



ADAPTATION FUND

AFB/B.32-33/1
23 October 2018

Adaptation Fund Board

**REQUEST FOR EXTENSION OF PROJECT COMPLETION
DATE: WORLD FOOD PROGRAMME (SRI LANKA)**

Background

1. The Adaptation Fund Board (the Board) at its nineteen meeting, approved a three-year project titled “Addressing Climate Change Impacts on Marginalized Agricultural Communities Living in the Mahaweli River Basin of Sri Lanka”, submitted by the World Food Programme (WFP) for a request amount of US\$ 7,989,727 (decision B.19/16). The overall objective of the project is to secure community livelihoods and food security against climate change-induced rainfall variability leading to longer droughts and more intense rainfall. This project directly addresses these climate-induced impacts through: i) Developing household food security and build resilient livelihoods for rain-fed farming households; and ii) Building institutional capacity in village, local, regional service delivery to reduce risks associated with climate-induced rainfall variability.

2. As mandated by the decision, an agreement was prepared and signed between the Board and WFP.

3. The first tranche of disbursement for the implementation of the project was released following signature of the agreement in December 2012. The first project performance report (PPR) for the project was submitted in November 2015 and cleared by the Adaptation Fund Board Secretariat (the secretariat) during the same month. The second PPR was submitted in January 2017 and cleared by the secretariat in June 2017. As of October 2018, a total amount of UDS 6,568,567 had been disbursed to the project by the Board’s Trustee, corresponding to 82.2% of the project funding. The project went through a mid-term evaluation (MTE) process, with a MTE report finalized in July 2018.

4. This is the second request for an extension of the project completion date. The original project completion date was August 2017. In April 2017, WFP applied for extension of the project completion date until 28 February 2019, which the Board approved through B.29-30/3. As outlined in the Adaptation Fund Project/Programme Delay Policy (AFB/B.29-30/3/Rev.1) amended by the Board in October 2017 (Decision B.29-30/15), a request for an extension of project completion date must be submitted by the implementing entity at least six months prior to the official completion date. However, WFP had submitted such request through the secretariat on 2 October 2018, hence at a date beyond the deadline, for an extension of the completion date until 28 February 2020 (see Annex 1). In addition, this project underwent a change of programme execution arrangements, including the United Nations Development Programme (UNDP) as co-executing entity, following Decision B.29-30/13.

5. One of the pivotal reasons for the first extension request includes the fact that when the project was approved (in 2012), the country was undergoing significant political changes (as a result of presidential and parliamentary elections). Considering these factors, it was recognized that the project might need more than 18 months of extension to be able to achieve its expected results. In addition, the project underwent a review in May 2017, in order to identify project implementation issues and make recommendations.

6. The above-mentioned project review suggested that the Executing Entity (EE), which is the Ministry of Development and Environment, should be supported by UNDP, for capacity building of government officials and communities on adaptation and smart agriculture techniques, among others. Based on the recommendations of the review

and on the request of the National Designated Authority (DA) of the Adaptation Fund, WFP involved UNDP as a joint executing entity with well-defined roles and responsibilities, following Decision B.29-30/13.

7. In addition, the project review recommended that the project be granted a second extension request. In order to assess the progress of project implementation in view of the new implementation arrangements, a mid-term evaluation (MTE) was conducted in July 2018. The MTE also recommended the project to request a second no-cost extension, to facilitate an efficient utilization of the remaining funds.

8. The reasons for the second project extension request, as outlined by WFP, include the fact that the Ministry of Development and Environment underwent a last major change in July 2017. This situation entailed gaps in project implementation and coordination, which resulted in physical and financial project targets not fully achieved. In addition, the new implementation arrangements with the co-executing role of the Ministry of Development and Environment, and UNDP, required coordination processes and linkages both at national as well as at field level, which initially slowed down some of the project activities.

9. According to WFP, the requested extension of the completion date would allow to:

- Compensate for the delayed implementation of the project caused by changes in the project management;
- Advance on the fulfillment of the project targets with social and physical structures in place for enhanced sustainability; and
- Follow and monitor the project outputs and outcomes to ensure adaptive measures will be fully applied by local authorities and communities, to ensure long-term sustainability.

Secretariat's review of the request

10. Following a review of the request, the secretariat finds that most of the delays in project implementation have been caused by management changes in the Executing Entity as a result of presidential and parliamentary elections. This entailed gaps in project implementation and coordination, including delays in approval processes at the sub-national level, slow procurement processes, and delayed staff recruitment. In addition, the EE presented a lack of technical capacities at central and district levels to support field staff.

11. To overcome these bottle necks, the project underwent changes in the project execution arrangements, including UNDP as co-executing entity with the Ministry of Environment and Development to provide capacity building for government officials. As outlined in the MTE, since the involvement of UNDP, they have adopted a systematic approach in selecting beneficiaries and assessing the needs, and they have mobilized the project staff with a good balance of technical and administrative functions as required under the targeted outputs. These new project execution arrangements required time to coordinate efforts at national and local levels. Given the aforementioned reasons the secretariat finds that this request of a 12-month extension is justified.

12. Moreover, the MTE concluded that the project demonstrated a Moderately Satisfactory performance, due to a number of significant technical and managerial challenges that prevent it to fully achieve the set targets, thus indicating that the project would benefit from a no-cost extension for additional 12 months.

13. Finally, although the request was submitted within six months prior to the official completion date, which is not in line with the Adaptation Fund Policy for Project/Programme Delays, as specified in Annex 1, the secretariat acknowledges that this no-cost project extension request has been agreed with the Executing Entity and the Designated Authority has been notified, in accordance with the said Policy.

Recommendation

14. Therefore, the Board may consider and decide to approve the request for a 12-month extension of the project completion date for the project " Addressing Climate Change Impacts on Marginalized Agricultural Communities Living in the Mahaweli River Basin of Sri Lanka" as requested by WFP, from 28 February 2019 to 28 February 2020.

Annexes

1. Request for an extension of the project completion date from WFP;
2. Request for an extension of the project completion date from the Ministry of Development and Environment.

Annex 1: Request for an extension of the project completion date from WFP*Request for extension of project/programme completion date*

Implementing Entity Name: World Food Programme			
AF Project/programme ID: LKA/MIE/Rural/2011/1			
Project/programme Title: Addressing Climate Change Impact on Marginalized Agricultural Communities Living in the Mahaweli River Basin of Sri Lanka			
Country: Sri Lanka			
Project/Programme Approval (date)	14 December 2012 (Official Project Start Date: 11 August 2014)		
Expected Project/programme Completion (date)	28 February 2019	Proposed Revised Completion (date):	28 February 2020

Reasons/justifications for the extension of project/programme completion:

The "Addressing Climate Change Impacts on Marginalized Agricultural Communities Living in the Mahaweli River Basin of Sri Lanka" project targets rain dependent farming families in two hazard-prone areas in the Mahaweli Basin. The project is designed to address specific vulnerabilities faced by farmers whose livelihoods are mainly rain-fed agriculture. It involves strategies to overcome dry season food and income insecurity; introduction of diversified income sources to broad-based risks, improved water storage and irrigation to overcome uncertainty of rainfall, improved soil quality and fertility for increased production, and timely, quality agriculture advice and extension.

Reasons/justifications for the extension of project completion:

Over the last four years, the project implementation has experienced significant delays due to changes in the government structure as a result of two major elections (presidential and parliamentary elections). This had major impacts on the Executing Entity, as its management (head of the entity) changed two times since the project start, with the last change made in July 2017. The Project Director has been changed four times as was the case for the Project Manager.

The changing environment had entailed gaps in project implementation and coordination including important delays in sub-projects formulation and approval processes at the sub-national level; slow procurement process; and delayed staff recruitment. In addition, there has been a significant lack of technical capacity at central and district levels to support for field staff in the execution of project activities.

Considering these factors, the Implementing Entity, together with the Executing Entity conducted a quick project review through a local consultant in May 2017 in order to identify issues, problems and bottle necks to the project implementation and make recommendations to bring the project on track as well as expedite the activity implementation in a sustainable way.

The May 2017 review recommended that, due to the fact that the Executing Entity (The Ministry of Mahaweli Development and Environment - MDME) lacked technical capacity, technical support from

UNDP should be obtained for capacity building of the government officials at district and village cluster levels as well as communities on adaptation techniques, smart agriculture, entrepreneur development, value chain and market linkage. It was also recommended to extend the project for an additional 18 months.

On 14 August 2017, the Adaptation Fund Board approved the extension in time for 18 months until February 2019, and with the new project implementation arrangements that include UNDP as co-Executing Entity together with the government after seven months of preparations and negotiations.

With UNDP joining as Executing Entity, clear roles and responsibilities had been defined and executed accordingly.

In order to assess the progress of project implementation with the new implementation arrangements, a mid-term review was conducted by two national consultants from 19 June to 19 July 2018. As of July 2018, the project planned expenditure stand at 43% (actual expenditure was 37%) against the total project budget. The physical progress was just above 50% of the planned activities. Over 15,000 households (against 14,039 households planned in the project document) have benefited so far from at least one type of input. Since April 2018, the project has benefitted from a complete team with a Project Support Unit (PSU) headed by a New Project Director working on a full-time basis. The mid-term review concluded that the project demonstrated a Moderately Satisfactory performance, owing to a number of significant technical and managerial challenges that prevented it from achieving its full potential. At present, project activities are executed in the field by two entities, namely the PSU under MMDE and UNDP. Their roles and responsibilities have been clearly defined and accepted by all parties. Both parties are presently in the process of developing the required coordination processes and linkages at national as well as field level, which is a favorable development for the successful delivery of the project. While the project may not achieve the full scope of intended results as per the project document within the remaining project period, there is renewed commitment to achieve re-formulated targets and action plan.

The mid-term review made the following recommendations:

- 1) Revisit the project's results framework and indicators and achievable targets for the remaining project period.
Action Required: Develop a revised results framework based on the MTR findings, village development action plans for the three Divisional Divisions under the project for the remaining project period, unless the project is extended.
- 2) Develop a combined Action Plan based on village development plans and a joint implementation mechanism for efficient disbursement of funds to intended target actions.
Action Required: A workshop with the participation of all key implementing partners both at national and regional level including PSU, UNDP, WFP, DSs and other relevant implementing partners is proposed for this activity. This will enhance the much-needed coordination among actors and synergy between the two project components.
- 3) Develop a sustainability plan and an exit strategy to determine the extent to which the Action Plan can be implemented with intended results in the remaining project period. Eight months may be inadequate to implement and monitor the village plans which require at least two monsoon seasons and also considering the fact that certain construction work can take place only during specific period due to weather interferences.

Annex 2: Request for an extension of the project completion date from the Ministry of Development and Environment



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Ministry of Mahaweli Development and Environment

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Ms. Brenda Barton
 Representative / Country Director
 World Food Programme

Dear Ms. Barton

Project on “Addressing Climate Change Impacts on Marginalized Agricultural Communities Living in the Mahaweli River Basin of Sri Lanka”
- Request for Extension of the Project Period

Your kind attention is invited to your letter dated on 11th August 2017 informing that Climate Adaptation Fund has extended the project completion period until February 2019 and discussions held at the 5th National Project Steering Committee (NPSC) meeting on 21st August 2018 at the Ministry of Mahaweli Development and Environment (MMDE) on the above matter.

It was observed that the physical and financial targets of the project have not been achieved during the past years due to inappropriate and inequity of financial allocations made among the sub - components of the project. Since the project implementation is covenant to terminate on February 2019, difficulties of disbursing available funds in line with the project targets and objectives was further emphasized at the NPSC. As the project team had not taken proper strategies to achieve desired targets and not understood the project concept clearly, a visible drawback in project implementation was observed in past few years. As a solution for the above issues, several measures were taken to drive the project implementation faster by ensuring sustainability. The fund disbursement of the project has been accelerated in past few months due to the collaborative actions of newly recruited project staff and UNDP, the recently joined executing entity. In the meantime, Mid Term Review (MTR) of project conducted in July 2018 is also recommended to gain an extension for the project as per the requirements of vulnerable communities in project areas and financial availability.

While considering the productive utilization of available funds of the project and the recommendation of MTR as well as the suggestions of stakeholder organizations who represent the NPSC, it was decided to request a one-year extension from the Adaptation Fund for sustainable and effective utilization of available financial resources of the project.

It is therefore highly appreciated if you could explore the possibility of obtaining one-year extension from the Adaptation Fund for the Climate Change Adaptation Project with effect from February 2019.

Your kind corporation and assistance extended in this regard is highly appreciated.

Sincerely yours,


Anura Dissanayake
 Secretary

- Copy: 1. Mr. M P D U K Mapa Pathirana, Additional Secretary (Environment Projects & Education Training), Ministry of Mahaweli Development & Environment
 2. Mr. NguyenDuc HOANG, Deputy Country Director, World Food Programme