partner (IP). Ministry of Plantation (MOP) will be one of the four Responsible Parties (RPs). MOP will directly enter agreement with the MOE. The other three RPs will be identified through UNDP Responsible Parties' selection process in consultation with Implementing Partner during the inception phase of the project. Given the technical and innovative nature of this project, and requirement of partnership arrangements between public institutions, private sector and community groups, UNDP will provide execution support to NIM implementation to engage third-party (three RPs) to assist the IP in project execution. Prior approval will be obtained from GEF Secretariat for this execution support.

173 The basis for UNDP's execution support is based on the HACT Micro and capacity assessment conducted for the IP (MOE):

The overall risk rating for the Ministry of Environment is Moderate Risk.

- The HACT Micro Assessment concluded that the Ministry of Environment (MOE) ranks overall as a 'Moderate Risk', with a significant risk in Program and Project Management.
- The Assessment also indicates that the MOE's accounting and recording of financial transactions as a moderate risk and the absence of sufficiently detailed policies, procedures and other tools on Monitoring and Evaluation as a significant risk.
- The recommendations of the Assessment are:
  - UNDP should ensure additional support is provided to IP to guarantee timely project completion; and,
  - UNDP should support the IP in setting up an external support team to ensure the timely delivery of program to the highest quality.

- The overall risk rating for the Ministry of Plantation is "Low"

174 Implementing Partner: The Implementing Partner for this project is Ministry of Environment (MOE). The Implementing Partner is the entity to which the UNDP Administrator has entrusted the implementation of UNDP assistance specified in this signed project document along with the assumption of full responsibility and accountability for the effective use of UNDP resources and the delivery of outputs, as set forth in this document.

175 The Implementing Partner is responsible for executing this project. Specific tasks include:

- Project planning, coordination, management, monitoring, evaluation and reporting. This includes providing all required information and data necessary for timely, comprehensive and evidence-based project reporting, including results and financial data, as necessary. The Implementing Partner will strive to ensure project-level M&E is undertaken by national institutes and is aligned with national systems so that the data used and generated by the project supports national systems.
- Overseeing the management of project risks as included in this project document and new risks that may emerge during project implementation.
- Procurement of goods and services, including human resources;
- Financial management – final decisions on the project budget, including overseeing financial expenditures against project budgets
- Approving and signing the multiyear workplan;
- Approving and signing the combined delivery report at the end of the year; and,
- Signing the financial report or the funding authorization and certificate of expenditures.

176 Responsible Parties (RPs): There will be four RPs for this project. Ministry of Plantation (MOP) has been identified at the design stage whereas, the other three RPs will be selected through UNDP Responsible Parties' selection process at the inception stage in consultation with Implementing Partner. MOP will directly enter into agreement with the MOE. The other 3 RPs will be recruited by UNDP through a procurement process. MOP is primarily tasked with plantation development, coordination with the private sector Regional Plantation Companies, coordinating the smallholder sector through Tea Small Holding Development Authority, plantation related HR capacity development through the National Institute for Plantation

Management and research and development on plantation crops. The project will directly engage with these entities to deliver its outputs and key activities.

177 As such the role of the Ministry of Plantation as a Responsible Party will be:

- Ensuring agencies under the Ministry work closely with the project team to deliver outputs and activities. To that end, the Ministry of Plantation shall;
- Establish a plantation sector coordination mechanism (Technical Working Group) under the Additional Secretary to bring together different agencies and allied state ministries to support project outputs
- Support the project to coordinate with RPCs, State Plantation Companies and agencies under the Ministry (Tea Board, THSDA, TRI, RRI, RDD and NIPM)
- Ensuring project investments are fully aligned with regular programs and public investments of the Ministry, leading to greater sustainability of the project investments and also mainstreaming biodiversity and land management best practices into plantation sector investments.
- Participate in Project Board committee and other progress meetings
- Ensure that the committed co-financing from the Ministry of Plantation is recorded
- Supporting IP to mainstream gender into plantation sector practices as outlined in this Project Document;
- Receive project funds from IP and report back on physical and financial progress quarterly. Procurement of goods and services, including human resources required for project implementation through project funds
- Institute sustainable funding mechanisms with project support to replicate/scale up project pilots/models
- Support the IP to manage risks outlined in the UNDP project document, pertaining to private sector, co-finance mobilization, Covid-19 response and climate change related risks.
- Support the project replication plan development and alignment with government and sector priorities
- Support and guide policy review to support land use changes that will encourage catchment protection, timber and fuelwood forestry, and sustainable plantation expansion and use lessons learnt through project implementation to facilitate policy changes for more sustainable and climate resilient plantation development in the future
- Support the development and the dissemination of communication material aimed at RPCs, state plantations and smallholders

178 UNDP will facilitate third-party execution support to the IP (MOE) - for effective, technically sound and efficient project implementation in line with GEF and UNDP Program and Operations Policies and Procedures. This third-party execution support is necessary because the government procurement systems have limitations to engage non-governmental organizations or institutions to provide execution support through a Responsible Party Agreement. Only Government agencies can be engaged using responsible party engagement modalities of the Government. As such, UNDP will provide execution services to engage third party/ies to provide execution support to the IP. UNDP will support the MOE to identify and recruit technically competent organization/s to deliver the project. These 'Third Party' organization/s, responsible for the IP for the results and deliverables, will function as project 'Responsible Party/s' and deliver the project according to the agreed workplan and schedule.

179 These organization/s will recruit some key support for PMU (gender specialist, technical advisor), technical services and community mobilization support required for the implementation of project activities and safeguards as specified in the project document. It is envisaged that third party support to project activities will be around 60-70% of the total project budget and will cover activities that are too complex or require very distinct technical expertise to deliver through the government's procedures or those that require services of private-sector platforms or non-governmental organizations to execute.

180 Project stakeholders and target groups: There are a number of project stakeholders involved in delivering this project effectively. A detailed stakeholder analysis and engagement plan is annexed to the project document. But for the project governance purpose, the key stakeholders are grouped into four main categories:

181 **Private sector large plantation companies:** Regional Plantation Companies (RPCs) are private corporates that run tea and rubber plantations. There are 23 such RPCs, some of these affiliated to large private sector conglomerates. The project plans to work with at least thirteen of these RPCs to be involved in forest mapping, implement conservation strategies such as corridors, refugia, riparian restoration and eco-tourism, and a larger number of RPCs to improve sustainable certification coverage in the plantation landscape. Due Diligence has been completed and signed for the five RPCs who will directly engage with the project to pilot test conservation strategies. These are attached in Annex 26.

182 **Small and medium holders of tea and rubber lands:** The project will work with specific smallholder societies and groups in locations that have been identified during the PPG stage as having potential for conservation and connectivity improvement. The project will also work with the wider smallholder community in the project districts by supporting the development and disseminating of sustainability-oriented extension and advisory services aimed at improving land management and agronomic practices of smallholders and aligning these with GAP (Good Agriculture Practices) or Rainforest Alliance (RA) standards. The project will actively support smallholders in districts like Galle, Ratnapura and Kegalle to move in to more sustainable and biodiversity-friendly modes of cultivation through extension, advisory support and engage smallholders in protecting critical riparian habitats in these districts.

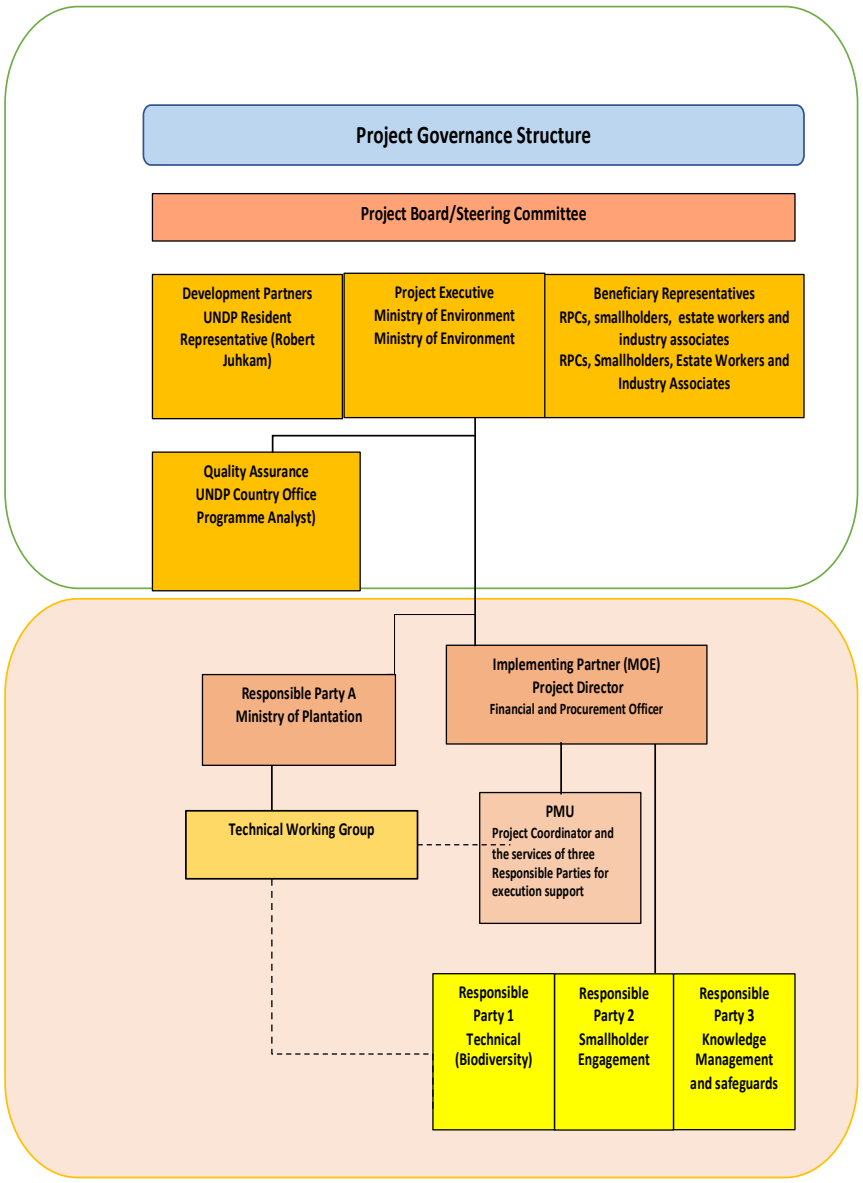
183 **Estate Community:** These are plantation workers who live and work within the estates. They are of a distinct ethnic group (Indian Tamils) and are descendent from the indentured labor brought down by the British when establishing tea and coffee plantations 200 years ago. Plantation workers and community is generally organized in Trade Unions. The women form the central workforce on a plantation and their issues and strategies for better integration with the project's objectives have been discussed in detail in the Gender Analysis and Gender Action Plan. These plantation workers, through respective RPCs, will provide labor for the restoration work envisioned in Component 1 project and the project hopes to mobilize women workers especially to develop native plant nurseries for forest restoration, develop livelihoods from non-timber forest products and diversified plantation crops and invasive species that are removed from selected refugia.

184 **Sector associations and groups:** The plantation sector is among the country's oldest private sector operations. The sector is generally well organized and represented. There are numerous associations and bodies that represented sector interests, such as the Planters Association (PA), the Ceylon Tea Traders Association (CTTA), the Ceylon Chamber of Commerce (CCC) and the Ceylon Tea Roadmap Committee 2030 (CTRM). The project will work with all these sector associations and representation to address policy, practice financing and scalability aspects of the project. Activities in Components 2 and 3 on financing and knowledge/data for increased plantation sector sustainability requires the close coordination and engagement of these private sector associations, Chambers and public-private platforms such as the CRTM Committee.

185 UNDP: UNDP is accountable to the GEF for the implementation of this project. This includes overseeing project execution undertaken by the Implementing Partner to ensure that the project is being carried out in accordance with UNDP and GEF policies and procedures and the standards and provisions outlined in the Delegation of Authority (DOA) letter for this project. **The UNDP GEF Executive Coordinator, in consultation with UNDP Bureaus and the Implementing Partner, retains the right to revoke the project DOA, suspend or cancel this GEF project.** UNDP is responsible for the Project Assurance function in the project governance structure and presents to the Project Board and attends Project Board meetings as a non-voting member.

186 A firewall will be maintained between the delivery of project oversight and quality assurance performed by UNDP and charged to the GEF Fee and any support to project execution performed by UNDP (as requested by and agreed to by both the Implementing Partner and GEF) and may be charged to the GEF project management costs (only if approved by GEF). The segregation of functions and firewall provisions for UNDP in this case is described in the next section.

Project governance structure:



First line of defence

- UNDP oversight of project support to IP cannot be UNDP staff providing project assurance or providing programmatic oversight support to the RR

Second line of defence

- Regional Bureau oversees RR and Counry Office compliance at portfolio level
- BPPS NCE RTA oversees technical quality assurance and GEF complicance. BPPS NCE PTA oversees RTA function
- UNDP NCE Executive Coordinator and Regional Bureau Deputy Director can revoke DOA/cancel/suspend project or provide enhanced oversight

187 The UNDP Resident Representative assumes full responsibility and accountability for oversight and quality assurance of this Project and ensures its timely implementation in compliance with the GEF-specific requirements and UNDP's Programme and Operations Policies and Procedures (POPP), its Financial Regulations and Rules and Internal Control Framework. A representative of the UNDP Country Office will assume the assurance role and will present assurance findings to the Project Board, and therefore attends Project Board meetings as a non-voting member.

188 **UNDP project support:** The Implementing Partner and GEF OFP have requested UNDP to provide support services in the amount of USD 35,608.61 for the full duration of the project. Discussion is currently underway with the GEF Program Manager to provide such execution support services and for the cost of these services to be charged to the project budget. The execution support services – whether financed from the project budget or other sources - have been set out in detail and agreed between UNDP Country Office and the Implementing Partner in a Letter of Agreement (LOA). The LOA is attached to this Project Document.

189 To ensure the strict independence required by the GEF and in accordance with the UNDP Internal Control Framework, these execution services will be delivered independent from the GEF-specific oversight and quality assurance services.

190 Project execution will be the responsibility of the Implementing Partner, who will appoint a Project Director (Director, Biodiversity Secretariat). As a representative of the Government and the Implementing Partner, the **Project Director (PD)** will take responsibility to ensure the efficient and effective implementation of GEF funds according to agreed workplans. The PD will be accountable to the MOE and UNDP for the achievement of Project results, and will report to the Chair of the Project Board with delegated responsibility for overall supervision and quality assurance. As this Project will be field-based and primarily implemented through the different agencies under Ministry of Plantation, the Project Director will liaise with Additional secretary, Ministry of Plantation to ensure effective implementation and transfer of funds to relevant government entities. The PD will be financed through GoSL co-financing, and his or her appointment will be made by the Secretary, MOE in coordination with UNDP CO.

191 A project management structure will be established with staff co-funded by Government, GEF project management and technical resources. The PMU will work in close collaboration the Responsible Parties to the project and the Technical Working Group/Committee at the Ministry of Plantation. The PMU will manage project contracts and finances and will provide day-to-day logistic and technical support for implementation and monitoring of project activities. Administrative and financial services to the project will be provided by the Ministry of Environment under the Project Director

192 The following staff will be assigned to the PMU

- Project Coordinator hired by UNDP reporting directly to the Project Director (PD)
- Technical Advisor hired and attached to Responsible Party 1 to oversee all technical biodiversity integration related activities.
- Safeguards Consultant attached and hired by Responsible Party 3
- Social mobilization, livelihoods and land degradation consultants attached and hired by Responsible Party 2
- Knowledge, communication and gender consultants attached to Responsible Party 3
- Finance and procurement officer through government resources.

193 The **Project Coordinator (PC)** has the authority and the responsibility to run the Project for day-to-day management and decision-making, on behalf of the Project Board within the constraints laid down by the Board. The implementing partner appoints the Project Coordinator, who must be different from the Implementing Partner's representative in the Project Board. The position will be funded by the GEF grant. The Project Coordinator's primary responsibility will be to provide management support (68% of his/her time) to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost. He or she will report to and support the Project Director (PD), who holds overall responsiblity for Project results. The PC will inform the Project Board and the Project Assurance roles of any delays or difficulties as they arise during implementation so that appropriate support and corrective measures can be adopted. The PD and PC, with the intervention of the Project Board if required, will establish uncomplicated and effective administrative arrangements to ensure that Project funds flow smoothly to the Field Based PMU and that Project activities are never held up by bureacracy. The PC will provide 32% of his/her time to covers specific technical aspects of the project, in particular, to oversee the development and execution a monitoring and evaluation system (M&E) and facilitate the mid-term and terminal reviews, including update of tracking tools and monitoring progress; and oversee the implementation of the Gender action plan, ESMP, SESP, SEP and GRM, ensuring that these are regularly updated, adjusted, monitored and enforced. Full Terms of Reference are given in Annex 8. The Project Coordinator will be recruited under UNDP contract. S/he will be

based in the IP's office. The Project Coordinator will liaise with the UNDP Operations Unit (IST Team) for the provision of UNDP support services as requested by IP as per Letter of Agreement in Annex 2.

Segregation of duties and firewalls vis-à-vis UNDP representation on the project board:

As noted in the Minimum Fiduciary Standards for GEF Partner Agencies, in cases where a GEF Partner Agency (i.e. UNDP) carries out both implementation oversight and execution of a project, the GEF Partner Agency (i.e. UNDP) must separate its project implementation oversight and execution duties, and describe in the relevant project document a: 1) Satisfactory institutional arrangement for the separation of implementation oversight and executing functions in different departments of the GEF Partner Agency; and 2) Clear lines of responsibility, reporting and accountability within the GEF Partner Agency between the project implementation oversight and execution functions.

Roles and Responsibilities of the Project Organization Structure:

194 **Project Board:** All UNDP projects must be governed by a multi-stakeholder board or committee established to review performance based on monitoring and evaluation, and implementation issues to ensure quality delivery of results. The Project Board (also called the Project Steering Committee) is the most senior, dedicated oversight body for a project.

195 The two main (mandatory) roles of the project board are as follows:

1) **High-level oversight of the execution of the project by the Implementing Partner** (as explained in the "Provide Oversight" section of the POPP). This is the primary function of the project board and includes annual (and as-needed) assessments of any major risks to the project, and decisions/agreements on any management actions or remedial measures to address them effectively. The Project Board reviews evidence of project performance based on monitoring, evaluation and reporting, including progress reports, evaluations, risk logs and the combined delivery report. The Project Board is responsible for taking corrective action as needed to ensure the project achieves the desired results.

2) **Approval of strategic project execution decisions of the Implementing Partner** with a view to assess and manage risks, monitor and ensure the overall achievement of projected results and impacts and ensure long term sustainability of project execution decisions of the Implementing Partner (as explained in the "Manage Change" section of the POPP).

Responsibilities of the Project Board:

- ✓ Consensus decision making:
  - The project board provides overall guidance and direction to the project, ensuring it remains within any specified constraints, and providing overall oversight of the project implementation.
  - Review project performance based on monitoring, evaluation and reporting, including progress reports, risk logs and the combined delivery report;
  - The project board is responsible for making management decisions by consensus.
  - In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance with standards that shall ensure management for development results, best value money, fairness, integrity, transparency and effective international competition.
  - In case consensus cannot be reached within the Board, the UNDP representative on the board will mediate to find consensus and, if this cannot be found, will take the final decision to ensure project implementation is not unduly delayed.
- ✓ Oversee project execution:
  - Agree on project manager's tolerances as required, within the parameters outlined in the project document, and provide direction and advice for exceptional situations when the project manager's tolerances are exceeded.
  - Appraise annual work plans prepared by the Implementing Partner for the Project; review combined delivery reports prior to certification by the implementing partner.
  - Address any high-level project issues as raised by the project manager and project assurance;
  - Advise on major and minor amendments to the project within the parameters set by UNDP and the donor and refer such proposed major and minor amendments to the UNDP BPPS Nature, Climate and Energy Executive Coordinator (and the GEF, as required by GEF policies);

- Provide high-level direction and recommendations to the project management unit to ensure that the agreed deliverables are produced satisfactorily and according to plans.
- Track and monitor co-financed activities and realization of co-financing amounts of this project.
- Approve the Inception Report, GEF annual project implementation reports, mid-term review and terminal evaluation reports.
- Ensure commitment of human resources to support project implementation, arbitrating any issues within the project.

✓ Risk Management:
- Provide guidance on evolving or materialized project risks and agree on possible mitigation and management actions to address specific risks.
- Review and update the project risk register and associated management plans based on the information prepared by the Implementing Partner. This includes risks related that can be directly managed by this project, as well as contextual risks that may affect project delivery or continued UNDP compliance and reputation but are outside of the control of the project. For example, social and environmental risks associated with co-financed activities or activities taking place in the project's area of influence that have implications for the project.
- Address project-level grievances.

✓ Coordination:
- Ensure coordination between various donor and government-funded projects and programmes.
- Ensure coordination with various government agencies and their participation in project activities.

196 **Composition of the Project Board**: The composition of the Project Board must include individuals assigned to the following three roles:

1. **Project Executive:** This is an individual who represents ownership of the project and chairs (or co-chairs) the Project Board. The Executive usually is the senior national counterpart for nationally implemented projects (typically from the same entity as the Implementing Partner). In exceptional cases, two individuals from different entities can co-share this role and/or co-chair the Project Board. If the project executive co-chairs the project board with representatives of another category, it typically does so with a development partner representative. The Project Executive is: Mr. B.K. Prabath Chandrakeerthi, Secretary, Ministry of Environment

2. **Beneficiary Representative(s):** Individuals or groups representing the interests of those groups of stakeholders who will ultimately benefit from the project. Their primary function within the board is to ensure the realization of project results from the perspective of project beneficiaries. Often representatives from civil society, industry associations, or other government entities benefiting from the project can fulfil this role. There can be multiple beneficiary representatives in a Project Board. The Beneficiary representatives are: Sri Lanka Tea Board, Sri Lanka Tea Smallholders Development Authority, Ceylon Tea Traders Association, Planters Association.

3. **Development Partner(s):** Individuals or groups representing the interests of the parties concerned that provide funding, strategic guidance and/or technical expertise to the project. The Development Partner(s) is UNDP. The UNDP Resident Representative will ensure the policies of UNDP and the GEF are complied with. Other co-financing partners can also jointly hold this role. As noted above responsible parties cannot serve on the Project Board. The Development Partners are: Ms. Azusa Kubota, Resident Representative, UNDP.

197 **Project Assurance:** Project assurance is the responsibility of each project board member; however, UNDP has a distinct assurance role for all UNDP projects in carrying out objective and independent project oversight and monitoring functions. UNDP performs quality assurance and supports the Project Board (and Project Management Unit) by carrying out objective and independent project oversight and monitoring functions, including compliance with the risk management and social and environmental standards of UNDP. The Project Board cannot delegate any of its quality assurance responsibilities to the Project Manager. Project assurance is totally independent of project execution. A designated representative of UNDP playing the project assurance role is expected to attend all board meetings and support board processes as a non-voting representative. It should be noted that while in certain cases UNDP's project assurance role across the project may encompass activities happening at several levels (e.g. global, regional), at least one UNDP representative playing that function must, as part of their duties, specifically attend board meeting and provide board members with the required documentation required to perform their duties. The UNDP representative playing the main project assurance function is Ms. Sureka Perera, Programme Quality and Design Analyst.

198 **Project Management – Execution of the Project:** The Project Coordinator (PC) (also called project manager) is the senior most representative of the Project Management Unit (PMU) and is responsible for the overall day-to-day management of the project on behalf of the Implementing Partner, including the mobilization of all project inputs, supervision over project staff, responsible parties, consultants and sub-contractors. The project Coordinator typically presents key deliverables and documents to the board for their review and approval, including progress reports, annual work plans, adjustments to tolerance levels and risk registers. The PC will allocate 68% of his/her time for project management responsibilities and the balance 32% for overseeing the development and execution of the M&E system and facilitate and support the mid-term and terminal evaluation as well as oversee and monitor the implementation of the gender action plan, SEP, ESMP, SESP updates and GRM and ensuring that these are regularly updated, adjusted, monitored and enforced. Roles and responsibilities of the PMU members are detailed in Annex 8. The PMU will be supported by consultants to oversee and guide the RPCs and Smallholder Associations in the implementation of environmental, social and gender related activities, including the ESMP, GAP and GRM. A designated representative of the PMU is expected to attend all board meetings and support board processes as a non-voting representative. The primary PMU representative attending board meeting is: Project Director and Project Coordinator

VIII. FINANCIAL PLANNING AND MANAGEMENT

199 The total cost of the project is USD 43,806,330. This is financed through a GEF grant of USD 4,005,251 administered by UNDP. UNDP as the GEF Implementing Agency, is responsible for the oversight of the GEF resources and the cash co-financing transferred to UNDP bank account only. USD 500,000 in parallel and in-kind co-financing will be provided by UNDP.

200 Co-financing: The actual realization of project co-financing will be monitored by the UNDP Country Office and the PMU on an annual basis in the GEF PIF and will be reported to the GEF during the mid-term review and terminal evaluation process. Note that all project activities included in the project results framework that will be delivered by co-financing partners (even if the funds do not pass through UNDP accounts) must comply with UNDP's social and environmental standards. Co-financing will be used for the following project activities/outputs:

Table 6 Co-financing overview

Co-financing source	Co-financing type	Co-financing amount USD
Ministry of Plantations	Grant	29,600,000
Ministry of Environment	In-kind	200,000
Dilmah Ceylon Tea Company PLC	Grant	1,328,249
Elpitiya Plantation Company	Grant	302,500
English Tea Shop	Grant	1,000,000
Hayley Plantations	Grant	6,870,330
UNDP	In-kind	500,000
TOTAL		**39,801,079**

Budget Revision and Tolerance:

201 As per UNDP POPP, the project board may agree with the project manager on a tolerance level for each detailed plan under the overall multi-year workplan. The agreed tolerance should be written in the project document or approved project board meeting minutes. It should normally not exceed 10 percent of the agreed annual budget at the activity level, but within the overall approved multi-year workplan at the activity level. Within the agreed tolerances, the project manager can operate without intervention from the project board. Restrictions apply as follows:

202 Should the following deviations occur, the Project Coordinator/ IP through UNDP Country Office will seek the approval of the BPPS/ NCE-VF team to ensure accurate reporting to the GEF. It is **strongly encouraged** to maintain the expenditures within the approved budget at the budgetary account and at the component level:

a) Budget reallocations must prove that the suggested changes in the budget will not lead to material changes in the results to be achieved by the project. A strong justification is required and will be approved on an exceptional basis. Budget re-allocations among the components (including PMC) of the approved Total Budget and Work Plans (TBWP) that represent a value greater than 10% of the total GEF grant.
b) Introduction of new outputs/activities (i.e. budget items) that were not part of the agreed project document and TBWP that represent a value greater than 5% of the total GEF grant. The new budget items must be eligible as per the GEF and UNDP policies.
c) Project management cost (PMC): budget under PMC component is capped and cannot be increased.

203 Any over expenditure incurred beyond the available GEF grant amount will be absorbed by non-GEF resources (e.g. UNDP TRAC or cash co-financing).

204 **Project extensions**: The UNDP Resident Representative and the UNDP-GEF Executive Coordinator must approve all project extension requests. Note that all extensions incur costs and the GEF project budget cannot be increased. A single extension may be granted on an exceptional basis and subject to the conditions and maximum durations set out in the UNDP POPP; the project management costs during the extension period must remain within the originally approved amount, and any increase in PMC costs will be covered by non-GEF resources; the additional UNDP oversight costs during the extension period must be covered by non-GEF resources, in accordance with UNDP's guidance set out in UNDP POPP.

Audit:

205 The project will be audited as per UNDP Financial Regulations and Rules and applicable audit policies. Audit cycle and process must be discussed during the Inception workshop. If the Implementing Partner is an UN Agency, the project will be audited according to that Agencies applicable audit policies.

Project Closure:

206 Project closure will be conducted as per UNDP requirements outlined in the UNDP POPP. All costs incurred to close the project must be included in the project closure budget and reported as final project commitments presented to the Project Board during the final project review. The only costs a project may incur following the final project review are those included in the project closure budget.

Operational completion:

207 The project will be operationally completed when the last UNDP-financed inputs have been provided and the related activities have been completed. This includes the final clearance of the Terminal Evaluation Report (that will be available in English) and the corresponding management response, and the end-of-project review Project Board meeting. **Operational closure must happen at the end date calculated by the approved duration after the Project Document signature or at the revised operational closure date as approved in the project extension. Any expected activity after the operational date requires project extension approval.** The Implementing Partner through a Project Board decision will notify the UNDP Country Office when operational closure has been completed. At this time, the relevant parties will have already agreed and confirmed in writing on the arrangements for the disposal of any equipment that is still the property of UNDP.

Transfer or disposal of assets:

208 In consultation with the Implementing Partner and other parties of the project, UNDP is responsible for deciding on the transfer or other disposal of assets. Transfer or disposal of assets is recommended to be reviewed and endorsed by the project board following UNDP rules and regulations. Assets may be transferred to the government for project activities managed by a national institution at any time during the life of a project. In all cases of transfer, a transfer document must be prepared and kept on file[30]. The transfer should be done before Project Management Unit complete their assignments.

Financial completion (closure):

209 The project will be financially closed when the following conditions have been met: a) the project is operationally completed or has been cancelled; b) the Implementing Partner has reported all financial transactions to UNDP; c) UNDP has closed the accounts for the project; d) UNDP and the Implementing Partner have certified a final Combined Delivery Report (which serves as final budget revision).

210 The project will be financially completed **within 6 months of operational closure or after the date of cancellation**. Between operational and financial closure, the implementing partner will identify and settle all financial obligations and prepare a final expenditure report. The UNDP Country Office will send the final signed closure documents including confirmation of final cumulative expenditure and unspent balance to the BPPS/GEF Unit for confirmation before the project will be financially closed in Atlas by the UNDP Country Office.

211 Refund to GEF: Should a refund of unspent funds to the GEF be necessary, this will be managed directly by the BPPS/GEF Directorate in New York. No action is required by the UNDP Country Office on the actual refund from UNDP project to the GEF Trustee.

[30] See https://popp.undp.org/_layouts/15/WopiFrame.aspx?sourcedoc=/UNDP_POPP_DOCUMENT_LIBRARY/Public/PPM_Project%20Management_Closing.docx&action=default.

IX. TOTAL BUDGET AND WORK PLAN

Total Budget and Work Plan			
Atlas Award ID:	00137976	Atlas Output Project ID:	00128166
Atlas Proposal or Award Title:	Partnerships and Innovative Financing to Mainstream Biodiversity and Sustainable Land Management in the Wet Climatic Zone of Sri Lanka		
Atlas Business Unit	LKA10		
Atlas Primary Output Project Title	Partnerships and Innovative Financing to Mainstream Biodiversity and Sustainable Land Management in the Wet Climatic Zone of Sri Lanka		
UNDP-GEF PIMS No.	6504		
Implementing Partner	Ministry of Environment		

Atlas Activity (GEF Component)	Atlas Implementing Agent	Atlas Fund ID	Donor Name	Atlas Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Amount Year 5 (USD)	Total (USD)	See Budget Note:
Component 1: Restoration of High Conservation Value Forests (HCVFs) in the Wet Climatic Zone	MOE	62000	GEF	71300	Local Consultants	0	0	0	12,500	0	12,500	1
				71600	Travel	2,500	2,500	2,500	2,500	2,500	12,500	2
				72100	Contractual Services-Companies	177,500	131,250	41,250	30,000	15,000	395,000	3
				75700	Training, Workshops and Confer	13,500	13,500	13,500	13,500	13,500	67,500	4
	Responsible Party 1			71200	International Consultants	0	20,000	8,000	8,000	4,000	40,000	5
				71300	Local Consultants	25,000	25,000	25,000	25,000	25,000	125,000	6
				72100	Contractual Services-Companies	221,000	486,000	291,000	291,000	43,000	1,332,000	7
				75700	Training, Workshops and Confer	36,375	32,125	0	0	0	68,500	8
	Sub-total, Component 1 GEF					**475,875**	**710,375**	**381,250**	**382,500**	**103,000**	**2,053,000**	
	Total Component 1					**475,875**	**710,375**	**381,250**	**382,500**	**103,000**	**2,053,000**	
Component 2: Innovative Public-Private-Community Partnerships for Biodiversity Conservation and Sustainable	MOE	62000	GEF	71600	Travel	2,500	2,500	2,500	2,500	2,500	12,500	9
				72100	Contractual Services-Companies	11,000	11,000	11,000	11,000	11,000	55,000	10
				75700	Training, Workshops and Confer	1,500	1,500	1,500	1,500	1,500	7,500	11
	Responsible Party 1	62000	GEF	71600	Travel	0	5,000	5,000	0	0	10,000	12
				71300	Local Consultants	10,000	10,000	10,000	10,000	10,000	50,000	13
				72100	Contractual Services-Companies	15,000	81,250	76,250	10,000	10,000	192,500	14
	Responsible Party 2	62000	GEF	72100	Contractual Services-Companies	92,262	173,012	154,250	119,000	33,000	571,525	15

Land Management in Plantation Sector	**Responsible Party 3**	**62000**	**GEF**	71200	International Consultants	7,500	7,500	20,000	0	0	35,000	16
				71300	Local Consultants	15,000	15,000	15,000	15,000	15,000	75,000	17
				72100	Contractual Services-Companies	35,000	0	0	0	0	35,000	18
				75700	Training, Workshops and Confer	10,000	11,500	11,500	10,000	10,000	53,000	19
	Sub-total, Component 2 GEF					**199,762**	**318,262**	**307,000**	**179,000**	**93,000**	**1,097,025**	
	Total Component 2					**199,762**	**318,262**	**307,000**	**179,000**	**93,000**	**1,097,025**	
Component 3: Knowledge Management, Gender Mainstreaming , Learning, and Monitoring and Evaluation	**MOE**	**62000**	**GEF**	71600	Travel	2,500	2,500	2,500	2,500	2,500	12,500	20
				72100	Contractual Services-Companies	25,000	62,500	37,500	0	0	125,000	21
				75700	Training, Workshops and Confer	500	500	500	500	500	2,500	22
				74200	Audio Visual&Print Prod Costs	1,000	1,000	1,000	1,000	1,000	5,000	23
	Responsible Party 3	**62000**	**GEF**	72100	Contractual Services-Companies	49,900	41,900	45,900	45,900	55,900	239,500	24
				75700	Training, Workshops and Confer	0	0	0	0	5,000	5,000	25
				74200	Audio Visual&Print Prod Costs	15,000	15,000	15,000	15,000	15,000	75,000	26
	Sub-total, Component 3 GEF					**93,900**	**123,400**	**102,400**	**64,900**	**79,900**	**464,500**	
	Total Component 3					**93,900**	**123,400**	**102,400**	**64,900**	**79,900**	**464,500**	
Monitoring & Evaluation	**UNDP**	**62000**	**GEF**	71400	Contractual Services - Individuals	9,000	9,000	9,000	9,000	9,000	45,000	27
				71200	International Consultants	0	0	22,500	0	22,500	45,000	28
				71300	Local Consultants	0	0	9,375	0	9,375	18,750	29
				71600	Travel	0	0	14,250	0	9,500	23,750	30
				75700	Training, Workshops and Confer	2,250	0	3,000	0	2,250	7,500	31
	Responsible Party 3	**62000**	**GEF**	71300	Local Consultants	12,000	12,000	12,000	12,000	12,000	60,000	32
	Sub-total, Component 3 GEF					**23,250**	**21,000**	**70,125**	**21,000**	**64,625**	**200,000**	
	Total Component 3					**23,250**	**21,000**	**70,125**	**21,000**	**64,625**	**200,000**	
Project Management	**UNDP**	**62000**	**GEF**	64397	Services to project – CO staff	7,122	7,122	7,122	7,122	7,122	35,609	33
				71400	Contractual Services - Individuals	18,864	18,864	18,864	18,864	18,864	94,320	34
				71600	Travel	1,000	1,000	1,000	1,000	1,071	5,071	35
				72500	Supplies	400	400	400	400	400	2,000	36
				72800	Information Technology Equipment	3,500	0	0	0	0	3,500	37
				74100	Professional Services	1,545	1,545	1,545	1,545	1,545	7,726	38
	MOE	**62000**	**GEF**	71600	Travel	6,000	6,000	6,000	6,000	6,000	30,000	39
				72500	Supplies	1,000	1,000	1,000	1,000	1,000	5,000	40
				72800	Information Technology Equipment	3,000	0	4,500	0	0	7,500	41
	Sub-total, Project Management GEF					**42,431**	**35,931**	**40,431**	**35,931**	**36,002**	**190,726**	
	Total Project Management					**42,431**	**35,931**	**40,431**	**35,931**	**36,002**	**190,726**	
					PROJECT TOTAL	**835,218**	**1,208,968**	**901,206**	**683,331**	**376,527**	**4,005,251**	

Summary of Funds: [31]

	Amount Year 1	Amount Year 2	Amount Year 3	Amount Year 4	Amount Year 5	Total
GEF grant administered by UNDP	835,218	1,208,968	901,206	683,331	376,527	4,005,251
Donor 2 UNDP	100,000	100,000	100,000	100,000	100,000	500,000
Donor 3 Government	5,000,000	7,000,000	8,100,000	6,700,000	3,000,000	29,800,000
Donor 4 Private Sector	1,100,000	3,000,000	2,102, 500	2,200,000	1,098,579	9,501,079
TOTAL	7,035,218	11,308,968	11,203,706	9,683,331	4,575,106	43,806,330

[31] *Summary table should include all financing of all kinds: GEF financing, co-financing, cash, in-kind, etc...*

BUDGET NOTES

Budget Note number	Budget Note
Component 1	
1	**Local Consultants:** Local consultant to provide/conduct evaluation of training programmes conducted by NIPM for biodiversity and SLM practices in plantation management in Year 4 to inform the institutionalization of these trainings by EOP. USD 250/day (50 days total) **USD 12,500**
2	**Travel for Ministry of Environment and Ministry of Plantations for project related site selection, site workshops, meetings in the districts and management plan development and monitoring of pilots. USD 12,500**
3	**Contractual Services USD 395,000** Agreements /MOUs with government agencies 1) Contractual services to evaluate the existing data on forests and biodiversity in the Plantation areas and districts @ **USD 30,000**. 2) Engage LUPPD for mapping of remnant forests and degraded areas in Nuwara Eliya, Kandy, Matale, Badulla, and parts of Colombo and Monaragala with tea and rubber estates @ **USD 150,000**. 3) Conservation related partnership agreements to test approaches with government agencies. Forest Department for corridors (USD 50,000) and National Botanical Gardens for ex-situ-in-situ conservation pilots (USD 70,000) and state plantation corporation for corridors/refugia in their areas (USD 30,000) total of **USD 150,000** 4) Engage NIPM for Capacity and Training Needs Assessment (TNA) for biodiversity management in plantation sector. USD 250/day for 100 days of expert time and travel cost of USD 2,500. Total of **USD 27,500**. 5) Engage NIPM to develop training modules for project related training with Plantation experts and BD Experts. USD 250/day for 150 days. Total of **USD 37,500**
4	**Training, Workshops and Conferences USD 67,500** Training programmes conducted for plantation sector, RPCs, government agencies, non-governmental actors and smallholders by NIPM: 1)Trainings to maintain and use the biodiversity database and to develop a short online video on how to use the databases **USD 17,500** 2) Training Programmes conducted by NIPM throughout the project period including resource persons and logistics at NIPM institutes in the plantation districts (Ratnapura, Nuwara Eliya and Galle) **Total USD 50,000**
5	**International Consultant USD 40,000** 1) International consultant for new strategies and concepts for forest restoration especially in montane and sub-montane areas and to support module development. USD 750/day for 30 days and travel allocation of USD 3,500 - **USD 26,000** 2) International consultant to design a system for forest restoration and landscape impact monitoring at USD 750/day for 15 days and travel allocation of USD 2,750 - **USD 14,000**
6	**Local Consultant USD 125,000** 1) Technical Advisor to ensure that the biodiversity conservation and SLM practices are integrated into the pilot sites, to design and monitor pilot sites, to provide advisory services to plantation companies to scale up these pilots, to support training module development USD 250 x 500 days for 5 years. **Total USD 125,000**
7	**Contractual Services Companies USD 1,332,000** Designing and implementing conservation strategies in selected pilot sites. 1) Conducting biodiversity surveys in identified sites in six districts. USD 40,000 per district including BD experts, travel and field accommodation costs. Total **USD 240,000** 2) Prioritization of conservation strategies in selected locations with RPCs @ USD 3000/site for field visits and meetings. Total **USD 12,000.** 3) Site specific conservation strategies- budgeted expenditures for technical advisory, nursery development, restoration and assisted natural regeneration in the selected sites. Corridors (Corridor 1- USD 325,000; Corrido 2-USD 215,000; refugia USD 135,000; riparian connectivity USD 75,000). Total for 4 sites **USD 750,000.** 4) Community mobilization in four pilot sites. Community mobiliser @ USD 200/day for 100 days. Total of **USD 80,000** 5) Development of two eco-tourism sites with FD and plantations (equipment, contractual services, ticketing infrastructure) **USD 250,000.**
8	**Training, workshops and Conferences USD 68,500** Workshops and on-site meeting for conservation planning. 1) 4 mini-workshops on site selection, site characteristics and conservation need per site based on location (USD 1500/per workshop =USD6,000 and USD 2,500 for travel) **USD 8,500**. 2) Participatory development of the conservation plans for four sites @ USD 15,000 per location for social mobilization (social mobiliser @ USD 200/day for 50 days and travel and DSA) total **USD 60,000**
Component 2	
9	Travel for government agencies to support financial solutions development, monitor agroforestry models and monitor community livelihood development **USD 12,500**
10	**Contractual Services Companies USD 55,000** MOUs with government organizations to develop sustainable agronomy practices. 1) Tea Research Institute for sustainable tea production trials and their popularization. **USD 55,000**

11	**Training, Workshops and conference for biodiversity integrated agronomy in the plantations. USD 7500**
12	**Travel USD 10,000** Travel to sites to develop restoration proposals Year 2 and 3. **USD 10,000**
13	**Local Consultants USD 50,000** Land degradation and agro-forestry experts for riparian restoration and converting under-utilized land into multi-crop agroforestry. USD 250/day for 50 days per year x 4 years. **USD 50,000**
14	**Contractual Services Companies USD 192,500** Pilots demonstrating agronomy-based restoration options. 1) GIS expert USD250/day for 80 days and meetings for land bank development embedded in Biodiversity RP. **USD 20,000.** 2) Establishing four nurseries with co-finance from government (FD) or RPCs (labor). USD 5,000 as grant to women's groups to establish rain shelter or purchase equipment for nurseries. **USD. 20,000.** 3) Surveys, planting material, labor, monitoring, and equipment for restoration of 150 ha of riparian habitat with multi-use species along smallholder tea lands @USD 1000 per hectare and $ 2500 for monitoring. **USD 152,500**
15	**Contractual Services Companies USD 571,525** Technical and practical advisory support to address land management and sustainable agriculture, including agroforestry-based livelihood support on plantations, embedded in Smallholder-support RP. 1) Land degradation expert 100 days @USD 250/day to review information on platform and ensure its accessible and relatable to project stakeholders including RPCs, smallholder societies and other technical consultants. **USD 25,000.** 2) Sustainable tea/ agriculture expert @250/day for 370 days. 50% of time in Year 1 and 2. Travel USD 9,000 and workshops in 6 districts @ USD 1000 each. **Total USD. 122,500** 3) Agroforestry expert @ 250/day for 100 days (20 days per Year for 5 years) **USD 25,000** 4) Value chain development @ (USD 51,525) and community investments for sustainable plantation value chains for agro-forestry produce. Five pilots at community level with project investment of USD 30,000 each for sustainable biodiversity /SLM integrated value chains (USD 187,500) **Total USD. 239,025** 5) Livelihood support for community groups. Equipment and training through local NGO. Equipment, social mobilization, travel and DSA. **USD 100,000** 6) Local consultant to develop a sustainable fuelwood program @ USD 250/day for 200 days and travel USD 6,000 and two workshops USD 4,000 (inception and validation). **USD 60,000**
16	**International Consultants USD 35,000** International Consultant to support evaluation and development of innovative financing strategies (USD 30,000 for 30 days work @750/day and travel ($ 5000). This item will be co-financed by BIOFIN and project will be able to access additional time of around 30 days through BIOFIN resources to provide two main inputs: 1) review of the existing prefeasibility of the financing options and suggest new best practices for their implementation through the project; 2) help support set up a sustainability fund for the plantation sector. Total of **USD 35,000**
17	**Local Consultant USD 75,000** Local consultant to conduct feasibility for the pre-determined financial solutions and develop innovative financing models with the international consultant in BN 16 @ USD 250/day for 60 days/year. **USD 75,000**
18	**Contractual Services Companies USD 35,000** Market mapping for sustainable plantation value chains for agro-forestry produce @250/day and travel and workshops. **USD 35,000 @ first year**
19	**Training, Workshops and conferences USD 53,000** Workshops and events to promote sustainable plantation models. 1) Workshops for financing options (co-financed by BIOFIN), Y2 & 3 **USD 3,000** and 2) Sustainability awards (co-financed by Plantation Ministry and Industry). 5 events @ USD 10,000. **Total USD 50,000**
Component 3	
20	Travel for Ministry of Environment and Ministry of Plantations to maintain database, develop knowledge products such as policy briefs and to ensure gender and safeguards integration USD 12,500
21	**Contractual Services Companies USD 125,000** Biodiversity database development and data collection and cleaning. Expertise embedded Biodiversity RP to standardize data as required by the Biodiversity Clearing House Mechanism of the GoSL. 1) Software and hardware equipment required for the data cleaning and standardization **USD 100,000** 2) Expert time @ USD 250 per day 100 days. Total **USD 125,000**
22	Workshop to disseminate biodiversity database and SLM platform related information USD 2,500
23	Audio Visual to support the workshop to disseminate biodiversity database and SLM platform related information USD 5000
24	**Contractual Services Companies USD 239,500** Communications expertise and products embedded in Knowledge RP. Gender mainstreaming activities embedded in Knowledge RP and environmental and social safeguards: 1) Communications expert @USD 200/day for 25 days. **USD 5,000** 2) Manual (USD 5,000) brochures and leaflets in local language (USD 5,000) short infographics for social media (USD 5,000) and short video (20,000). **USD 35,000**

	3) Press briefings, press tours, events and print/electronic media time USD 6,000 per year. **USD 30,000**. 4) Gender expert's time and travel costs for developing detailed gender integration plan, monitoring gender inputs to the project, designing and carrying out training programmes. USD 250/ year for 150 days (50% OF days in year 1 and 2) and travel and DSA to districts of USD 10,000 for 5 years. **Total USD 47,500**. 5) Five case studies @ USD 2,000 each and two policy briefs @USD 2500 each for writing, editing and production. **USD 15,000**. 6) Manual and Lessons Learned guide for biodiversity and land degradation management in plantations @ USD 15,000 for professional time and USD 5,000 for printing costs. **USD 20,000.** 7) Meetings of the consortium membership USD 2,000 a year for 5 years and 10 newsletters (bi-annual) on project related developments to be circulated to private sector platforms @ 700/per newsletter. **USD 17,000**. 8) Replication Strategy developed by Technical Advisor in Year 5. USD 250/day for 40 days. **USD 10,000** 9) Undertaking ESIA/ESMP and specific management plans in Year 1 **USD 60,000**
25	**Training, Workshop and Conference USD 5,000** End of project national seminar on lessons learnt. **USD 5,000** for two-day workshop.
26	**Audio-visual and Print Production USD 75,000** Production and dissemination of a plantation sector sustainability status report alongside annual sustainability awards for 5 years. Professional team hired by Knowledge RP for compilation and dissemination @ USD 15,000 a year. **USD 75,000**
Monitoring and Evaluation	
27	**Contractual Services Individual. Project Coordinator for the project to ensure project results framework, overseeing the monitoring of ESMP, risks and gender integration is monitored. USD 45,000 32% of the total cost (See BN 34)**
28	**International Consultants USD 45,000** Mid-term evaluation (25 days @750) and terminal evaluation (35 days @750/) Total International Consultancy **USD 45,000**
29	**Local Consultants USD 18,750** Mid-term evaluation (35 days@ 250) and terminal evaluation (40 days @ 250) Total National Consultancy **USD 18,750**
30	**Travel USD 23,750** Travel allocation for the Mid-term Evaluation and Terminal Evaluation **USD 23,750**
31	**Training, Workshop and Conference USD 7,500** Inception workshop and report related expenditure **USD 7,500**
32	**Local Consultant USD 60,000** Safeguards specialist @ USD250 per day for 240 days for five years, In Year 1, 48 days of consultancy and travel + workshop costs allocated for overseeing and guiding implementation of ESMP and the next 4 years for safeguard monitoring. **Total USD 60,000**
Project Management	
33	Direct Project Cost Staff **USD 24,926 &** Services to Project CO staff/GOE will be charged based on services specified in LOA for UNDP support services and associated costs **USD 10,683**
34	Project Coordinator @ Total USD 27,864 per year for 5 years (32% from monitoring budget in Component 3 and 68% from project management cost) Total in PMC **USD 94,320**
35	Travel cost for Project coordinator for five years **USD 5,071**
36	Office stationery and courier chargers for project management unit **USD 2,000**
37	Information Technology equipment for the Project coordinator **USD 3,500**
38	Audit fee and cost related to HACT assurance activities **USD 7,726**
39	Travel for Ministry of Environment staff to districts for project management **USD 30,000**
40	Supplies for Ministry of Environment **USD 5,000**
41	IT equipment for Ministry of Environment **USD 7,500**

X. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Sri Lanka and UNDP, signed on 20th March 1990. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by the Ministry of Environment ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations or UNDP concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries.

XI. RISK MANAGEMENT

Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:

a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;

b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.

The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.

The Implementing Partner acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the Implementing Partner, and each of its responsible parties, their respective sub-recipients and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.

(a) In the implementation of the activities under this Project Document, the Implementing Partner, and each of its sub-parties referred to above, shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").

(b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, the Implementing Partner, and each of its sub-parties referred to above, shall not engage in any form of sexual harassment ("SH"). SH is

defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment.

a) In the performance of the activities under this Project Document, the Implementing Partner shall (with respect to its own activities), and shall require from its sub-parties referred to in paragraph 4 (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, the Implementing Partner will and will require that such sub-parties will take all appropriate measures to:

i. Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;

ii. Offer employees and associated personnel training on prevention and response to SH and SEA, where the Implementing Partner and its sub-parties referred to in paragraph 4 have not put in place its own training regarding the prevention of SH and SEA, the Implementing Partner and its sub-parties may use the training material available at UNDP;

iii. Report and monitor allegations of SH and SEA of which the Implementing Partner and its sub-parties referred to in paragraph 4 have been informed or have otherwise become aware, and status thereof;

iv. Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and

v. Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. The Implementing Partner shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties referred to in paragraph 4 with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the Implementing Partner shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

b) The Implementing Partner shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the Implementing Partner, and each of its sub-parties referred to in paragraph 4, to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programs in accordance with UNDP's regulations, rules, policies and procedures. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.

The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.

Where such funds have not been refunded to UNDP, the Implementing Partner agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.

Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk

Management Standard Clauses" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

XII. MANDATORY ANNEXES

Annex 1: GEF Budget

Annex 2: GEF Execution Support Letter

Annex 3: Project Map and geospatial coordinates of the project area

Annex 4: Multiyear Workplan

Annex 5: Monitoring Plan

Annex 6: Social and Environmental Screening Procedure (SESP)

Annex 7: UNDP Atlas Risk Register

Annex 8: Key Staff TORs

Annex 9. Key Consultancies and Consultancy Services

Annex 10: Stakeholder Engagement Plan

Annex 11: Environmental Social Management Framework (ESMF)

Annex 12: Gender Analysis and Gender Action Plan

Annex 13: Procurement Plan

Annex 14: GHG Calculations

Annex 15: Financial Solutions

Annex 16: GEF Core Indicators

Annex 17: GEF Taxonomy

Annex 18a: HACT Micro Assessment

Annex 18b: Partners Capacity Assessment Tool (PCAT)

Annex 19: UNDP Project Quality Assurance Report

Annex 20: Signed LOA between UNDP and IP requesting UNDP Support Services

Annex 21: RPC Best Conservation Practices

Annex 22: Baseline for RFA Indicator 7: Status of Species Diversity in Target Priority Sites

Annex 23: Progression to sequential higher standards and new protocols required to maintain international certification

Annex 24: PPG Consultation meetings

Annex 25: Potential Livelihood options

Annex 26: Financial Due Diligence of RPCs

Annex 27: Capacity Development Scorecards (13 RPCs)

Annex 28: Co-financing letters

Annex 29: Checklist for Land Degradation Neutrality Transformative Projects and Programmes (LDN TPP)

Annex 30: GEF Audit Checklist

Annex 31: Project Budget Summary