ADAPTATION FUND

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Adaptation Fund Board
Project and Programme Review Committee
Thirty-seventh Meeting
Bonn, Germany, 7-8 April 2026

PROPOSAL FOR SRI LANKA

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: Regular-sized Project Concept

Country/Region: Sri Lanka
Project Title: Integrating Community-Led Adaptation and Climate Risk Reduction for Resilience Building at Local Level in Sri Lanka
Thematic Focal Area: Ecosystem-based adaptation, rural/urban development
Implementing Entity: United Nations Development Programme (UNDP)
Executing Entities: Ministry of Rural Development, Social Security, and Community Empowerment, UNDP, UN-Habitat, and FAO
AF Project ID:
IE Project ID:
Requested Financing from Adaptation Fund (US Dollars): 20,000,000
Reviewer and contact person: Alexandra Munoz
Co-reviewer(s): Unamay Gordon
IE Contact Person:

Technical Summary	The project "Integrating Community-Led Adaptation and Climate Risk Reduction for Resilience Building at Local Level in Sri Lanka" aims to strengthen the climate resilience and adaptive capacity of vulnerable communities engaged in Prajashakthi, the national poverty eradication programme, enabling them to sustainably manage climate risks and safeguard livelihoods under changing climatic conditions. This will be done through the three components below: Component 1: Strengthen the Knowledge, Data/information Resource Base and Policy Coherence for Climate-Resilient Planning, Budgeting, and Implementation within the Prajashakthi poverty eradication programme (USD 1,540,000); Component 2: Strengthen governance and institutional capacity for climate-risk informed community development within the Prajashakthi programme (USD 2,300,000); Component 3: Demonstration and systematization of community-led transformative adaptation and resilience building for integration into Prajashakthi programme (USD 12,842,027).

	Requested financing overview: Project/Programme Execution Cost: USD 1,751,152 Total Project/Programme Cost: USD 18,433,180 Implementing Fee: USD 1,566,820 Financing Requested: USD 20,000,000 The proposal includes a request for a project formulation grant and/or project formulation assistance grant of USD 150,000. The initial technical review raises several issues, such as the lack of clear assumptions in the Theory of Change, the lack of an Initial Gender Analysis, the lack of details of the consultation process, including discussions and perspectives included in the proposed project, and the lack of a clear explanation to support the cost-effectiveness of the proposed interventions, as is discussed in the number of Clarification Requests (CRs) and Corrective Action Requests (CARs) raised in the review.
Date:	2 February 2026

Review Criteria	**Questions**	**First Technical Review Comments February 2, 2026**
Country Eligibility	1. Is the country party to the Kyoto Protocol, and/or the Paris Agreement?	**Yes.** The country has ratified both the Kyoto Protocol (03 September 2002) and the Paris Agreement (21 September 2016).
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	**Yes.** Sri Lanka has experienced a growing incidence of climate-induced disasters, reflected in the increasing frequency and intensity of events such as drought, floods and landslides. Sri Lanka is experiencing clear and accelerating climate trends that are already affecting livelihoods, ecosystems, water security, and infrastructure

Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	**Yes**. As per the Endorsement letter dated 09 January 2026.
	2. Does the length of the proposal amount to no more than Fifty pages for the project/programme concept, including its annexes?	**Yes**. The total number of pages of the concept note is 47 pages including annexes. **CR1:** Kindly ensure that every table is properly labelled to facilitate reference and review, in a sequential way.
	3. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?	**Yes**. **However, further information is required.** Part II.A and Theory of Change (ToC), pages 14 – 26. The vertical logic presented leads to three substantive outcomes, together with their corresponding outputs and activities. The proposed programme aims to integrate climate change tools and criteria, among others, into the Prajashakthi Programme, the national poverty eradication programme. The proposal also includes a ToC diagram that identifies the Fund Outcomes targeted by the project (AF Outcomes 2, 3, and 5). However, some clarifications and additional details are required. **CR2**: Please amend the ToC figure as follows: (i) differentiate risks from assumptions, (ii) include the main development problem the proposed project is intended to address, and (iii) the main activities to achieve each outcome of the proposed project.

		CR3: Please clarify the following: While four specific objectives are stated, only three components are described. It is unclear whether a fourth component is missing or which component encompasses the Knowledge and Learning Management activities. In addition, please clarify which components/activities UNDP and UN Habitat's role as Executing Entities will be needed as this has budget implications (refer to **CR29.** **CAR1:** Please include details for every activity such as the stakeholders involved and the number of beneficiaries, including gender-disaggregated data. Additionally, include specific targets for each output. **CR4:** Please revise all Outputs to ensure they represent direct and tangible deliverables. For instance, "*Output 3.3: Climate-resilient value chains developed and strengthened, integrating smallholder producers, processors, and market actors into inclusive and sustainable production and market systems",* describes an outcome rather than an output as it represents a result in the medium term.
	4. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	**Yes**. **However, further information is required.** Part II.B, pages 26 – 28. The proposal outlines expected economic, social, and environmental benefits and describes potential risks and negative consequences. It presents the number of beneficiaries and quantifies the main results for the different components. With regard to gender, the social benefits section states that at least 50% of decision-making platforms will be represented by women.

		However, the proposal does not clearly present sequential vertical logic explaining how the identified benefits will be achieved, nor does it explain how benefits will be equitably distributed or include an Initial Gender Analysis. **CAR2**: Please expand the information on beneficiaries to include both direct and indirect beneficiaries for the economic, social, and environmental benefits, and explain how these benefits will be equitably distributed among women and other vulnerable groups, such as the elderly. In other words, beneficiaries should be disaggregated by these groups. **CR4:** Please include in Part II.B a brief explanation of the methodology used to calculate the economic, social, and environmental benefits, as well as any other evidence used to support the quantifications provided. **CR5:** Please outline the specific benefits that women, the elderly and other vulnerable groups will receive from the economic, social and environmental perspectives. **CAR3**: Despite the PFG request considering a gender analysis and the construction of a Gender Action Plan, an Initial Gender Analysis should be provided at the CN stage. Please provide an Initial Gender Analysis based on desktop research to address at least: (i) the distinct needs, capacities, roles, and knowledge resources of women and men at the national level and in the areas of intervention;

		(ii) to identify how evolving gender dynamics may influence potential changes.
	5. Is the project / programme cost effective?	**Unsure**. Part II.C, page 28. The proposal provides a broad explanation of the expected results and products for each component; however, it does not include a logical explanation for the cost-effectiveness, nor does it clearly explain the sustainability perspective of the proposed interventions. The CN would also benefit from clearer articulation of alternative options compared to project approach to help determine cost-effectiveness. **CAR4:** Please provide a logical and sequential explanation of the selected scope and approach for the cost-effectiveness of the proposed interventions, including some quantifications when possible. Please expand on why this approach is better than others, and not only why it works. **CAR5:** Please explain the logic by which the project's benefits will be sustained after the project ends, in order to demonstrate the sustainability perspective of the proposed project.
	6. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	**Unsure**. Part II.D, page 29. The proposal states that the proposed project will be consistent with national and subnational strategies and aligned with the National Policy Framework 2025–2029, Sri Lanka's National Adaptation Plan (NAP) 2016–2025, NDC 3.0 (2026–2035), the SDGs, among others. However, a comprehensive list of the identified strategies and plans is not provided, nor is it clearly

		explained how the proposed project specifically aligns with them. **CAR6:** Kindly provide the details of the identified plans and strategies in a table format, including: (i) Specific name of the plan/strategy and years of implementation, (ii) Main objective(s), (iii) Explain the relevance to the proposed project, including its alignment with the existing plan or strategy. A suggested structure could be: *'The proposed project is aligned with [Plan XX], under [Specific Action XX], contributing to [Outcome XX].'*" **CR6:** Please ensure that the table listing is comprehensive and includes all relevant plans and strategies related to adaptation, as well as sectoral plans.
	7. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?	**No.** Part II.E, pages 29-30. The proposal states that the implementation of the proposed project will be fully compliant with Sri Lanka's technical, legal, and institutional frameworks, as well as with the Adaptation Fund's Environmental and Social Policy (AF ESP). However, it does not explain how compliance with relevant national and local technical standards and the AF ESP will be achieved. **CAR7**: Please identify a <u>comprehensive</u> list of national and local technical standards and provide a clear,

		logical explanation of how the proposed project will comply with them. This information should be presented on a table. For <u>each identified standard,</u> please include: (i) The **scope and relevance** in relation to the proposed project, i.e., the rationale for its selection. (ii) How the standard **relates** to the proposed project, clearly identifying the outputs and activities that will require compliance with the standard. (iii) The **project's compliance status**. Where compliance is required, please describe the <u>specific steps</u> that will be taken to achieve compliance. Please be sure to include the name of the competent authority for the standard.
	8. Is there duplication of project / programme with other funding sources?	**Unsure.** Part II.F, pages 30 – 32. The proposal indicates that no duplication is expected, as the proposed project is designed to be implemented through the Prajashakthi Project. In addition, it states that, in cases of potential duplication, implementation will target different geographic areas and sectoral focuses, and that all activities will be coordinated with executing entities and line ministries. The project therefore complements other funding sources by leveraging Prajashakthi to scale up climate-resilient planning and investments at the national level. However, the proposal does not provide a comprehensive list of all relevant projects.

		CR7: Kindly include a comprehensive table listing with all projects that are or have been implemented in Sri Lanka and are related to the proposed project. Please ensure for <u>each:</u> (i) Project title, Timeline and specific Location within the country, (ii) Main project interventions, and Target population, (iii) Donors/Funding Agencies (iv) Implementing entity, (v) Lessons learned, (vi) Overlaps and synergies with the proposed project. The <u>no-duplication</u> statement should be <u>clearly justified</u> for each related project identified, for example by specifying the distinct geographic areas and/or the different types of interventions involved. **CR8**: Please consider other Adaptation Fund projects as there may be lessons learned from earlier initiatives that can support the project design. The lessons learned should be clearly identified and included in the table (*See CR12*).
	9. Does the project / programme have a learning and knowledge management component to capture and feedback lessons?	**Unsure**. Part II.G, page 32. The proposal includes a broad explanation of: (i) the approach through which the proposed project will integrate with the Prajashakthi Project, (ii) operational learning, including the role of a Learning and Knowledge Management Officer, and (iii) knowledge products, such as technical briefs, manuals, among others which will be stored on a digital platform However, no specific information is provided, and it remains unclear how KM and learning activities will be

		implemented and tracked. Linkages to regional knowledge platforms are not defined and may be useful for enriching knowledge beyond project beneficiaries. **CR9**: Please clarify: 1. How will lessons learned be disseminated, among others, at the local and national levels? 2. Who will be responsible for tracking the experiences gained? Will the Knowledge Management Officer also be responsible for this along with synthesizing the data with support of MEL team and Learning and Knowledge Coordination Mechanism? 3. How will the knowledge generated be sustained after the project concludes and what institutional and budgetary arrangements are needed to support these actions? 4. Are there any prior agreements with the government and the team responsible for the Prajashakthi Project to ensure the integration of the proposed project? **CAR8:** Kindly include: 1. Additional details on the Learning and Knowledge Management activities, including the institutions involved, specific activities, and main objectives. **2.** Consider whether a dedicated component should be included for knowledge management and learning activities.
	10. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations in	**Unsure**. Part II.H, pages 32 – 33. The proposal states that a consultation process was conducted at the national, subnational, and community levels, including

	compliance with the Environmental and Social Policy and Gender Policy of the Fund?	timeframes for some of the consultations. In addition it refers to gender-responsive consultations. However, no specific information on the consultations is provided. **CR10:** Kindly ensure the following information in table format in Part II.H: (i) The list and total number of attendees of each consultation, disaggregated by sex, with background information to verify whether marginalized and vulnerable groups have been consulted. In addition, it would be helpful to clarify whether the Ministry responsible for gender was consulted during the project preparation, if not, whether engagement is planned during the PFG process. (ii) A summary of the subjects/issues discussed, and any agreements reached for each consultation. This should include specifically how the agreements were included in the proposed project. (iii) Timeframe in which these consultations took place. (iv) Indicate how the interests of women, the elderly and other vulnerable group considerations were addressed in the proposed project. **CR11:** Please provide an Initial Gender Analysis that highlights gender dynamics and differentiated impacts between men and women from a national or sector-wide perspective. *See **CAR3**.*
	11. Is the requested financing justified on the basis of full cost of adaptation reasoning?	**Yes**. **However, further information is required.**

		Part II.I, pages 32 – 33. The proposal states for each component of the proposed project, a baseline scenario and an Adaptation Fund scenario, broadly explaining the cost of adaption reasoning for the proposed interventions. It does not explicitly state that AF along can deliver the adaptation outcomes. However, more information is required. **CAR9:** Kindly indicate whether the project requires co-financing. If no co-financing is required, this should be clearly stated in the Concept Note (CN), Part II.I. **CR12:** Please provide further details on: • how the proposed project's objective will be achieved from an adaptation perspective. • The costs of the proposed activities, including a comparison with alternative options.
	12. Is the project / program aligned with AF's results framework?	**Yes**. **However, some amendments are required.** Part III.A, pages 38 – 40. The proposed project is aligned with the latest version of AF Results Framework, however, some amendments in the Table are required. **CR13**: Please expand the narrative on the project's alignment with Strategic Results Framework outcomes at Part II B. **CR14**: Please include in the "Project Objectives", the information and the Grant Amount (USD) for each specific objective rather than the General Objective. To complete the Table, please follow the instructions and example in the updated AF Results Framework.

		CR15: Please ensure the following information is included in the table at Part III.A: 3. All project's outputs and outcomes indicators are SMART. 4. Consistency between the AF outcome, outcome indicators, output and output indicators according to the Adaptation Fund Strategic Results Framework outlined in the updated AF Results Framework (nov 2025). For example, in the AF alignment table in the **proposal**, Outcome 2 is states as "*Institutions with strengthened capacity to understand and better address climate risks and resilience [# of institutions, disaggregated by scale and sector]*", while in the **AF Results Framework** Outcome the precise wording is "*Strengthened institutional capacity to reduce risks associated with climate-induced socioeconomic and environmental losses"*. Wording and numbering must be precise.
	13. Has the sustainability of the project/programme outcomes been taken into account when designing the project?	**Yes**. **However, further information is required.** Part II.J, page 35. all key areas of sustainability (economic, social, environmental, and financial) are outlined. The sustainability of the proposed interventions is based on their integration into the Prajashakthi National Programme. From a financial perspective, the proposed project will rely on domestic financial flows, while governance is expected to be anchored in community development councils and other local structures. However, no details are provided on how operations, maintenance, and replacement costs will be financed, the long-term institutional arrangements required, or

		whether any formal agreements have already been established. Additionally, the proposal does not explicitly state that areas such as operations and maintenance costs will be addressed at the full proposal stage. **CR16:** Please ensure that the sustainability perspective of the proposed project goes beyond capacity building and the integration into the Prajashakthi National Programme. Please consider whether additional mechanisms will be put in place to ensure all the sustainability arrangements required. **CAR10:** Kindly specify the arrangements required to ensure the project's sustainability and long-term maintenance, including financial, social, regulatory, institutional, economic, and environmental measures. This should also include the agreements required with the government, private institutions, and the Prajashakthi National Programme, as well as the corresponding timeframe. Additionally explicit reference to formal policy instruments such as circulars and cabinet decision can help lock in adoption. **CR17:** Please address how the interventions are expected to scale up or replicate in other regions of Sri Lanka.
	14. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	**Unsure.** Part II.K, pages 35 – 37. The proposal does not show clear compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund. The checklist on environmental and social impacts is

		partially completed. Further information and amendments are required. **CAR11**: Please include an Initial Gender Analysis following ***CAR3*** and explain how the proposed project complains with the Gender Policy of the Adaptation Fund. **CAR12:** Please include in Part II.K, the category in which the screening process has classified the proposed project (Category A, B or C). **CAR13:** Please include in the Table in Part II.K: 1. Describe all potential impacts (direct, indirect, transboundary and cumulative) and risks that could result from the project. 2. Identify the magnitude of the risks and impacts ie. No risk, low risk, medium risk or high risk. Risk should describe as: "*There is a risk ….".* If no risk is identified, please provide reasoning for this. 3. All identified risk should be accompanied by mitigation plans. Mitigation plans should be started by "*The mitigation plan for this risk is ….*" or "*to mitigate this risk, the project will …."* **4.** Kindly leave a check mark in the second column '**No further assessment required for compliance**' if no further assessment and leave blank if an assessment is to be conducted. **No text should be included in the second column.** **CAR14**: Please note for the checklist that Adaptation Fund Principles 1, 4 and 6 always apply. For more

		information, please visit: AF's ESP guidance and Environmental and Social Policy .
Resource Availability	1. Is the requested project / programme funding within the cap of the country?	**Yes.**
	2. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee?	**Yes.** **However, some amendments are needed.** Table "Project/Programme Components and Financing" and PFG Form. All figures are rounded to whole numbers, and the Implementing Entity Management Fee is 8.5% (USD 1,566,820). The figures add up across the tables alongside the CN. The PFG request is correct in size (USD 150,000), including the PFG fee for the Implementing Entity's Management of 8.5% (USD 12,750). However, there may be a minor discrepancy in the Total Project/Programme Cost. **CAR15:** Please revise the Amount of Financing Request and amend accordingly. The total Program Cost as stated on page 20 is USD 18,433,180. However, the correct calculation should be stated as USD 18,433,179, summing a total of (Total Request) of USD 19,999,999.

	3. Are the Project/Programme Execution Costs at or below 9.5 per cent of the total project/programme budget (including the fee)?	**Yes.** **However, some amendments are required.** The figures are rounded to whole numbers and consistent throughout the CN. The Execution Costs are at the cap of 9.5% (USD 1,751,152). However, the Implementing Entity, UNDP, will act as Executing Entity as well. **CR18:** Please clarify whether UNDP or UN-Habitat will act as the Executing Entity. Depending on this, the cap for execution costs will be determined. **CAR16:** Please clarify if Ministry of Rural Development, Social Security, and Community Empowerment, UNDP, UN-Habitat, and FAO will also execute the PFG. If not please amend the PFG form in the event UNDP intends to execute the PFG.
Eligibility of IE	1. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	**Yes.** United Nations Development Programme (UNDP) is an accredited Multilateral Implementing Entity (MIE). The Implementing Entity's accreditation expiration date is 11 October 2029.
Implementation Arrangements	1. Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund?	n/a at concept stage
	2. Are there measures for financial and project/programme risk management?	n/a at concept stage
	3. Are there measures in place for the management of for environmental and social risks, in line with the Environmental and Social Policy and Gender Policy of the Fund?	n/a at concept stage

	4. Is a budget on the Implementing Entity Management Fee use included?	n/a at concept stage
	5. Is an explanation and a breakdown of the execution costs included?	n/a at concept stage
	6. Is a detailed budget including budget notes included?	n/a at concept stage
	7. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators, in compliance with the Gender Policy of the Fund?	n/a at concept stage
	8. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?	n/a at concept stage
	9. Does the project/programme's results framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework?	n/a at concept stage
	10. Is a disbursement schedule with time-bound milestones included?	n/a at concept stage

ADAPTATION FUND

CONCEPT NOTE PROPOSAL FOR SINGLE COUNTRY

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project: Integrating Community-Led Adaptation and Climate Risk Reduction for Resilience Building at Local Level in Sri Lanka

Country: Sri Lanka

Thematic Focal Area: Ecosystem-based adaptation, rural/urban development

Type of Implementing Entity: Multilateral Implementing Entity

Implementing Entity: United Nations Development Programme (UNDP)

Executing Entities: Ministry of Rural Development, Social Security, and Community Empowerment, UNDP, UN-Habitat, and FAO

Amount of Financing Requested: 20 000 000 (in U.S Dollars Equivalent)

Project Formulation Grant Request: Yes ☒ No ☐

Amount of Requested financing for PFG: 150 000 (in U.S Dollars Equivalent)

Letter of Endorsement (LOE) signed: Yes ☒ No ☐

NOTE: LOEs should be signed by the Designated Authority (DA). The signatory DA must be on file with the Adaptation Fund. To find the DA currently on file, check this page: *https://www.adaptation-fund.org/apply-funding/designated-authorities*

Stage of Submission:

☐ This concept proposal has been submitted before

☒ This is the first submission ever of the concept proposal

In case of a resubmission, please indicate the last submission date: Click or tap to enter a date.

Please note that concept note documents should not exceed 50 pages, including annexes.

Project/Programme Background and Context:

1. Introduction

1.1 National Context: Geography, Topography, Demography

Sri Lanka is an island nation of roughly 65,610 km² with a population of 23.2 million and a highly varied physical landscape that directly shapes climate risk, exposure and sensitivity. The central highlands rise above the 2500m contour and act as a major orographic barrier, creating three distinct climatic zones: Wet, Dry, and Intermediate. The Wet Zone extends across the Western and Southwestern slopes, receiving high rainfall primarily during the southwest monsoon; the Dry Zone covers the Northern, Eastern, Southeastern, and Northwestern regions, receiving rainfall primary from highly variable Northeast monsoon and characterized by seasonal water scarcity and high evapotranspiration; and the Intermediate Zone lies between the two zones, with transitional rainfall patterns. These zones are shaped by the bimodal monsoon system—the Southwest (SWM) and Northeast (NEM) monsoon—which results in spatial and temporal variability in precipitation. Altitude and monsoon pattern determines variation of the temperature ranging from 5°C to 38°C. The country's unique hydrology is defined by radial river basins originating in the highlands, extensive tank cascade systems across the Dry Zone, and densely populated, low-lying coastal plains.

In Sri Lanka, 81% of the population resides in rural areas, with livelihoods predominantly dependent on climate-sensitive activities like agriculture, fisheries, livestock, and forestry. Urbanisation is accelerating, but remains largely unplanned, resulting in 'messy' sprawls. Demographic trends, including population ageing, persistent rural poverty, and migration, further exacerbate vulnerability. These spatial and demographic dynamics produce differentiated climate-risk profiles across rural and urban settings, necessitating localized and context-specific adaptation measures.

1.2 Macro-economic Context

Sri Lanka's macro-economic landscape remains profoundly constrained following the 2022 economic crisis that severely curtailed fiscal space for climate-resilient investment. The crisis, precipitated by structural weaknesses (i.e., a restrictive trade regime, regulatory uncertainty, weak investment incentives, and inefficiencies in state-owned enterprises (SOEs) suppressed private sector growth, etc.), fiscal and monetary mismanagement (instances of loose monetary policy and an administered exchange rate, combined with poor governance-fuelled distortions and imbalances such as exchange-rate overvaluation, inflationary pressure, depletion of foreign reserves, etc.), and exogenous shocks, including the COVID-19 pandemic and global commodity price surges, led to a collapse of foreign reserves, acute shortages of essential goods, and systemic economic disruptions.[1]

In 2022, Sri Lanka's GDP contracted by 7.3%, inflation peaked at 69.8%, and public debt rose to 119.2% of GDP resulting in its first external debt default.[2] Poverty rate at the $3.65/day (2017 PPP) threshold surged from 11.3% in 2019 to 25.9% in 2023, remaining elevated at 24.5% in 2024, while extreme poverty (at $2.15/day) reached 4.6%.[3] Rural households reliant on climate-sensitive livelihoods experienced severe welfare erosion, compounded by input shortages and price shocks. Urban poverty tripled, with low-income households facing declining real wages and reduced access to essential services.[4] Inequality widened (Gini coefficient: 37.7 in 2019 to 38.5 in 2023),[5] and vulnerability deepened, with one-third of the population living in poverty or high risk of falling back into it.[6] Malnutrition indicators deteriorated: underweight prevalence among children under five rose from 12.2% to 17% (2021-2024), and stunting increased from 7.4% to 10.5%.[7] Despite IMF-supported stabilization measures, household welfare or productive capacity remain depressed, with real wages 14-24% below pre-crisis levels.[8] The fiscal deficit, while reduced, is still elevated, and interest payments absorb a large share of government revenue (9% of GDP in 2024),[9] limiting public investment in climate-risk management and resilience-building.

In summary, Sri Lanka's macro-economic context is characterized by persistent vulnerability, high poverty and inequality, and constrained fiscal space. Without substantial external support—including the Adaptation Fund—the country's recovery pathway will remain fragile, with limited prospects for inclusive, climate-resilient development.

1.3 Community Development

[1] World Bank. (2025). Sri Lanka Development Update: Staying on Track. In *https://documents1.worldbank.org/curated/en/099416504222514112/pdf/IDU-5b9c001a-8831-43a2-92e7-71fbee0f642e.pdf*.
[2] World Bank . (2025). Sri Lanka Development Update: Staying on Track. In *https://documents1.worldbank.org/curated/en/099416504222514112/pdf/IDU-5b9c001a-8831-43a2-92e7-71fbee0f642e.pdf*; World Bank . (2024). Sri Lanka Development Update: Opening Up to the Future. In https://openknowledge.worldbank.org/server/api/core/bitstreams/c357885f-74d2-460d-84ac-4f8311f4e2f4/content.
[3] World Bank. (2025). *Op. Cit.*
[4] World Bank. (2024). *Op. Cit.*
[5] World Bank. (2024). *Op. Cit.*
[6] World Bank. (2025). *Op. Cit.*
[7] World Bank. (2025). *Op. Cit.*
[8] World Bank. (2025). *Op. Cit.*
[9] World Bank. (2025). *Op. Cit.*

Approximately 16% of Sri Lankans are multidimensionally poor, with 81% residing in rural areas. Overlapping deprivations such as substandard housing, limited access to clean energy, poor sanitation, weak education outcomes, and irregular incomes intersect with climate exposure to create acute vulnerability. These vulnerabilities are further compounded by structural inequality and gender disparities, resulting in differentiated impacts across households and communities. Sri Lanka's poverty alleviation model has historically relied on universal welfare mechanisms such as free education, universal healthcare, food subsidies, and social protection programmes including the Integrated Rural Development Programme, Janasaviya, Samurdhi, Gamidiriya, and more recently Aswesuma. While these programmes delivered important social gains, they were not designed to address climate risk and therefore did not account for the increasing exposure of poor and near-poor households to climate hazards.

The economic crisis deepened these vulnerabilities: multidimensional poverty rose; income security deteriorated; and local safety nets weakened. Negative outcomes of this scenario included 60% of households reporting income reductions, three-fourths curtailed expenditure or altered diets, and 24% were food insecure in late 2023. Climate shocks now interact with economic fragility to amplify food insecurity, malnutrition, income instability, and negative coping strategies, particularly among women-headed households, daily wage labourers, estate communities, smallholder farmers, youth, and persons with disabilities. Climate shocks disproportionately affect women by increasing unpaid care burdens, constraining livelihood options, reducing food and nutrition security, and limiting participation in recovery and planning processes, making development planning structurally gender-biased even when welfare objectives are well intentioned. Child undernutrition has worsened, signalling long-term human capital erosion. This intersection of poverty, economic fragility, and climate risk threatens to reverse decades of development progress.

Sri Lanka's development challenges are rooted in long-standing structural deficits in poverty reduction, governance, service delivery, and macro-fiscal stability. These constraints would persist even without climate change. However, rising temperatures, declining and increasingly unreliable NEM rainfall, and more frequent droughts, floods, landslides, cyclones, and sea-level rise are now intensifying these deficits and pushing vulnerable households beyond their coping ranges. The Adaptation Fund-financed measures proposed under this project are not a substitute for core poverty reduction or macroeconomic reforms; they are targeted, climate-risk-focused investments that address the incremental climate-risk layer. By supporting climate information systems, risk-informed planning tools, community-led and ecosystem-based adaptation measures, early warning systems, flood and landslide modelling systems, and climate-smart livelihoods that explicitly address climate-related impacts on water, agriculture, settlements, and local infrastructure, the project enables the national community development programme (i.e. Prajashakthi) and associated local development systems to reduce exposure and sensitivity, increase adaptive capacity and strengthen resilience while covering incremental adaptation costs that cannot be met through domestic development budgets or the baseline Prajashakthi programme.

1.4. Climate Rationale[10]

Sri Lanka's climate system is governed by a bi-annual monsoon regime and inter-monsoonal periods, which collectively deliver highly variable rainfall. The SWM and NEM account for 56% of the country's annual rainfall, governing seasonal hydrology, water availability, and agricultural calendars, while the inter-monsoons (FIM, SIM) contribute 44%, increasingly characterized by convective storms, localised flooding and lightning intensification. Climate-induced hazards have intensified dramatically—22-fold over the last decade.

Sri Lanka has experienced a growing incidence of climate-induced disasters, reflected in the increasing frequency and intensity of events such as drought, floods and landslides. Between 2015 and 2017 alone, disaster events caused damages exceeding LKR 175 billion (USD 1.1 billion), affected 1.2 million people, reduced rice paddy production by 40%, and led to 246 fatalities and displacement of over 600,000 individuals. Economic losses from disasters averaged $313 million per year between 2011 and 2020, with 750,000 Sri Lankans affected annually. The impacts of these climate shocks were compounded by deepening socio-economic fragilities during and after the economic crisis, including rising poverty (from 13.1% to 25%), increasing inequality (Gini coefficient from 0.377 to 0.400), and worsening gender gaps (GGI index from 0.676 to 0.653) between 2018 and 2024.

It is within this context of heightened vulnerability that Cyclone Ditwah struck Sri Lanka in November 2025, causing devastation on a scale exceeding the 2016–2017 flood events. The cyclone affected over 2.3 million people across all 25 districts, including more than 522,000 children, 263,000 elderly persons, and 21,200 pregnant women, with 410–639 reported fatalities and hundreds missing. More than 233,000 people from 64,483 families were displaced and sought refuge in 1,441 government-run safety centres, underscoring the nationwide extent of impact[1].Ditwah caused extensive damage to critical infrastructure, including approximately 1,600 km of roads, 35 bridges, 278 km of rail network, and widespread disruption to water supply systems and the national power grid. Nearly 107,283 homes (around 2 percent of national housing stock) were damaged or destroyed, along with 243 health facilities, 1,339 schools, and 2,720 preschools, severely disrupting essential services. The cyclone struck during the critical main cultivation season (i.e. Maha cultivation season), severely undermining agricultural production. Entire paddy tracts were inundated, with an estimated 148,410 ha (19 percent) of cultivated land damaged. Losses extended beyond crops to

[10] All climate data and projections cited in the preceding chapter are sourced from the latest available reference: Jayawardena, I. M. S. P., Darshika, D. W. T. T., Herath, H. M. R. C., & Hapuarachchi, H. A. S. U. (2024). *Climate variability, observed climate trends, and future climate projections for Sri Lanka*. Elsevier EBooks, 77–119. https://doi.org/10.1016/b978-0-323-99519-1.00010-7

farmland, agricultural machinery, farm vehicles, and irrigation pumps, disrupting the livelihoods of over 200,000 agrarian and fishery-dependent households.

The fisheries sector experienced catastrophic losses, estimated at LKR 20.5–21.5 billion. In marine fisheries, 245 outboard fiberglass boats and more than 50 multi-day vessels were damaged, while key harbours lost sanitation and freshwater systems, triggering cold-chain failures that prevented fishers from marketing their catch. Inland fisheries suffered extensive damage, including shrimp farm destruction valued at LKR 12.7 billion, reservoir failures leading to fish stock escapes worth over LKR 5.7 billion, and the loss of 746 inland fishing canoes.

The livestock sector faced severe decapitalisation, rather than short-term income loss. The cyclone resulted in the death of 37,404 cattle and buffaloes, 15,911 goats and sheep, and an estimated 487,640 poultry, with the Northern Province accounting for approximately 60 percent of cattle and buffalo losses. The destruction of 1,468 animal sheds and 188.6 ha of pastureland further threaten surviving herds through malnutrition and disease. Women-headed households were disproportionately affected by this scenario, as livestock often represents their primary asset base and liquidity buffer. Food security deteriorated sharply following the event, with 39 percent of affected households reporting inadequate diets and more than half experiencing income reductions. Environmental impacts were also significant, with over 25,000 tons of solid waste and 60,000 m^3 of construction debris generated, posing serious environmental contamination and public health risks. Overall, more than 2.3 million people in affected areas were classified as facing moderate to high food insecurity risk. The scale and severity of Cyclone Ditwah triggered a nationwide emergency response, highlighting both the intensification of climate hazards and the growing strain on national response and recovery capacity. While formal attribution of individual events to anthropogenic climate change remains complex, Ditwah is consistent with observed trends of increasingly intense rainfall, recurrent flooding and landslides, and projections of more frequent compound extreme events under a warming climate in Sri Lanka.

In the project's target districts, Ditwah's heavy rainfall, flooding, and landslides damaged critical community infrastructure, disrupted livelihoods, and compounded pre-existing socio-economic stresses arising from the recent macroeconomic crisis. The event provides a stark illustration of how climate-related extremes can rapidly erode fragile development gains and overwhelm existing coping mechanisms, reinforcing the urgency of systemic, anticipatory adaptation investments under this project.

These escalating climate impacts are occurring in a landscape characterized by entrenched socio-economic fragilities: Around 80% of the population lives in rural areas, with 30% depending on climate-sensitive agricultural livelihoods; High water-demanding paddy farming, which generates less income, is the mainstay in the dry zone, while rainfed upland farming systems and small landholdings further limit agricultural growth; Structural inequalities, persistent poverty, rising income disparities, and limited access to financial resources or social protection constrain adaptive capacity—particularly among women-headed households, smallholders, and informal workers.

Assessments indicate that 80% of those dependent on nature-based resources in Sri Lanka lack sufficient adaptive capacity, and 81.2% are unable to adequately cope with disasters. Projections of 19 million people living in climate hotspots by mid-century underscore the urgency of systemic interventions. Without targeted, inclusive, and systemic resilience measures, Sri Lanka risks entering a cycle of compounding disasters, where each shock—such as Cyclone Ditwah—further erodes livelihoods, degrades natural resources, weakens institutions, and widens socio-economic disparities. Strengthening climate-resilient planning, risk-informed local development, adaptive livelihoods, and resilient infrastructure is therefore urgent to safeguard development gains and protect vulnerable communities.

Implications for project design and results framework: The climate hazards, trends, sensitivities and coping-range exceedances described above directly inform the structure of the proposed intervention framework. The systemic nature of climate risk – manifesting through centralised planning with lack of community participation, weak institutional capacity, degraded ecosystems, and vulnerable livelihood systems - necessitates a multi-level response. Component 1 responds to these risks by institutionalising climate-risk information, screening tools and decision-support systems within national community development (i.e. Prajashakthi's) planning and budgeting processes. Component 2 addresses the identified institutional and governance constraints by strengthening human capacity, coordination mechanisms, and community-level decision-making structures required to operationalise climate-resilient development. Component 3 translates climate-risk analysis into action through landscape-based demonstrations that reduce exposure, restore ecosystems, and strengthen climate-resilient livelihoods in the most climate-vulnerable districts. Together, these components ensure that the project directly reduces exposure and sensitivity to climate hazards and strengthens adaptive capacity and build resilience in line with the Adaptation Fund Strategic Results Framework.

1.4.1. Observed Climate Trends[11]

[11] All climate data and projections cited in the preceding chapter are sourced from the latest available reference: Jayawardena, I. M. S. P., Darshika, D. W. T. T., Herath, H. M. R. C., & Hapuarachchi, H. A. S. U. (2024). *Climate variability, observed climate trends, and future climate projections for Sri Lanka*. Elsevier EBooks, 77–119. https://doi.org/10.1016/b978-0-323-99519-1.00010-7

Sri Lanka is experiencing **clear and accelerating climate trends** that are already affecting livelihoods, ecosystems, water security, and infrastructure. Observed data indicate a steady rise in mean annual temperature of approximately 0.13°C per decade since the 1960s, with both maximum and minimum temperatures increasing, and minimums rising faster than maximums, resulting in a decreasing diurnal temperature range. Over 60% of weather stations across the island show a significant increase in warm nights, while 70% show a decrease in cold nights. Heat extremes are becoming more frequent and intense, particularly in urban and peri-urban areas such as Colombo, where the urban heat island effect further elevates local temperatures and exacerbates heat stress for low-income populations, outdoor workers, and those in informal settlements.

Rainfall patterns are becoming increasingly variable and less predictable, with pronounced spatial and seasonal disparities. Annual rainfall ranges from less than 1,000 mm in the southeastern and northwestern dry regions to more than 5,000 mm in the wettest central highlands. The Southwest Monsoon delivers more than 2,000 mm and 50–60% of annual rainfall to windward western slopes, while leeward eastern slopes receive less than 250 mm (10–20%) due to rain-shadow effects. The Second Inter-Monsoon (October–November) contributes more than 350 mm island-wide and 35–45% of annual rainfall for the driest coasts, making its volatility critical for agricultural and water security. Extreme rainfall events have doubled since 1990, particularly during inter-monsoonal periods, driving flash floods, landslides, and severe wet-zone flooding, while declining reliability of Northeast Monsoon rainfall is reducing seasonal recharge of minor irrigation systems in Dry Zone districts.

Large-scale climate drivers, including El Niño–Southern Oscillation (ENSO), the Indian Ocean Dipole, and the Madden–Julian Oscillation, **strongly modulate monsoon behaviour and intra-seasonal variability**. El Niño events tend to reduce Southwest and Northeast Monsoon rainfall while enhancing Second Inter-Monsoon rainfall, with La Niña having the opposite effect, while Madden–Julian Oscillation phases drive flood–drought oscillations by influencing monsoon rainfall intensity. These modes interact with local land-use change and basin hydrology to generate more frequent and pronounced swings between dry spells and extreme wet events, placing additional stress on agricultural livelihoods, reservoir and tank management, and local infrastructure.

Sri Lanka is also **increasingly exposed to compounding climate hazards** across regions. Intensified convective rainfall during inter-monsoons drives recurrent floods and landslides across western, central, and eastern slopes, damaging transport networks, housing, irrigation schemes, and public facilities. Droughts between 2011 and 2021 affected an estimated 9.6 million people, undermining rainfed and irrigated agriculture, livestock, and drinking water security, while floods cause annual losses of approximately US$240 million. Sea-level rise of about 3 mm per year, combined with seasonal surges of 18–22 cm and storm events, is accelerating coastal erosion and saline intrusion, degrading coastal ecosystems, agricultural lands, and freshwater resources, and increasing risks to coastal settlements, fisheries infrastructure, and tourism assets.

The recent impacts of Cyclone Ditwah, affecting over 2.3 million people and leaving over 800 people dead or missing, further illustrate how extreme events can simultaneously damage critical infrastructure, disrupt markets and supply chains, and intensify food and livelihood insecurity in already fragile districts.
Taken together, these observed trends in temperature, rainfall variability, and multi-hazard exposure provide robust evidence that Sri Lanka's climate risks are intensifying across multiple hazard types and regions, increasingly undermining livelihoods, agricultural production, water security, ecosystems, and infrastructure, and driving a growing need for systemic, climate-resilient development pathways.

1.4.2. Future Climate Projections[12]

Climate projections for Sri Lanka indicate a continued escalation of climate risks under both moderate and high emission scenarios. Multi-model ensemble projections show an increase in both maximum and minimum temperatures for the periods 2020-2040, 2040-2060, and 2070-2090 for both moderate emission (RCP 4.5) and high emission (RCP 8.5) scenarios. Average temperatures are projected to increase by approximately 0.7–1.6°C by mid-century under moderate emission (RCP 4.5) and up to 2.3–3.5°C by late century under high-emission (RCP 8.5) scenarios. Both daytime and night-time temperatures are expected to rise, increasing heat stress on crops, livestock, ecosystems, and human health.

Projected rainfall changes are characterised by increasing variability and more intense extremes rather than uniform changes in annual totals. Southwest Monsoon rainfall is projected to intensify under both moderate emission (RCP 4.5) and high emission (RCP 8.5) scenarios for time periods 2020-2040, 2040-2060, and 2070-2090, increasing flood and landslide risks in wet and intermediate zones. In contrast, even under the moderate emission scenario (RCP 4.5), the Northeast Monsoon rainfall (critical for Dry Zone agriculture and water systems) anomaly is expected to continue its negative trend and be less reliable and below the historical average in all future periods (2040-2060 and 2070-2090) under both emission scenarios (RCP 4.5 and RCP 8.5),

[12] All climate data and projections cited in the preceding chapter are sourced from the latest available reference: Jayawardena, I. M. S. P., Darshika, D. W. T. T., Herath, H. M. R. C., & Hapuarachchi, H. A. S. U. (2024). *Climate variability, observed climate trends, and future climate projections for Sri Lanka*. Elsevier EBooks, 77–119. https://doi.org/10.1016/b978-0-323-99519-1.00010-7

exacerbating drought risk and water scarcity. Short-duration, high-intensity rainfall events are expected to become more frequent, heightening risks of flash flooding, drainage failure, and infrastructure damage.

Heatwaves over the period of 2020-2099 are projected to become longer (a greater number of days that contribute to heatwaves) and more frequent, under moderate emission (RCP 4.5) and high emission (RCP 8.5) scenarios while showing an exponential increase under the high emission scenario. Projections have implications particularly in urbanising districts, where rising temperatures will strain health systems, reduce labour productivity, and increase energy demand. Sea-level rise is expected to continue under all emission scenarios[13], posing growing risks to coastal settlements, lagoons, and critical infrastructure through erosion, flooding, and salinity intrusion. These projections indicate that climate variability and extremes—not just gradual change—will increasingly challenge Sri Lanka's development systems, particularly at the local level.

1.4.2.1. Key Climate Hazards and Projected Changes by District/Landscape

The target districts of Kilinochchi, Mullaitivu, and Mannar in the Northern Province, Batticaloa and Ampara in the Eastern Province, Badulla in the Uva Province and Nuwara Eliya / Mathale in Central Province, face distinct yet interconnected climate hazards. Across the Northern and Eastern districts, Northeast Monsoon (NEM) rainfall has become increasingly unreliable, coupled with rising average temperatures that now surpass the optimal range for paddy cultivation, a primary livelihood. This convergence leads to decreased paddy yields and exacerbates water scarcity, particularly impacting communities dependent on minor irrigation systems and, women-headed households. Batticaloa, situated in the Dry Zone, experiences additional challenges including floods, salinity intrusion, eutrophication, and habitat degradation within its critical lagoon ecosystem, further compounded by heat stress. In Badulla and Nuwara Eliya, increasing ambient temperatures, including higher nighttime temperatures, are reducing the diurnal temperature difference, which negatively affects tuber crop cultivation. Badulla district also contends with water scarcity. As evident by cyclone Ditwah, Badulla, Nuwara Eliya and Matale districts are affected by severe soil erosion and catastrophic landslides, with its terrain morphology and agricultural land use making it particularly vulnerable to intense rainfall events. These climate shifts are already manifesting in tangible disruptions to lives, livelihoods, food and water security, and the stability of essential services, underscoring the urgent need for targeted adaptation interventions.

1.4.3. Implications for Rural and Urban Communities

The convergence of rising temperatures, heat extremes, erratic rainfall, and escalating extreme weather events is fundamentally shaping vulnerability across Sri Lanka's rural and urban communities. These shifts are pushing rural, urban, and coastal systems beyond coping limits, making development increasingly climate-fragile. **Rural systems** face acute stress as shifting monsoon patterns undermine the reliability of the Yala and Maha cultivation seasons—the backbone of national food production. Declining NEM rainfall in the Dry Zone (80% of land area, home to most rural poor) reduced irrigation reservoir recharge, threatens smallholder viability especially those who depend on village irrigation systems and rain-fed farming systems. Similarly, eat stress lowers crop and livestock productivity, while erratic rainfall destabilizes traditional tank cascade and river basin systems, heightening water competition. Prolonged droughts and increasingly frequent flash floods—doubling since 1990—are damaging rural infrastructure including irrigation infrastructures, and livelihoods. **In urban areas**, extreme rainfall overwhelms drainage systems, driving recurrent floods. Heat stress, exacerbated by urban heat islands, degrades infrastructure, strains health services, and reduces labour productivity. Coastal and lowland zones face compounded risks from storm surges and sea-level rise, while landslides increasingly disrupt highland districts, impairing housing, transport, and service delivery.

Importantly, Prajashakthi's nationwide coverage across rural, peri-urban and emerging urban settlements makes the integration of climate risk in these transitional spaces essential, as peri-urban flooding, heat stress, and service disruption are increasingly acting as poverty multipliers for low-income households rather than isolated urban planning challenges.

Without the systematic and systemic integration of climate risk into government planning, budgeting, and service delivery, especially at the local level, Sri Lanka risks perpetual crisis management and recovery cycles. Vulnerable groups (smallholders, women-headed households, and informal workers) already face rising poverty, food insecurity, and malnutrition. Targeted, inclusive, and locally-relevant adaptation strategies are therefore imperative to safeguard livelihoods, protect infrastructure, and prevent the erosion of hard-won development gains in an increasingly volatile climate.

[13] Athuraliya, V. D., Neluwala, P., & Pathirana, K. P. P. (2025). Assessing the impacts of sea level rise on salinity intrusion in the Kelani River, Sri Lanka. *Journal of Water and Climate Change*, 16(2), 607–624. [Online]. Available: https://doi.org/10.2166/wcc.2025.607

1.4.4. Uncertainty and No-Regrets Adaptation

While climate models project a clear trajectory of escalating risks, particularly concerning temperature increases and heat extremes, rainfall projections exhibit a more complex pattern with inherent uncertainties regarding future spatial and temporal distribution. Specifically, model results for rainfall indicate a range of possible outcomes, with some suggesting increased intensity of extreme events and others pointing to persistent deficits in certain zones, particularly during the NEM. To address this, the project adopts “no-or-low regrets” measures—climate-responsive planning, institutional strengthening, and community-led, ecosystem-based adaptation—that deliver development benefits and reduce vulnerability under all plausible future scenarios, regardless of rainfall variability and temperature increase.

1.4.5. Climate Risks and Coping Ranges of Key Systems in Target Districts

The project targets four main livelihood and settlement systems whose current coping ranges are exceeded by observed and projected climate trends.

Village irrigation tank cascades and associated paddy and Other Field Crops (OFC) systems (dry and intermediate zones): Once reliable for storing NEM rainfall, the coping range of this critical infrastructure is being exceeded in several areas including the target districts of Mannar, Ampara, Kilinochchi and Mullaitivu. These systems were designed around relatively predictable monsoon onset, seasonal recharge of minor irrigation tanks, and a cropping calendar suited to typical temperature ranges for paddy cultivation. Declining and erratic NEM rainfall, frequent droughts and floods, and rising temperatures beyond paddy tolerance undermine tank recharge and crop calendars. Increased intensity of rainfall, especially NEM has increased soil erosion and siltation rates of village irrigation tanks. Extreme rainfall and cyclone-induced flooding, as seen during Cyclone Ditwah, damage irrigation infrastructure. Without climate-risk integration—a no adaptation scenario—continued investment in these systems will lock communities into failing livelihoods, causing recurrent crop losses, water conflicts, and heighten the vulnerability of war-affected and women-headed households.

Rainfed and irrigated upland farming, and home gardens (all target districts) systems and intensive upland vegetable farming systems: Rainfed upland farming in the Dry and Intermediate Zones—critical food and income in Kilinochchi, Mullaitivu, Mannar, Batticaloa, Ampara, Matale and Badulla districts—is becoming an inadequate coping strategy..ly In all these districts, while small-scale rainfed home gardening systems that underlie food security and women’s income are at risk due to unreliability of rainfall. Unreliable NEM, prolonged droughts, rising day/night temperatures and soil erosion are resulting in shortened or failed growing seasons and affecting critical crop development stages (flowering/tuber formation). Reduced diurnal temperature difference has affected tuber crops such as potato, carrot, and beer root cultivation in Nuwara Eliya and Badulla districts. Increased soil erosion has reduced soil fertility, while the surpassed soil stability thresholds resulting in landslides under extreme rainfall events in Badulla, Nuwara Eliya and Matale districts. Without adaptation under Prajashakthi, these systems are likely to face further yield instability, land degradation, and declining viability of small plots, accelerating negative coping strategies such as distress migration, asset sales, and shifts to fragile land uses that compound long-term vulnerability.

Lagoon and coastal wetland systems: Critical systems like the Batticaloa Lagoon fringe and the Verugal/Mavil Aru interfaces are losing their buffering capacity against floods and salinity due to recurrent flooding, saline intrusion, eutrophication, declining water quality, mangrove loss, and habitat degradation—aggravated by variable NEM rainfall and upstream water management. Rising sea-levels and variable rainfall further strain regulation of water and salinity. Without adaptation, continued ecosystem degradation and climate-blind interventions will narrow coping ranges, causing frequent flood damage, reduced fisheries productivity, soil and drinking water salinization, and loss of common-property resources critical for war-affected and women-headed households.

Peri-urban and urban settlements (selected towns in target districts): Peri-urban and urban areas in target districts are increasingly exceeding their coping range due to rapid, unplanned urbanization, intense rainfall events, flash floods, and rising temperatures. Conventional drainage infrastructure and residual wetlands can no longer buffer these hazards, leading to recurrent pluvial flooding that disrupts transport, damages housing, and contaminates water supplies. Urban heat island effects, compounded by limited vegetation cover and high surface temperatures, threaten health, productivity, and service continuity—particularly in Dry Zone districts such as Mannar, Kilinochchi, Mullaitivu and Ampara. Vulnerability is amplified by inadequate stormwater management, informal settlement patterns, and weak solid waste systems, disproportionately affecting low-income households, informal workers, and women-headed families lacking climate-resilient housing or municipal services. Without climate-risk screening and nature-based solutions, future investments—including Prajashakthi—will deepen exposure, escalate emergency and repair costs, and erode development gains instead of building resilience.

Considering the priority systems and associated climate impacts described above, the project will implement direct interventions in selected districts in dry zone and central highlands (Figure 1) across the Northern, Eastern, Uva and Central Provinces, chosen based on their high vulnerability, exposure and sensitivity to climate change, coupled with low adaptive capacity. The project proposes to work in these climate-sensitive rural landscapes including plantations and densely populated peri-urban and township areas within the target districts. These areas are highly exposed to climate-induced/aggravated extreme rainfall and flooding, heat stress, drought and water scarcity, soil degradation, human–elephant conflict (HEC), pest outbreaks, and salinity intrusion. Additional detail on these parameters is provided per target district in the following section.

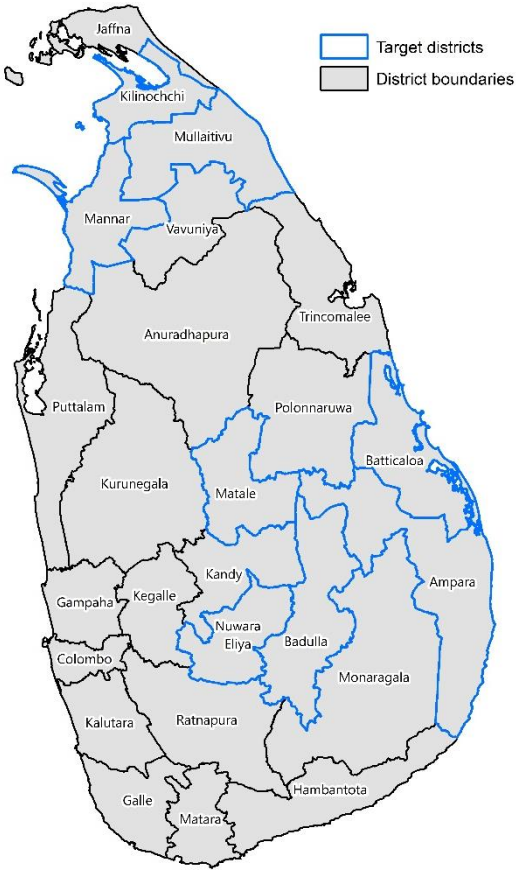

Figure 1. Location of target districts

Kilinochchi District

Kilinochchi features agricultural landscapes with scattered minor irrigation tanks complementing the major Iranamadu tank. Communities here are highly dependent on minor irrigation (i.e. fed by local rainfall) for livelihoods such as paddy and upland crop cultivation and livestock rearing, making them disproportionately vulnerable to water scarcity. Increasing average temperatures have surpassed the ideal maximum for paddy farming, particularly affecting crop maturity and yields. The North East Monsoon (NEM) in this district shows the highest variability and sensitivity to climate change, becoming highly unreliable. As a Dry Zone district, Kilinochchi experiences increased ambient temperatures, and the combination of unreliable NEM and high temperatures results in high exposure. Interventions will include water-efficient irrigation techniques (such as Alternate Wetting and Drying), rainwater harvesting, ecological restoration of minor irrigation tanks to address drought and human–elephant conflict, farming system improvements and climate-smart, market-oriented livelihood and livestock development to reduce losses from climate variability. Kilinochchi is one of two districts rated as having the highest vulnerability, exposure and sensitivity to climate change, and the lowest adaptive capacity.

Mullaitivu District

Mullaitivu encompasses cascade landscapes in its southern and south-eastern parts. Agricultural communities, engaged in paddy, upland crops, other field crops, livestock and fisheries, are dependent on minor irrigation and are disproportionately vulnerable to water scarcity. The district also has a high number of war-affected women-headed households. Similar to Kilinochchi, increasing average temperatures have exceeded the optimal range for paddy farming, impacting crop maturity and yields. Proposed solutions include ecological restoration of cascades, forest tank restoration, water-efficient cultivation techniques such as Alternate Wetting and Drying, improved lowland and upland farming systems, climate-smart market-oriented livelihoods (including livestock) and rainwater harvesting to build resilience to water scarcity and rainfall variation. Mullaitivu is also one of the two districts rated as having the highest vulnerability, exposure and sensitivity to climate change, and the lowest adaptive capacity.

Mannar District

Mannar's agricultural landscapes feature scattered minor irrigation tanks that complement the major Yoda Wewa tank. Livelihoods include paddy, other field crops and upland crop cultivation, and livestock rearing. These agricultural communities are highly dependent on minor irrigation and are disproportionately vulnerable to water scarcity. Increasing average temperatures have surpassed the ideal maximum for paddy farming, affecting crop maturity and yields. Interventions in this district will focus on ecological restoration of minor irrigation tanks, farming systems development, climate-smart and market-oriented livelihood development (including livestock), water-efficient irrigation techniques (such as Alternate Wetting and Drying) and rainwater harvesting. Mannar is rated as having the highest exposure and is among the districts with high vulnerability.

Batticaloa District

Batticaloa features the Batticaloa Lagoon Fringe, a critical common resource for flood management and livelihoods. Livelihoods in the lagoon fringe community include fishing, aquaculture, home gardening (eggplant, chillies, cucumber, okra, tomatoes, yams), livestock rearing and mangrove-based products. There is a high proportion of war-affected women-headed households in this district, underscoring the vulnerability of these communities. Key climate issues include flooding, salinity, eutrophication, reduced water quality, loss of mangroves, habitat degradation, drought, water scarcity and heat stress. Given minimal rainfall during the South West Monsoon, Batticaloa district is characterized by unimodal rainfall that is almost fully dependent on highly unreliable

NEM, resulting in more dry months compared to other Dry Zone districts. Batticaloa is similarly subject to increasing ambient temperatures. The combination of unimodal rainfall with NEM unreliability and high temperatures results in high exposure. Interventions in this target district will include mangrove restoration and wetland management, water-efficient irrigation techniques for managing groundwater extraction and salinity, strengthening common property management systems, and improving drainage and pollution control. Batticaloa is rated as having the highest exposure and is among the districts with high vulnerability. The Verugal river basin, a sub-basin of the Mahaweli river basin from Mavilaru to Kathiraweli in Vaharai DS division, is another focus area. Main livelihoods here are paddy cultivation, upland cultivation with lift irrigation and groundwater, fishery and livestock rearing. Livelihoods are solely dependent on the highly varying NEM (unimodal rain), leading to water scarcity and floods due to upstream water management externalities and saltwater intrusion. Solutions will include water-efficient cultivation (such as micro-irrigation and efficient lift irrigation using renewable energy solutions) and soil conservation techniques (such as Alternate Wetting and Drying), land productivity improvement for paddy and upland cultivation, inland fisheries and aquaculture development, climate-smart and market-oriented livestock development, and coordinated water management protocols with upstream water users of Verugal/Mavil Aru for managing saltwater intrusion, flooding and water scarcities.

Ampara District

Ampara District comprises extensive major and minor irrigation systems, rainfed uplands, lagoon and coastal wetland interfaces, and peri-urban settlements, making it one of Sri Lanka's most climate-exposed districts. Livelihoods are centred on paddy cultivation, other field crops, livestock, inland and coastal fisheries, and agro-based employment, with strong dependence on highly unreliable North-East Monsoon (NEM). The district experiences high rainfall variability, recurrent floods, prolonged dry spells, rising temperatures, and salinity intrusion, particularly in downstream irrigation command areas and coastal belts. Major irrigation systems are increasingly stressed by erratic inflows, flood-related infrastructure damage, siltation, and inefficient water use. Extreme rainfall events overwhelm drainage networks, causing widespread crop losses, while delayed monsoon onset leads to mid-season drought stress. Rising day and night-time temperatures increasingly exceed crop tolerance thresholds, reducing yields and labour productivity. Lagoon and coastal wetland systems that support flood regulation and fisheries are losing buffering capacity due to recurrent flooding, saline intrusion, habitat degradation, mangrove loss, and nutrient loading, compounded by sea-level rise and upstream water management. This scenario narrows coping ranges, reduces fisheries productivity, contaminates agricultural land and drinking water, and heightens vulnerability among fishing and farming communities, including many women-headed households. Ampara is also a major human-elephant conflict (HEC) hotspot, with frequent incidents posing serious risks to lives both human and elephants, livelihoods, subsistence agriculture, and household food security Climate-induced water scarcity and habitat degradation are intensifying elephant incursions into farmlands, as well as increasing and widespread crop damage by pests such as peacocks and monkeys. Peri-urban settlements and townships in Ampara face growing exposure to pluvial flooding, heat stress, and public health risks driven by rapid urban expansion, loss of natural retention areas, and limited climate-resilient infrastructure. Informal and low-income households are disproportionately affected. Without integrated climate-risk management, continued investment in irrigation, agriculture, and settlements will deepen exposure and lock livelihoods into recurrent loss cycles. The proposed interventions include climate-informed irrigation and water management, flood and drought - resilient farming systems, ecosystem-based adaptation in wetlands and floodplains, soil and land conservation, and climate-smart livelihood diversification. Ampara is assessed as having very high exposure, and moderate adaptive capacity and high vulnerability.

Badulla District

Badulla's lower elevation region, falling within the Intermediate-Dry Zone, features terrace paddy farming, other field crops such as maize and groundnut, and home gardening. Key climate issues are water scarcity, increasing heat stress and soil erosion. Badulla is one of two districts showing the highest rate of ambient temperature increases and high night-time temperature increases, which reduce the diurnal temperature difference, mainly affecting tuber crops, a mainstay of the district's agriculture. Interventions will include protected agriculture with precision agriculture techniques, water-efficient cultivation (such as micro-irrigation) and soil conservation techniques (such as Alternate Wetting and Drying) and rainwater harvesting to address water scarcity. Land productivity improvement for paddy and other field crop cultivation will reduce vulnerability to rainfall intensity impacts due to terrain morphology. Badulla is rated as having the highest sensitivity to climate impacts and high vulnerability.

Nuwara Eliya District

Nuwara Eliya district falls within the Highland-Wet Zone characterized with sloppy lands with high elevation, significant rainfall from southwest monsoon and cooler temperature around 16°C average. Nuwara Eliya features intensive cultivation of high value vegetables and tuber crop such as carrots, leeks, cabbage, beet, and lettuce. Key climate issues are soil erosion, high night time temperature and reduced diurnal temperature difference directly affecting the cultivation of tuber crops. Agriculture and other land-uses in slopy lands in the hilly areas has increased the vulnerability to landslides with increased rainfall intensity. Nuwara Eliya is one of the hardest hit districts by Cyclone Ditwah in November 2025 due to catastrophic landslides. Interventions will include

introduction of soil stabilization and conservation techniques, improved early warning systems, crop rotation, protected agriculture with micro-irrigation, and market oriented and climate smart dairy production.

Matale District

Matale District is geographically diverse and contains portions of all three of Sri Lanka's major climatic zones: the Dry zone, Intermediate zone, and Wet zone. Dry zone areas of Matale district are characterized by lower rainfall below 775mm annually resulting drought impacts, while wet zone areas with higher rainfall above 1250mm annually, often characterized by hilly terrain with adverse agricultural land use are prone to landslides as evident by Cyclone Ditwah in November 2025. Main agriculture livelihoods include growing of spices, export crops, paddy, plantation crops and cultivation of upcountry vegetables such as beans and cabbage, and tuber crops such as carrots. Recent vulnerability assessment rated Matale as one of the districts with high climatic vulnerability and moderate adaptive capacity. Proposed solutions include alternative wet and drying approach to paddy farming and introducing soil conservation methods to upland vegetable production systems in the hilly areas.

The hazard profiles and coping-range analysis presented in this section provide the threat and exposure basis for the project's alignment with the Adaptation Fund Strategic Results Framework, in particular Outcome 1 on reduced exposure to climate-related hazards and strengthened adaptive capacity. The systems and landscapes analysed here—village irrigation and tank cascade systems, rainfed upland farming areas, lagoon and coastal wetland interfaces, and peri-urban and urban settlements in Mannar, Kilinochchi, Mullaitivu, Badulla, Ampara and Batticaloa—correspond directly to those targeted in the project results framework. Baseline conditions for AF Outcome 1 and its core indicators (including numbers of direct beneficiaries with reduced climate vulnerability, and climate-resilient assets, services and ecosystems) will be established using the hazard, exposure and coping-range information summarised in section 1.4, with targets defined for each system and district in line with the concrete adaptation measures under Components 1–3. This ensures that the AF impact and outcome indicators are grounded in a transparent climate-risk rationale and that all reported changes in exposure, sensitivity and adaptive capacity can be traced back to the specific hazards, systems and vulnerable groups identified in the climate rationale.

1.5. Problem Statement

Sri Lanka faces accelerating climate risks and disasters such as Cyclone Ditwah[14] in 2025—that intersect with persistent poverty, inequality, and institutional capacity constraints. These impacts weaken poverty alleviation efforts, disrupt rural and urban development gains, and undermine agriculture, water security, municipal services, and livelihoods. These impacts disproportionately affect smallholder farmers, women- headed households, informal workers, urban poor, youth, and persons with disabilities whose adaptive capacity is limited by overlapping social and economic deprivations and persistent economic fragility and governance gaps.

Despite the scale of these risks, national and local development programmes are implemented with little consideration for climate risks. Planning and budgeting processes rely on historical climate assumptions, lack robust climate data, systematic risk screening, and effective integration of gender and social inclusion. Fragmented mandates, weak coordination, and limited technical and fiscal capacity prevent climate information from being translated into local investment decisions, while urban and rural authorities and communities lack the resources and authority to implement climate-resilient measures. As a result, misaligned investments, adaptation deficits, maladaptive infrastructure, and reactive responses perpetuate vulnerability and erode development gains.

At the core of this scenario is a dual gap: persistent structural development deficits and an under addressed climate risk layer. Prajashakthi targets poverty reduction and service delivery at scale but lacks the technical systems, tools, fiscal space, and institutional capacity required to integrate forward looking climate risk analysis, climate-resilient design standards, safeguards, and community-led and ecosystem based proactive adaptation into routine planning and implementation.

The project directly addresses these gaps by covering the incremental climate adaptation costs and climate specific functions that domestic development finance cannot meet. It embeds climate data and risk and vulnerability analytics into Prajashakthi systems; strengthens climate risk-informed planning, budgeting, and safeguards across rural and urban Village Development Plans; and demonstrates ecosystem based and community-led climate smart livelihood solutions in climate-sensitive landscapes. In doing so, the project ensures that poverty eradication efforts under Prajashakthi are climate resilient, rather than undermined by escalating climate hazards and trends.

[14]Greenpeace South Asia. (2025). *WWA Study Confirms Climate Change Intensified Cyclone Ditwah's Impact in Sri Lanka: Greenpeace South Asia Calls for Urgent Action*. [Online]. Available: https://doclimate.short.gy/iGAMB8

1.5.1. *Prajashakthi*: The National Movement to Eradicate Poverty

Launched in June 2025, Prajashakthi, marks a significant shift in Sri Lanka's poverty eradication strategy, introducing a unified, participatory, and life-cycle based model, consolidating nationally fragmented social protection and local development efforts. At its core are Community Development Councils (CDCs) at the Grama Niladhari (GN) level, linked to divisional, district, and national coordination mechanisms, supported by strong accountability through a National Policy Council chaired by the President and an Operations Committee under Ministry of Rural Development, Social Security and Community Empowerment (MoRDSS&CE). Covering all 14,008 GN divisions, Prajashakthi integrates welfare, livelihoods, infrastructure, and governance reforms to empower communities.

Figure 2. Prajashakthi Governance Mechanism

Despite its transformative structure, Prajashakthi still lacks sufficient integration of climate change considerations and must enhance its climate sensitivity to effectively address emerging risks. Planning and budgeting rely on historical climate assumptions, lack risk-screening tools, and fails to integrate gender and social inclusion. National frameworks (National Adaptation Plan (NAP), the Nationally Determined Contributions (NDCs), the National Disaster Management Plan (NDMP) & etc) provide strategic guidance, but operational tools, data, and methodologies for local climate-resilient planning are absent. Local officials and CDCs lack technical skills, institutional capacity, and mechanisms to mainstream climate risk, leaving urban and rural systems exposed to intensifying hazards.

Without these foundational elements, Prajashakthi risks perpetuating vulnerability rather than building resilience in a rapidly changing climate. Yet, this gap presents an unprecedented opportunity. By leveraging Prajashakthi's scale, governance reach, and participatory model, the proposed AF project can embed climate responsiveness into its operational systems, enabling climate-resilient interventions at scale. This integration will transform Prajashakthi from a poverty eradication programme into a climate-smart, locally led development platform, safeguarding lives, strengthening livelihoods, and reducing climate-driven poverty.

1.5.2. Baseline "No Adaptation" Trajectory Vs. Adaptation Scenario Under *Prajashakthi*

Under a baseline "no adaptation" trajectory, Prajashakthi continues at scale, but without systematic climate-risk integration. Rural and peri-urban poor households in the targeted districts remain highly exposed to climate-aggravated disasters thus development gains largely remain climate vulnerable and unsustainable. Reliance on rainfed and marginal agriculture without adaptation measures, informal climate-sensitive employment and inadequate basic services, compounds vulnerability, driving crop losses, asset depletion, poverty traps and food insecurity, leading to distress migration and other negative coping strategies such as exploitation of environmental resources.

Under the proposed adaptation scenario, Prajashakthi is systematically climate-proofed and reoriented to reduce climate vulnerability and build adaptive capacities of poor and near-poor households in the selected districts. Climate data and projections inform investment prioritization through a digital knowledge platform and risk-screening procedures. CDCs and local authorities implement community-led and ecosystem-based and climate-resilient interventions—nature-based drainage, resilient livelihoods, and risk-informed infrastructure—aligned with local hazard profiles. This shifts Prajashakthi from a poverty alleviation programme with limited climate sensitivity to a climate-informed, resilience-building mechanism. By delivering ecosystem-based and climate-resilient interventions, it reduces climate-related losses, safeguards development gains, and prevents negative coping strategies to strengthen food security, sustainable incomes, and resilience.

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The difference between these trajectories underpins the project's additionality. Without AF support, Prajashakthi resources remain solely socio-economic in focus, risking maladaptive investments as well as an adaptation deficit. AF financing covers incremental costs of integrating climate analytics, tools, and capacities into Prajashakthi systems and demonstrating scalable, community-led climate-resilient models. This approach reduces vulnerability in target districts and creates an evidence base for national scale-up of climate-responsive poverty eradication.

The requested AF financing is therefore explicitly targeted at the incremental climate-risk layer—data systems, risk-informed planning processes, institutional capacities, and ecosystem-based and community-led adaptation measures—that are not covered by Prajashakthi's baseline poverty eradication financing and cannot be sustained through domestic fiscal resources alone.

1.6. Barriers to Adaptation

Sri Lanka's adaptive capacity is constrained by interlinked institutional, technical, social, financial, and behavioural barriers.

Institutional barriers: Climate risk is not systematically embedded in planning, budgeting, and appraisal processes, which continue to rely on historical climate trends rather than forward-looking risk data. Mandates remain sectoral and fragmented across governance levels, coordination is weak, and local structures lack authority, predictable financing, and technical support—undermining continuity and maturing of past donor-supported adaptation efforts to gain broader development objectives such as poverty alleviation and resilience building. The proposed project aims to close these gaps through institutionalization of adaptation, capacity strengthening, and climate-informed governance reforms.

Technical barriers: Despite improved data generation (including through previous GCF, AF and GEF support), actionable local climate intelligence is scarce. Most information is macro-level, fragmented, and confined to pilots. Prajashakthi planning at national and subnational levels suffers from weak risk evidence, the absence of sector-specific adaptation guidelines, resilient design standards, and outdated and less climate-sensitive the absence of sector-specific adaptation guidelines, resilient design standards, and outdated, less climate-sensitive implementation modalities. Early-warning systems exist but lack sector-specific adaptation guidelines, resilient design standards, and are obsolete.

Social and gender barriers: Women, youth, people with disabilities, estate communities, informal workers, and smallholders face unequal access to land, finance, information, and technology, forcing reliance on vulnerable rainfed systems. Care burdens, low incomes, and limited participation in governance deepen vulnerability.

Financial barriers: The ongoing national fiscal crisis, compounded by post-Cyclone Ditwah recovery demands severely restrict public investment in adaptation, while high household debt and poor access to finance constraint climate-resilient livelihood investments.

Behavioural barriers: Households and communities, including CDC members, have limited awareness of climate risks and practical adaptation options, continuing to rely on traditional coping practices despite better alternatives. Institutional inertia and entrenched norms discourage adoption of climate-risk-informed approaches, while local officials—burdened with heavy workloads and competing mandates—lack incentives to change routines or use new tools.

The challenge is not policy absence but weak institutionalization, limited operational capacity, and poor translation of climate knowledge and adaptation into local decisions. This project addresses these gaps by: (a) making climate knowledge and information accessible in a usable, locally relevant form, (b) strengthening institutional capacities for climate-responsive planning, budgeting, and implementation (c) increasing the authority and capability of local authorities and community institutions, and (d) empowering women and marginalised groups to participate meaningfully in planning and benefit from adaptation actions.

1.6.2. Alignment of the Project with *Prajashakthi*

The project seeks to position Prajashakthi as a climate-responsive, locally led development platform by embedding climate risk management into its governance and planning systems through three core strategies.:

Strengthening climate related information and knowledge systems

This strategy involves developing customised tools, methodologies and processes for climate-resilient planning, budgeting and implementation across all levels of Prajashakthi. It ensures the availability and accessibility of critical climate-related data and knowledge products, including granular climate data, hazard maps, risk and vulnerability assessments. Furthermore, it integrates gender-responsive analysis and socially inclusive planning approaches, alongside best practices in adaptation and community-led and ecosystem-based solutions. All information will be packaged in user-friendly formats for planning officials and Community Development Council-level planning, facilitating its integration into local development processes.

Build technical and institutional capacity

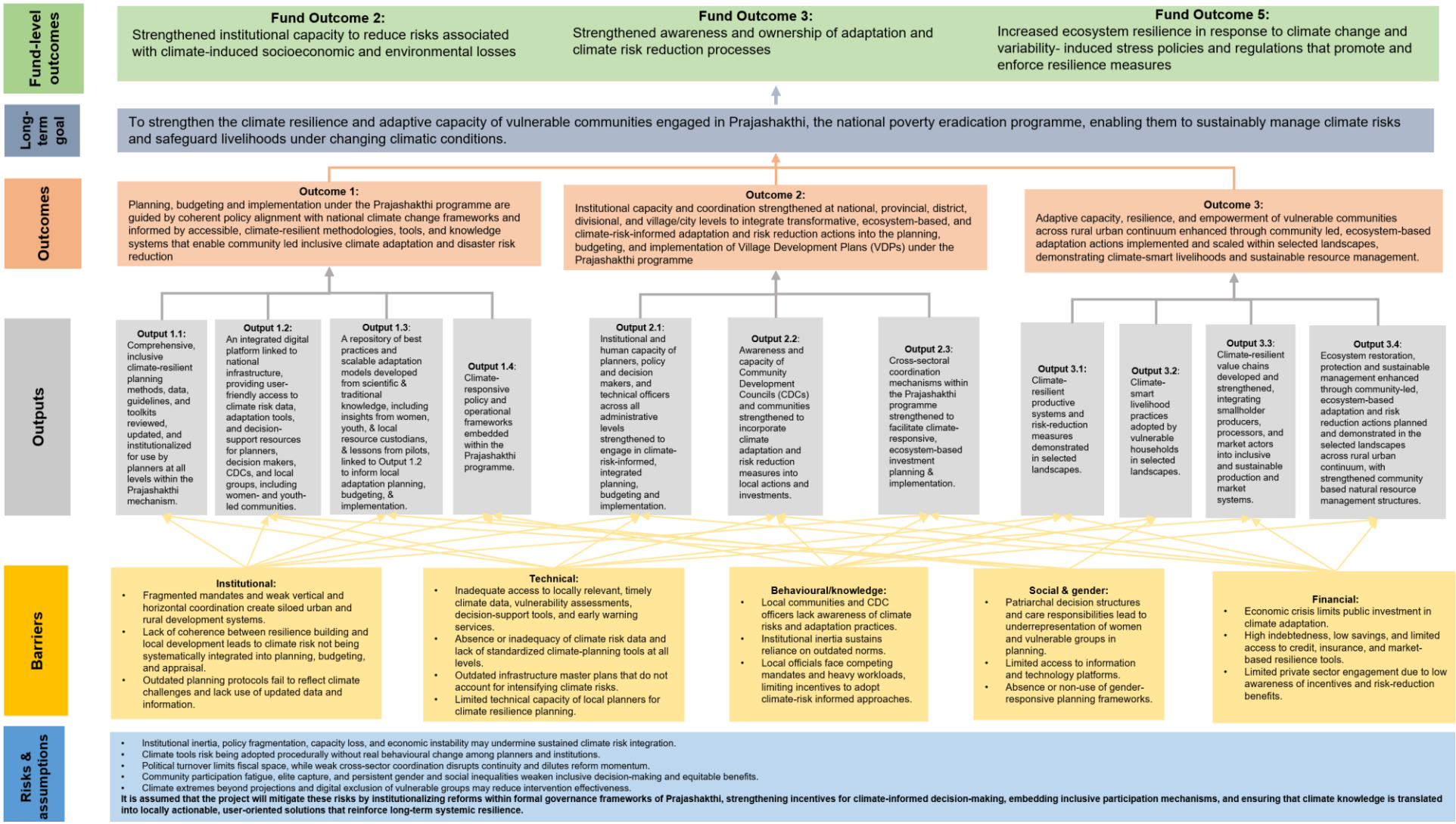
This strategy focuses on training and equipping national, district, divisional and Community Development Council-level officers to effectively apply climate-risk assessment tools, utilise hazard maps and adhere to climate-sensitive planning guidelines. It integrates gender-responsive and socially inclusive methodologies into planning tools, ensuring that decisions reflect the specific needs of women, youth, persons with disabilities and other marginalised demographics. The project will strengthen technical capacities for climate-informed budgeting, prioritisation and monitoring, while enhancing coordination between Provincial Adaptation Plans and Prajashakthi committees at district and divisional levels. This ensures continuous technical support for resilient local planning, alongside strengthened coordination with local level government institutions, social protection systems and disaster management and climate adaptation agencies. A key objective is to support Prajashakthi programme planners and

Community Development Councils in transforming conventional village development plans into climate-resilient strategies, thereby institutionalising climate-risk integration within Prajashakthi's operational manuals, training systems and community planning protocols.

Demonstrate climate-resilient development approaches

This strategy involves conducting demonstrations in selected climate-vulnerable landscapes to generate evidence and build confidence among planners and decision-makers. These demonstrations will showcase community-led ecosystem-based approaches for transforming ordinary village development plans into climate resilient village development plans, climate-smart livelihoods and resilient value chains, and local ecosystem restoration with visible short- to medium-term benefits. The overall aim is to shift Prajashakthi, the national poverty eradication programme, from short-term welfare interventions to long-term, climate-resilient development strategies that protect lives, strengthen livelihoods and reduce climate-driven poverty. By embedding climate considerations into governance systems and community planning, the project will enable sustainable, inclusive and locally driven resilience-building.

1.7. Theory of Change



IF Sri Lanka integrates climate-risk information, inclusive planning tools, and risk-screening procedures into the Prajashakthi national poverty eradication programme; strengthens climate-responsive governance and institutional capacity across national, sub-national and Community Development Council (Grama Niladhari Division) levels; ensures that climate knowledge is accessible and usable for stakeholders from policy-makers and planners to local authorities and community groups; and demonstrates scalable, community-led climate-resilient interventions across rural and urban landscapes, **THEN** Prajashakthi institutions will systematically plan, budget, implement and monitor climate-informed investments and services, while communities adopt climate-resilient livelihoods, enterprises, value chains, and land and water management practices, and actively engage in ecosystem restoration and management, **BECAUSE** improved policy coherence, enhanced institutional capacity, accessible climate information, and evidence generated through demonstration models enable institutional learning, reduce uncertainty, and build political and operational buy-in for climate-resilient development, **LEADING** to reduced exposure to climate hazards, strengthened adaptive capacity of vulnerable households and communities in climate-sensitive areas, climate-resilient rural and urban settlements, and the avoidance of climate-induced economic and livelihood losses.

Project/Programme Objectives:

Long-term Goal:

To strengthen the climate resilience and adaptive capacity of vulnerable communities engaged in Prajashakthi, the national poverty eradication programme, enabling them to sustainably manage climate risks and safeguard livelihoods under changing climatic conditions.

Specific Objectives:

1. Building on the digitalisation initiative of the government, establish and operationalize an inclusive digital platform that provides access to, and integrates timely climate risk information, vulnerability data, best practices, guidance notes, and decision-support analytics, enabling Prajashakthi stakeholders to make informed, climate-sensitive planning and budgeting decisions.
2. Integrate climate risk management and adaptation into Prajashakthi's planning and implementation processes by enhancing institutional and technical capacities at national, sub-national, and local levels, ensuring climate considerations are systematically embedded in programme design, budgeting, and delivery.
3. Demonstrate and scale up community-led, ecosystem-based adaptation interventions in selected climate-vulnerable rural and peri-urban landscapes, strengthening livelihoods, food security, and sustainable natural resource management while reducing climate-related risks.
4. Establish systematic learning and feedback mechanisms to channel lessons from local adaptation initiatives into national-level Prajashakthi planning and programme design, enabling continuous improvement and ensure future iterations of the programme are climate-responsive**.**

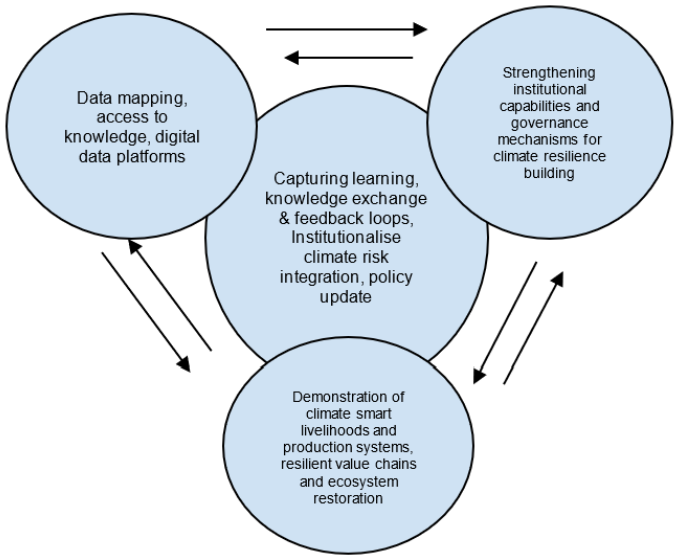


Figure 3: Interconnection of Objectives/Outputs to Create Continuous and Dynamic Learning Loops for Sustainable Policy and Practice Improvement

The objectives are designed to create continuous and dynamic learning loops that link evidence from local interventions to policy and institutional reforms. This iterative process will foster sustainable improvements in both policy and practice, ensuring that climate resilience becomes an integral component of poverty eradication efforts.

A. Project/Programme Components and Financing:

Project/Programme Components	Expected Concrete Outputs	Expected Outcomes	Amount (US$)
Component 1 Strengthen the Knowledge, Data/information Resource Base and Policy Coherence for Climate-Resilient Planning, Budgeting, and Implementation within the Prajashakthi poverty eradication programme	**Output 1.1:** Comprehensive and inclusive climate-resilient planning methodologies, data sources, guidelines, and toolkits reviewed, mapped, updated/developed and institutionalized for use by national, provincial, divisional, city, and community-level planners within the Prajashakthi institutional mechanism. **Targets:** • 14,008 Village Development Plans (VDPs) integrated with climate risk reduction and adaptation • 14,008 Grama Niladhari (GN) divisions covered by digital planning tools **Output 1.2:** An integrated digital knowledge and climate risk information platform (linked with national digital infrastructure) established and operationalized to provide user-friendly access to climate risk and vulnerability data, adaptation planning tools, and decision-support resources for planners, decision makers, Community Development Committees (CDCs), and local actors, including women- and youth-led community groups. **Targets:** • 1 national integrated digital climate risk and knowledge platform established and operationalised • 14,008 GN divisions enabled with access to the platform **Output 1.3:** A repository of best practices and scalable adaptation models developed, drawing from both scientific evidence and traditional/local knowledge, including insights from women, youth, and local custodians of natural resources, and lessons learned from pilot demonstrations, to inform locally appropriate climate adaptation and risk reduction planning, budget and implementation. **Targets:**	**Expected Outcome 1:** Planning, budgeting and implementation across all 14,008 Village Development Plans (VDPs) under the Prajashakthi programme are systematically guided by coherent alignment with national climate change frameworks and supported by accessible, climate-risk-informed methodologies, tools, and digital knowledge systems, enabling inclusive and climate-responsive local development decision-making.	USD 1,540,000

Project/Programme Components	Expected Concrete Outputs	Expected Outcomes	Amount (US$)
	• At least 20 validated climate adaptation best practices / scalable models documented • At least 10 knowledge products (case studies, technical briefs, multimedia products) **Output 1.4:** Climate-responsive policy and operational frameworks embedded within the Prajashakthi programme **Targets:** • At least 3 climate-responsive policy or operational frameworks/tools updated or issued • At least 3 policy dialogue processes conducted		
Component 2: Strengthen governance and institutional capacity for climate-risk informed community development within the Prajashakthi programme.	**Output 2.1:** Institutional and human capacity of planners, policy and decision makers, and technical officers across all administrative levels strengthened to engage in climate-risk-informed, integrated planning, budgeting and implementation. **Targets:** • 25 Training of Trainers (ToT) programmes (2 days each) • 500 Prajashakthi planning officers trained • Minimum 50% women and youth participation **Output 2.2:** Awareness and capacity of Community Development Councils (CDCs) and communities strengthened to incorporate climate adaptation and risk reduction measures into local actions and investments **Targets:** • 500 trained planners / GN-level officials provided technical backstopping 2,800 VDPs augmented with climate adaptation and risk reduction • Minimum 150 community members / entrepreneurs / producer groups trained	**Expected Outcome 2:** Institutional capacity, coordination, and governance mechanisms strengthened across national, provincial, district, divisional, and village/city levels to consistently apply climate-risk-informed, ecosystem-based, and transformative adaptation approaches within the planning, budgeting, implementation, and monitoring of Village Development Plans (VDPs) under the Prajashakthi programme.	USD 2,300,000

Project/Programme Components	Expected Concrete Outputs	Expected Outcomes	Amount (US$)
	• Minimum 60,000 women and youth supported through digital literacy • One dashboard for tracking adaptation measures across VDPs • 1,500 hectares integrating ecosystem-based / nature-based solutions **Output 2.3:** Cross-sectoral coordination mechanisms within the *Prajashakthi* programme strengthened to facilitate climate-responsive ecosystem-based investment planning and implementation. **Targets:** • 3 Provincial Climate Units strengthened • Minimum 150 Community Development Councils (CDCs) supported • At least 6 joint coordination / review processes conducted		
Component 3: Demonstration and systematization of community-led transformative adaptation and resilience building for integration into Prajashakthi programme	**Output 3.1**: Climate-resilient productive systems and risk-reduction measures demonstrated in selected landscapes. **Targets**: • 25 Village Irrigation Systems (VIS) rehabilitated - Mannar: 5; Ampara: 10; Kilinochchi: 5; Mullaitivu: 5 • 500 hectares with increased cropping intensity • 250 hectares under plot consolidation **Output 3.2**: Climate-smart livelihood practices adopted by vulnerable households in selected landscapes. **Targets:**	**Outcome 3:** Climate resilience and adaptive capacity of vulnerable communities enhanced through community-led, ecosystem-based adaptation and risk reduction actions implemented and scaled in selected landscapes, demonstrating climate-smart livelihoods, sustainable resource management, and reduced exposure to climate hazards.	USD 12,842,027

Project/Programme Components	Expected Concrete Outputs	Expected Outcomes	Amount (US$)
	• 1,000 farmers benefiting from AWD (Northern districts and Matale) • 150 farmers benefiting from AWD (Badulla) • 1,000 farmers adopting efficient water management (Northern districts) • 200 farmers (Badulla) and 200 farmers (Batticaloa), 100 farmers (Nuwara Eliya) and 100 farmers (Matale) adopting efficient water management • Downstream lands of 15 VIS benefit from OFC cultivation • 2,100 farmers receiving direct agro-met advisories • ~500,000 farmers receiving indirect advisory benefits • 300 home gardens (0.5-1 acres), 150 commercial farmers, 150 terrace farmers (Badulla and Nuwara Eliya) and 300 upland farmers (Batticaloa and Matale) adopt climate smart approaches energy- and water-efficient irrigation, and climate-smart agronomic practices • 75 livestock farmers use climate-smart technologies • 80 fishers engage in resilient inland fishery and aquaculture practices • At least 10 traditional adaptation practices documented and applied **Output 3.3:** Climate-resilient value chains developed and strengthened, integrating smallholder producers, processors, and market actors into inclusive and sustainable production and market systems **Targets:** • 500 farmers engaged in farmer clusters / contract farming • 3 agricultural value chains strengthened • 50 storage facilities established • 100 agro-processing centres established		

Project/Programme Components	Expected Concrete Outputs	Expected Outcomes	Amount (US$)
	• 3 Farmers' Markets established (in 3 districts) **Output 3.4**: Ecosystem restoration, protection and sustainable management enhanced through community-led, ecosystem-based adaptation and risk reduction actions planned and demonstrated in the selected landscapes across rural urban continuum, with strengthened community based natural resource management structures **Targets**: • 125 hectares of catchment / VIS ecosystem rehabilitated • 25 VIS-based communities (Northern districts) and upland farming (Matale) addressing human–wildlife conflict • Approximately 20,000 people benefiting from lagoon interventions • 1 lagoon ecosystem (Batticaloa Lagoon) restored • 1 Lagoon Management Co-Governance system established		
6. Project/Programme Execution cost			USD 1,751,152
7. Total Project/Programme Cost			USD 18, 433,180
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)			USD 1,566,820
Amount of Financing Requested			USD 20,000,000

Projected Calendar:

Milestones	Expected Dates
Start of Project/Programme Implementation	01 June 2027
Mid-term Review (if planned)	December 2029
Project/Programme Closing	31 April 2032
Terminal Evaluation	October 2032

PART II: PROJECT / PROGRAMME

A. Describe the project/programme components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience.

Component 1: Strengthen the Knowledge, Data/information Resource Base and Policy Coherence for Climate-Resilient Planning, Budgeting, and Implementation within the Prajashakthi poverty eradication programme.

Rationale and focus:

This component 1 embeds climate risk intelligence into the core planning, budgeting, and implementation systems of the Prajashakthi poverty eradication programme. It delivers a paradigm shift by embedding mandatory, climate risk informed planning and budgeting into the Prajashakthi programme. Component institutionalises the use of standardised climate data, risk screening, and decision-support tools at the Village Development Plan level, ensuring investments reduce climate vulnerability rather than create maladaptive outcomes. Sustainability is secured through revised guidelines, protocols or ministerial circular, and enforcement via budgeting and performance systems. The component strengthens policy coherence with Sri Lanka's NAP, NDC, and NBSAP, translating national climate commitments into measurable, inclusive, and scalable local adaptation outcomes.

Outputs and Activities

Output 1.1: Comprehensive and inclusive climate-resilient planning methodologies, data sources, guidelines, and toolkits reviewed, mapped, updated/developed and institutionalized for use by national, provincial, divisional, city, and community-level planners within Prajashakthi institutional mechanism.

This output ensures that planners and decision-makers at all administrative levels have access to harmonised, up-to-date, and gender-responsive climate-resilient planning methodologies and tools that explicitly address climate hazards, vulnerabilities, and adaptive options. By institutionalising these resources within the Prajashakthi mechanism, the output enables systematic identification of climate risks, prioritisation of resilience-building investments and avoidance of maladaptive development decisions.

Activities:

1.1.1. Mapping of available climate data and information resources to identify who has what, where and gap analysis

1.1.2. Identify climate and risk information/data necessary to systematically integrate climate risk reduction and adaptation considerations into all 14,008 VDPs and fill information/data gap

1.1.3. Integrate climate smart VDP planning, implementation and budgeting related information to existing knowledge management systems of Prajashakthi

1.1.4. Digitize relevant climate risk and socio-economic datasets, along with relevant planning tools and methodologies, and establish robust maintenance mechanisms to ensure regular data updates and integrity

1.1.5. Introduce digital tools for efficient climate resilient planning in 14008 GN divisions under Prajashakthi VDP process.

Output 1.2: An integrated digital knowledge and climate risk information platform (linked with national digital infrastructure) established and operationalized to provide user-friendly access to climate risk and vulnerability data, adaptation planning tools, and decision-support resources for planners, decision makers, Community Development Committees (CDCs), and local actors, including women- and youth-led community groups.

This output operationalises access to climate risk and adaptation knowledge by providing a user-friendly digital platform that translates complex climate and socio-economic data into practical decision-support for planners, CDCs and communities. The platform enables timely, risk-informed planning and budgeting decisions, supports equitable access to climate information, and strengthens the ability of local actors, particularly women- and youth-led groups, to engage meaningfully in climate-resilient development planning. By improving access to localized climate risk information and adaptation options, the platform reduces uncertainty in local decision-making and supports early, preventive adaptation action.

Activities:

1.2.1. Operationalize user-friendly digital interfaces and platforms that provide seamless access to climate risk and socio-economic data, tools, and methodologies, fully aligned with the national digitalization initiative.

1.2.2. Design and improve knowledge platforms with community-accessible interfaces, incorporating local-language content to maximize usability and inclusivity.

1.2.3. Integrate gender-responsive and socially inclusive design features into the digital platform, ensuring accessibility for diverse

users, while also codifying and disseminating gender-responsive and socially inclusive adaptation practices, with a strong emphasis on youth-led innovation in climate action, within the knowledge management system of Prajashakthi.

Output 1.3: A repository of best practices and scalable adaptation models developed, drawing from both scientific evidence and traditional/local knowledge, including insights from women, youth, and local custodians of natural resources, and lessons learned from pilot demonstrations, to inform locally appropriate climate adaptation and risk reduction planning, budget and implementation.

This output establishes a living repository of proven, locally appropriate adaptation models and best practices—drawing from scientific evidence, traditional and local knowledge, and pilot demonstrations—that directly inform planning, budgeting, and implementation under Prajashakthi. By embedding validated lessons into guidance materials, training curricula, knowledge management systems, and digital tools, the output ensures that successful adaptation approaches, including those led by women, youth, and local custodians of natural resources, are replicated and scaled through routine development processes.

Activities:

1.3.1. Identify, document, and technically validate best practice models for climate risk reduction and adaptation across relevant sectors, to inform evidence-based local planning and investment decisions.

1.3.2. Produce high-quality knowledge products, including case studies, technical briefs, and multimedia materials, to capture lessons learned including from pilot interventions (Component 3) and innovative approaches.

1.3.3. Review and update knowledge products; training curricula, guidance materials, and decision-support tools based on insights & lessons, including from pilot interventions (Component 3), to strengthen institutional learning.

1.3.4. Documenting adaptation innovations led by women, youth, and vulnerable social groups in areas such as agriculture, natural resource management, and entrepreneurship, ensuring their contributions are recognized and scaled.

Output 1.4: Climate-responsive policy and operational frameworks embedded within the Prajashakthi programme

This output addresses a structural gap in Prajashakthi, which currently follows conventional community development approaches and remains largely climate-blind, with limited integration of climate risk, climate-driven vulnerability, or climate-smart solutions. It embeds climate risk reduction, adaptation, gender and youth considerations into the core policy, operational, and budgeting frameworks of the programme. It will strengthen policy and institutional coherence between Prajashakthi and national climate and biodiversity frameworks, specifically Sri Lanka's revised National Adaptation Plan (NAP), Nationally Determined Contribution (NDC), and National Biodiversity Strategy and Action Plan (NBSAP), as well as poverty reduction and local development policies. By formalising climate-responsive planning and approval requirements, and by integrating evidence from data systems, capacity-building, and pilot demonstrations, the output ensures that climate resilience becomes a permanent and enforceable feature of community development planning and resource allocation.

Activities:

1.4.1. Review and analyse lessons learned and extract key evidence (such as cost–benefit data, avoided losses, and co-benefits) from project interventions to inform revisions to Prajashakthi planning, budgeting, and implementation guidelines, in line with the priorities of the revised NAP, NDC, NBSAP, and related poverty reduction and local development policies.

1.4.2. Facilitate structured policy dialogues among lead ministries and agencies responsible for climate change, poverty reduction, community development, biodiversity, and subnational governance, aligning national, provincial, and local adaptation and biodiversity frameworks (NAP, NDC, NBSAP) with Prajashakthi's community development processes and financing mechanisms

1.4.3. Update Prajashakthi policy implementation frameworks, planning and budgeting tools, and operational protocols to systematically integrate climate risk screening, adaptation options (including nature-based and ecosystem-based solutions), and gender and youth considerations into routine decision-making and approval processes.

Component 2: Strengthen Governance and Institutional Capacity for Climate Risk Informed Community Development within the Prajashakthi Programme.

Rationale and Focus:

This component strengthens the institutional framework and governance systems underpinning the Prajashakthi poverty eradication programme and integrates them with national, provincial, and local adaptation planning processes. It ensures that capacity for inclusive climate risk reduction, adaptation, and resilience-building is systematically embedded in Prajashakthi's planning, budgeting, implementation, and monitoring processes. The component addresses institutional barriers including fragmented coordination, limited climate literacy, and the absence of dedicated financing mechanisms for climate adaptation. While this component is designed to catalyse transformation across the entire Prajashakthi system, during the project period, it is estimated that capacity development delivered, will help to augment at least 20% of all VDPs (approx. 2800) into climate resilient

VDPs with strong adaptation and risk reduction measures . These strengthened VDPs will serve as operational anchors for institutional learning and system wide replication. Without such strengthened institutional capacity and coordination, climate risks remain external to development decision-making, resulting in disjointed responses and heightened vulnerability. This component therefore, will position Prajashakthi as a climate risk informed governance platform enabling institutions and communities to anticipate, plan for, and manage climate impacts coherently across sectors and administrative levels. Gender equality and social inclusion are prioritised, recognising women, youth, and vulnerable groups as essential actors in governance and decision-making. By embedding resilience-building as a core function of community development governance, rather than an external add-on, Prajashakthi is positioned as a climate-responsive platform capable of driving systemic change. Tools, processes, and delivery mechanisms developed through operational demonstrations in selected districts, particularly for climate-responsive livelihoods, local planning, and service convergence, will be formally aligned with national scheme guidelines and institutional arrangements. Lessons learned and validated approaches will be consolidated under Component 1 and mainstreamed into the national framework, enabling replication beyond the initial project sites.

Outputs and Activities

Output 2.1: Institutional and human capacity of planners, policy and decision makers, and technical officers across all administrative levels strengthened to engage in climate-risk-informed, integrated planning, budgeting and implementation.

This output strengthens the institutional and human capacity of planners, policymakers, and technical officers under Prajashakthi to systematically apply climate-risk information and adaptation principles in planning, budgeting, implementation, and monitoring. It ensures that development decisions explicitly account for climate hazards, vulnerabilities, and long-term resilience outcomes, moving beyond awareness to consistent, routine application, and generates standardised planning tools, guidance, and operational templates that enable climate-responsive VDP preparation and implementation to be consistently applied and replicated under Prajashakthi.

Activities:

2.1.1. Conduct gender- and youth-responsive capacity needs assessments to identify and validate gaps among national, provincial/district, city, and divisional planners and technical staff within the Prajashakthi programme for integrating climate adaptation and climate-risk-informed planning, budgeting and implementation.

2.1.2. Conduct a comprehensive capacity development programme on climate-risk-informed and adaptation budgeting through 25 two-day Training of Trainers (ToT) sessions targeting 500 divisional-level Prajashakthi planning officers, ensuring coverage across all districts in the country. Ensure inclusive participation in training and capacity-building initiatives, with a minimum target of 50% women and youth representation.

2.1.3. Facilitating peer-learning networks among Prajashakthi planners and implementation officers to promote exchange of experiences on gender-responsive and socially inclusive resilience-building, climate risk reduction, and adaptation planning and budgeting. This will include experience-sharing programmes between pilot districts and other regions.

2.1.4. Revise and institutionalise existing training curricula of training institutes under the Ministry of Rural Development that train Prajashakthi officials, currently focused on sectoral objectives, to incorporate cross-cutting priorities such as climate-risk management and adaptation, integrated landscape planning, gender analysis, and youth engagement.

2.1.5. Update curricula and professional development programmes of national, sub-national, and local community development and training institutions to mainstream resilience-building, climate risk reduction, and adaptation concepts and practices.

Output 2.2: Awareness and capacity of Community Development Councils (CDCs) and communities strengthened to incorporate climate adaptation and risk reduction measures into local actions and investments.

This output empowers Community Development Councils and local communities to act as front-line agents of climate adaptation by strengthening their awareness, skills, and decision-making capacity. It enables households, women, youth, and vulnerable groups to identify climate risks, prioritise adaptation actions, and integrate risk reduction and climate-resilient livelihood measures into local investments, livelihood strategies, and Village Development Plans.

Activities:

2.2.1. Embed climate risk screening and adaptation practices into routine VDP preparation, review, and approval processes through standardised tools and guidance and provide technical backstopping to 500 trained Prajashakthi planners and GN-level officials to apply climate-risk tools and approaches to the augmentation of 2,800 VDPs, and to identify and integrate ecosystem-based, gender-responsive, and socially inclusive climate risk reduction and adaptation priorities within VDPs, ensuring responsiveness to evolving local contexts. 2.2.2. Assess community-level training needs in pilot locations under Component 3, in

collaboration with relevant Prajashakthi officials and CDCs, and synthesis findings into a competency framework. This will be used to identify gaps in existing Prajashakthi training curricula and to strengthen capacity for implementing adaptation and climate risk reduction measures alongside poverty reduction initiatives and resilient value chain development.2.2.3. Design and deliver targeted awareness campaigns and modular training packages (short courses, facilitator guides, case-based exercises)for community members, entrepreneurs, producer groups, institutions, and value chain actors—including at least 150 women and youth representatives within and beyond CDCs. These programmes will focus on identifying climate risks and vulnerabilities, and on planning and implementing risk-reduction and adaptation measures within VDPs.2.2.4. Build digital literacy among women and youth (a minimum of 60,000 people) to ensure equitable access to, and effective use of, the digital platform thereby promoting inclusive participation in climate-resilient planning2.2.5. Replicable models of transformative and nature-based solutions, including ecosystem-based adaptation and climate risk reduction measures, integrated into VDPs across at least 1,500 ha of climate-sensitive landscapes, with documented design and implementation modalities for scaling under Prajashakthi.

Output 2.3: **Cross-sectoral coordination mechanisms within the *Prajashakthi* programme strengthened to facilitate climate-responsive ecosystem-based investment planning and implementation.**

This output enhances coordination among sectors within the Prajashakthi programme, enabling more coherent and climate-responsive investment planning and implementation. By improving information flow, joint planning, and alignment of priorities, it helps ensure that resilience-building measures are integrated, efficient, and scalable. Strengthened coordination reduces the risk of fragmented or conflicting interventions and enables integrated, ecosystem-based responses to climate risks that cut across sectors and administrative boundaries and institutionalises cross-sectoral coordination through formalised procedures, review mechanisms, and planning protocols within Prajashakthi**.**

Activities:

2.3.1. Establish alignment mechanisms among district and divisional Prajashakthi coordination committees in demonstration areas of Provincial to ensure coherence between and Provincial and Local Adaptation Plans (PAPs and LAPs) and Disaster Risk Reduction (DRR) plans and support the formulation of strategies to transform VDPs into climate-resilient plans.

2.3.2. Strengthen role clarity of three Provincial Climate Units (sectoral technical officers) and district disaster management officials in pilot districts to integrate climate adaptation and risk reduction into VDPs.

2.3.3. Build the capacity of at least 150 CDCs to review relevant PAPs, LAPs, and divisional/district DRR plans, identify relevant adaptation and risk reduction strategies, and incorporate these into their VDPs, recognising CDCs as cross-sectoral coordination mechanisms at the community level.

2.3.4. Hold periodic joint reviews of adaptive governance cycles to align adaptation and risk reduction actions within integrated, multi-sectoral VDPs in demonstration locations, while systematically documenting lessons from coordination successes and gaps to strengthen risk-informed, adaptive governance.

Component 3: Demonstration and systematization of community-led transformative adaptation and resilience building for integration into Prajashakthi programme

Rationale and Focus:–This component demonstrates and institutionalizes how community-led transformative climate adaptation can be embedded within Prajashakthi VDPs, while ensuring that successful innovations inform the national design, financing, and implementation modalities of Prajashakthi programme. Implementation will take place across approximately 50 climate-vulnerable landscapes in dry zone and central highlands , encompassing village irrigation systems, tank cascade networks, lagoons, urban settlements, rain-fed and irrigated upland farming systems including intensified production systems. Using a landscape and ecosystem-based approach, clusters of villages sharing common natural resources, climate risks, and livelihood systems will plan and act collectively rather than in isolation. This enables adaptation measures to address systemic drivers of vulnerability, such as degraded watersheds, failing tank cascades, or stressed coastal and lagoon systems, thereby generating more durable and scalable resilience outcomes. VDPs will prioritise practical, community-defined actions including restoration of irrigation cascades, lagoon and wetland management, mangrove rehabilitation, climate-smart agriculture, and the strengthening of climate-resilient livelihoods and value chains, with strong inclusion of women, youth, and marginalised groups. Beyond local demonstration, Component 3 focuses on system-level integration and scaling. Evidence generated from these landscapes, building on past innovations and best practices, will be translated into standard operating procedures, planning templates, cost benchmarks, and capacity-building packages aligned with Prajashakthi systems as indicated under component 2 (outputs 2.2., 2.3., etc.), CDCs, together with divisional and district institutions, will coordinate implementation while feeding lessons into national policy and programme frameworks. This process enables Prajashakthi to progressively adopt and roll out climate-responsive planning and investment approaches across additional districts, transforming demonstrations into an operational model for climate-resilient poverty reduction nationwide.

Outputs and Activities

Output 3.1: Climate-resilient productive systems and risk-reduction measures demonstrated in selected landscapes.

This output demonstrates climate-resilient water, land, and production systems that reduce exposure to climate hazards and improve resource efficiency across selected landscapes. Interventions focus on rehabilitating and climate-proofing village irrigation systems, improving water management, and integrating risk-reduction measures into productive systems, using both modern science and traditional knowledge. These measures are anchored in Climate-Resilient Village Development Plans (CR-VDPs), ensuring that system-level investments directly support local adaptation priorities and long-term resilience outcomes.

Activities:

3.1.1. Rehabilitate upstream and downstream sections of 25 village irrigation systems (VIS) in Mannar (5), Vavuniya (10), Kilinochchi (5), and Mullaitivu (5), and introduce mechanisms for regular operation and maintenance.
3.1.2. Increase cropping intensity from 1.0 to 1.5 on 500 ha of downstream land served by the 25 VIS.
3.1.3. Implement plot consolidation to improve productivity and water-use efficiency on 250 ha out of 500 ha in the four Northern Province districts.

Output 3.2: Climate-smart livelihood practices adopted by vulnerable households in selected landscapes

This output enables vulnerable households in selected landscapes to adopt climate-smart livelihood practices that reduce exposure to climate risks and strengthen adaptive capacity. Through Climate-Resilient Village Development Plans (CR-VDPs), farmers, fishers, and small producers—particularly women, youth, and marginalised groups—will implement resource-efficient and diversified livelihood practices tailored to local climate risks such as drought, erratic rainfall, heat stress, landslides and water scarcity. The output promotes improved agricultural, livestock, fisheries, rainfed and irrigated upland farming systems including intensified vegetable production systems and home-garden practices, supported by efficient water management techniques, climate-informed crop choices, and access to localised climate and agro-meteorological advisories. Traditional coping strategies and local knowledge are blended with modern scientific approaches to ensure that practices are locally appropriate and sustainable. By embedding these measures within VDP priorities, the output helps households reduce climate-related losses, maintain productivity, and stabilise incomes under increasing climate variability.

Activities:

3.2.1. Implement alternate wetting and drying (AWD) in paddy lands to benefit 1,000 farmers under 25 VIS in the three Northern districts and 150 farmers in Badulla and Matale.
3.2.2. Introduce on-farm efficient water management practices to 1,000 farmers cultivating land under 25 VIS in the three Northern districts, 200 farmers in Badulla, 200 farmers in Batticaloa, 100 farmers in Nuwara Eliya and 100 farmers in Matale
3.2.3. Introduce cultivation of other field crops (OFCs) in downstream plots under 15 of the 25 VIS, based on water scarcity and soil drainage conditions.
3.2.4. Provide customised early warning and agro-meteorological advisories directly to 2,100 farmers in seven districts and indirectly to at least 500,000 farmers.
3.2.5. Introduce energy- and water-efficient irrigation, soil conservation measures, and other climate-smart agronomic practices to 300 home gardens in seven districts, 150 commercial and 150 terrace farmers in Badulla and Nuwara Eliya, and 300 upland farmers in Batticaloa and Matale.
3.2.6. Introduce climate-smart livestock practices—such as micro-irrigated fodder cultivation, cut-and-carry feeding systems, and improved cattle sheds—to 75 farmers in six districts (excluding Badulla).
3.2.7. Introduce inland fisheries and aquaculture practices to 80 fishers in eight VIS in the three Northern Province districts.
3.2.8. Document and promote at least 10 traditional adaptation and coping strategies related to VIS-based resource management, blended with modern science (for example, Bethma and traditional weather forecasting), and introduce these to multiple water-user communities in the 25 VIS.

Output 3.3: Climate-resilient value chains developed and strengthened, integrating smallholder producers, processors, and market actors into inclusive and sustainable production and market systems

This output develops and strengthens climate-resilient value chains by linking smallholders, processors, and market actors into more inclusive, reliable, and sustainable market systems in the selected landscapes. It helps communities transition from vulnerable primary production to competitive climate-resilient enterprises with improved market access and higher, more stable economic returns.

Activities:

3.3.1. Establish livelihood-based farmer clusters and facilitate contract farming arrangements with 500 farmers supported under Output 3.2 in the seven target districts.
3.3.2. Provide exposure, training, and capacity building for actors in at least three priority agricultural value chains to deliver climate-smart extension services to farmers in their backward linkages.

3.3.3. Establish 50 storage facilities and 100 locally operated value-added agro-processing centres in the seven districts to increase incomes, reduce post-harvest losses, and help farmers cope with weather-related production fluctuations.
3.3.4. Form self-help farmer groups; build entrepreneurial and business management capacities of group members; introduce alternative certification methods (for example, Participatory Guarantee Systems and Good Agricultural Practices) for quality assurance of group produce; and establish three farmers' markets to strengthen local economies in three of the seven districts.

Output 3.4: **Ecosystem** ***restoration, protection and sustainable management enhanced through community-led, ecosystem-based adaptation and risk reduction actions planned and demonstrated in the selected landscapes across rural urban continuum, with strengthened community based natural resource management structures***

This output advances community-driven ecosystem restoration and sustainable natural and urban resource management through practical ecosystem-based adaptation and risk reduction actions, in the selected landscapes. By reinforcing community NRM structures, it builds long-term stewardship and improves landscape resilience across both rural and peri-urban areas.
Activities:
3.4.1. Rehabilitate 125 ha of catchment and related land forming the village irrigation system (VIS) ecosystems associated with the 25 VIS rehabilitated under Output 3.1, through erosion control measures and planting of native species.
3.4.2. Mobilise communities and raise awareness to adapt VIS-based traditional resource governance approaches to current climate and socio-economic dynamics.
3.4.3. Introduce appropriate technology solutions to address climate-aggravated human–wildlife conflict, including human–elephant conflict, for 25 VIS-based communities in three districts in the Northern Province and Matale.
3.4.4. Introduce community infrastructure bioengineering and nature-based solutions (for example, stormwater drainage, wetland management, and vegetated retaining structures) for climate adaptation and risk reduction in the Batticaloa lagoon area, benefiting approximately 20,000 people living along the lagoon fringe.
3.4.5. Restore the Batticaloa lagoon ecosystem to withstand floods, salinity intrusion, and water scarcity, and to control eutrophication and protect habitats, benefiting around 20,000 people living along the lagoon fringe.
3.4.6. Establish and strengthen lagoon management co-governance systems to manage livelihood resources, reduce flood risk, and protect habitats, benefiting approximately 20,000 people living along the lagoon fringe.

B. Describe how the project/programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project/programme will avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

Economic benefits

The project aims to make lives and livelihoods more climate-resilient for vulnerable households across rural, urbanising, peri-urban and township GN divisions, with a particular focus on female-headed households, elderly persons, persons with disabilities, youth, low-income households and marginalised groups. While influencing community development nationwide through Prajashakthi, it will implement direct interventions in climate-vulnerable rural landscapes and densely populated urbanising and peri-urban areas in seven districts in the Northern, Uva, Central and Eastern Provinces. Economic benefits will arise from strengthened climate-smart livelihoods, local markets and value chains and from more efficient use of Prajashakthi investments. Approximately 150–300 GN divisions will receive direct support under Component 3, while at least 20% of the 14,000 GN divisions are expected to adopt and implement Climate-Resilient Village Development Plans through knowledge and capacity gains under Components 1 and 2, supported by Prajashakthi's annual allocation of around LKR 5 billion (USD 16.6 million). In rural areas, interventions are expected to benefit around 100,000 smallholder and socially marginalised households (400,000–500,000 people) directly and about 5,000,000 people indirectly, through higher and more stable incomes and reduced losses from climate-resilient crops, breeds, water management and value chains. In urbanising and peri-urban areas, about 20,000 households (80,000–100,000 people) will benefit directly and a further 200,000 indirectly from reduced flood-related losses, improved drainage and strengthened microenterprises, including circular-economy and climate-smart urban production. Short-term employment will be created through restoration and infrastructure works for at least 75,000 workers, with at least half of these opportunities targeted to women and youth, while around 10,000 longer-term "green" jobs are anticipated in services such as irrigation support, composting and ecosystem-based microenterprises. Integration of climate-risk screening and CR-VDPs into Prajashakthi will also improve the efficiency of public spending by reducing damage and loss from climate-related disasters and avoiding maladaptive investments.

Social benefits

The project prioritises equity, safety and resilience by strengthening community institutions and local governance and by reinforcing Prajashakthi mechanisms. Around 45,000 planners, technical officers and Community Development Committee members will be trained so that CR-VDPs systematically incorporate social screening, inclusion and safeguards. Approximately

300 CDCs will be directly supported and all 14,008 will benefit from guidance and tools, improving their capacity to address heat stress, flooding and waste-management challenges, particularly in dense settlements. Community-led initiatives, including local storage, processing and value addition, will benefit around 30,000 households (120,000–150,000 people), explicitly prioritising the poorest and most climate-vulnerable groups in both rural villages and low-income urban settlements. Climate-smart land and water management measures, such as wetland and drainage restoration, lagoon management and rehabilitation of tank cascades and smallholder irrigation, will improve food and water security for about 120,000 people and reduce water scarcity and contamination risks. In flood-prone urban and peri-urban areas, improved drainage and waste management will reduce exposure to contaminated floodwaters and waterborne diseases, with particular benefits for children, elderly persons and persons with disabilities. Women's leadership will be strengthened across CDCs and VDP committees, with at least 50% representation in decision-making platforms, and approximately 3,000 female-headed or women-led enterprises will receive support, enhancing women's autonomy, income security and adaptive capacity. A costed Gender Action Plan, supported by gender-responsive budgeting and periodic gender audits, will guide these efforts and ensure that social benefits are equitably distributed and aligned with the Adaptation Fund Gender Policy, thereby fostering social cohesion, inclusion and public accountability.

Environmental benefits

The project will generate significant environmental gains through integrated rural ecosystem and urban ecological restoration. In rural landscapes, it will directly rehabilitate around 125 hectares of degraded land, forests, catchments and riparian zones, and a further 1,500 hectares indirectly, reducing drought risk, soil erosion and landslide hazards, improving slope stability and sustaining base flows that underpin livelihoods. Ecosystem-based adaptation and climate-smart agriculture will strengthen soil fertility, water-retention capacity and biodiversity, reinforcing the ecological integrity of village irrigation systems and associated production landscapes. In urban, peri-urban and township areas, restoration of wetlands and drainage canals, coupled with upgraded stormwater systems, will reduce flooding, mitigate urban heat-island effects and improve microclimatic regulation for an estimated 80,000–100,000 direct and 200,000 indirect beneficiaries. Green enterprises in composting, circular-economy solutions, material recovery and recycling will reduce waste loads, lower pollution and enhance resource efficiency. Across rural–urban gradients, increased native vegetation cover, diversified cropping systems and ecological home gardens will improve habitats, agro-biodiversity and ecosystem services such as pollination, natural pest control and groundwater recharge. Habitat restoration and conflict-mitigation measures are expected to reduce human–wildlife conflict, including human–elephant conflict, while contributing to wildlife conservation. Reforestation and assisted natural regeneration will enhance carbon sequestration in biomass and soils. All CR-VDP investments will be environmentally screened, with Environmental and Social Management Plans for higher-risk activities, ensuring that natural resources are managed sustainably and that environmental benefits are maximised in line with national regulations and the Adaptation Fund Environmental and Social Policy.

Potential risks and negative consequences

Despite its focus on inclusive and sustainable practices, the project faces several potential risks. Social and governance risks include elite capture of benefits, exclusion of urban migrants or informal settlers and social conflict over access to land, water or drainage corridors, as well as livelihood restrictions where resource protection measures limit traditional use. These will be mitigated through transparent beneficiary selection, social audits, conflict-sensitive and participatory planning, accessible grievance mechanisms and livelihood-restoration or benefit-sharing measures that uphold a no-net-loss principle. Gender-related risks include increased unpaid care burdens and risks of sexual exploitation, abuse or harassment; these will be managed through the Gender Action Plan, GBV-sensitive protocols, strict codes of conduct and safe, confidential reporting channels. Environmental risks, such as waterlogging, invasive species, localised construction impacts and urban disruption during drainage works or waste handling, will be addressed through ESMPs, use of native species, robust engineering oversight, phased construction and advance community notification. Labour and occupational health and safety risks will be mitigated through clear OHS standards, contractor obligations, supervision and application of UNDP labour safeguards. Data-protection and digital-exclusion risks will be managed through data-governance protocols and combined digital and non-digital outreach to ensure inclusion. Institutional risks linked to slow decision-making, staff turnover and capacity constraints will be reduced by early engagement of senior officials, embedding climate adaptation in budget and planning processes, and sustained capacity development. All risks will be screened and monitored through the Social and Environmental Screening Procedure, Environmental and Social Management Framework, site-specific ESMPs and the project grievance mechanism, overseen by a dedicated safeguards expert, with safeguards and climate-risk screening embedded directly into Prajashakthi planning and budgeting.

Alignment with the Adaptation Fund's gender policy

The project is fully aligned with the Adaptation Fund Gender Policy and its Gender Equality and Women's Empowerment Strategy. Comprehensive gender analysis and gender-responsive stakeholder engagement will be undertaken through Prajashakthi structures in the selected landscapes and will inform detailed activity design, targeting and monitoring. A standalone, costed Gender Action Plan, endorsed at inception, will identify context-specific barriers, define targeted measures, allocate responsibilities

and establish measurable indicators and timelines, fully integrated into the work plan and Results Framework. Institutional accountability for gender mainstreaming will rest with the Project Management Unit under the Ministry of Rural Development, Social Security and Community Empowerment, with technical support from UNDP, while CDCs will appoint gender focal persons to ensure equitable participation and benefit-sharing in VDP processes and implementation. Gender-responsive budgeting will be embedded in financial management, with a commitment that at least 50% of total project expenditure is explicitly allocated to gender-responsive and women-led activities, and annual reports will track these expenditures and performance against the Gender Action Plan. Through these measures, the project will advance gender equality and women's empowerment while ensuring that climate-resilience benefits reach those facing the greatest climate-related risks and constraints.

C. Describe or provide an analysis of the cost-effectiveness of the proposed project/programme.

The project demonstrates cost-effectiveness by leveraging existing national systems, institutional structures and technical resources across rural and urban contexts. Its design ensures investments deliver maximum value by strengthening the Prajashakthi programme's nationwide planning framework and integrating climate adaptation into all 14,008 Village Development Plans (VDPs), including in urban and peri-urban areas. The Adaptation Fund (AF) grant covers the incremental costs of embedding climate-risk analytics, climate-resilient design standards and ecosystem-based adaptation measures into this existing national poverty-eradication platform, costs not covered by baseline Prajashakthi financing.

The project blends high-impact demonstrations, scalable knowledge systems and institutionalised planning reforms, ensuring adaptation benefits extend beyond directly supported locations.

Demonstration investments: Rural, peri-urban and urban applications

Under Outcome 3, approximately USD 13 million will fund targeted climate-resilient demonstrations across rural villages, urban settlements and vulnerable communities in peri-urban and township areas. Concentrating investments in a limited number of Grama Niladhari (GN) divisions allows the project to test and refine solutions at a lower unit cost, generating standardised models for replication through existing Prajashakthi financing without further AF support. These interventions will focus on integrated water management, livelihood diversification, ecosystem-based adaptation and nature-based solutions to address flood and heat stress. Directly covering 150–300 GN divisions, these pilots provide evidence for replication through the Prajashakthi system, scaling to approximately 2,500 GN divisions by project end.

Knowledge products and decision-support tools: High leverage through reuse

Under Outcome 1, the project will develop and disseminate high-leverage knowledge products, including technical guidelines, adaptation menus, VDP templates, vulnerability tools and gender-responsive materials. These will be integrated into Prajashakthi's planning and training systems, ministry platforms and digital community portals. By leveraging proven models, the project avoids duplication, reduces development costs and accelerates adoption. Once developed, these tools can be reused across planning cycles and districts at negligible marginal cost, progressively reducing the cost per beneficiary and per climate-resilient investment over the lifetime of the Prajashakthi programme.

Institutional strengthening: Embedding adaptation at low incremental cost

Under Outcome 2, capacity will be built for all 331 divisional and 341 municipal planners, 14,008 Community Development Committees and over 30,000 community-based organisations. Climate-risk screening, gender-responsive budgeting and Environmental and Social Management Plan safeguards will be embedded into standard operating procedures. This ensures sustainability and scale-up within existing frameworks, without new structures or long-term external funding. Embedding these functions into routine procedures avoids the recurring transaction costs associated with stand-alone adaptation projects, repeated feasibility studies and post-disaster reconstruction expenditures.

Cost-efficiency through use of existing systems and institutions, and multiplier effect

The project achieves significant savings by using established Prajashakthi governance structures, grievance mechanisms and community networks, eliminating the need for new institutions, large-scale baseline surveys or complex exit mechanisms. This integrated approach creates a high multiplier effect: direct resilience benefits for targeted communities, coupled with embedded tools and planning reforms that enable replication across all 14,008 VDPs. By reducing exposure to floods, droughts, heat stress and ecosystem degradation, the project lowers future public and household expenditures on emergency response, asset replacement and livelihood recovery. Nationwide scale-up will be financed through regular Prajashakthi budgeting cycles, aligning with the AF's criteria for cost-effectiveness, scalability and transformational impact.

D. Describe how the project/programme is consistent with national or sub-national sustainable development strategies, including, where appropriate, national adaptation plan (NAP), national or sub-national development plans, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist.

Consistency with national and sub-national strategies

The project is a direct implementation vehicle for Sri Lanka's national, provincial and local priorities for sustainable, inclusive and climate-resilient development across rural, peri-urban and urbanising areas. It translates high-level policy into accountable local planning and investment by working through and strengthening the Prajashakthi system and its existing governance frameworks, rather than creating parallel delivery mechanisms.

Alignment with national policy frameworks

The project operationalises the national policy framework 2025–2029 ("A Thriving Nation, A Beautiful Life") and Sri Lanka's National Adaptation Plan (NAP) 2016–2025 (and NAP 2026-2035 which is being drafted) by embedding climate-risk screening, climate-informed budgeting and gender-responsive, ecosystem-based adaptation directly into Prajashakthi development cycles. Through support to Climate-Resilient Village Development Plans and related investments, it advances NAP priorities on water security, climate-resilient agriculture, biodiversity and ecosystem management, resilient infrastructure and urban resilience. Risk-informed infrastructure standards adopted under the project will be aligned with technical guidance and codes issued by the National Building Research Organisation, Central Environmental Authority and Irrigation Department. The project is also consistent with the National Disaster Management Plan (2023–2030) and sectoral disaster risk-reduction frameworks by integrating hazard mapping, climate-risk screening and early risk identification into Village Development Plans, ensuring that climate adaptation and disaster risk reduction are addressed in a coordinated manner at local level.

Support for NDCs and Paris Agreement implementation

The project directly contributes to Sri Lanka's updated Nationally Determined Contributions by closing the implementation gap between national climate commitments and local action. NDC 3.0 (2026–2035) highlights weak climate information management, inadequate decision-support systems and limited local capacity as key barriers to resilient development. The project responds by establishing and operationalising a dedicated digital climate information platform that consolidates climate-risk, hazard and vulnerability data with sector-specific guidance and tools for Community Development Committees and local planners. By enabling systematic integration of climate risks into local planning, budgeting and monitoring cycles, the project supports NDC adaptation priorities across water, infrastructure, coastal and lagoon systems, ecosystems and urban planning, and strengthens vertical integration between national strategies (NAP and NDCs), provincial adaptation priorities and locally implemented Village Development Plans.

Consistency with sustainable development and SDGs

Aligned with the Sustainable Development Act (2017) and the National Strategy for Sustainable Development, the project promotes resource-efficient, climate-resilient development, social inclusion, ecosystem protection and public health. By strengthening climate-resilient livelihoods, local governance and critical ecosystem services, it contributes to national Sustainable Development Goal (SDG) indicators monitored by the Sustainable Development Council, particularly SDG 1, SDG 2, SDG 5, SDG 11, SDG 13 and SDG 15. The project's emphasis on gender-responsive planning and women's leadership at community level is consistent with national gender equality policies and Adaptation Fund principles on equity, human rights and environmental integrity.

Governance and accountability for safeguards

A clear, multi-tiered accountability structure ensures compliance with national strategy, standards, and Adaptation Fund policies. At national level, the Ministry of Rural Development, Social Security and Community Empowerment, the Ministry of Provincial Councils and Local Government and the Ministry of Environment and Climate Change Secretariat provide oversight and ensure alignment with the NAP, NDCs, disaster-management frameworks and technical standards. At project level, the Project Management Unit, supported by UNDP, implements Environmental and Social Management Plans, a grievance redress mechanism and safeguard reporting. At local level, Community Development Committees and divisional and provincial coordination platforms apply safeguards on the ground, maintain compliance records and report upwards. Regular joint reviews with divisional and provincial authorities and UNDP ensure adherence to national and Adaptation Fund policies and support continuous improvement, making the project a practical instrument for implementing Sri Lanka's climate and sustainable development strategies.

E. Describe how the project/programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy of the Adaptation Fund.

Compliance with national technical, legal and institutional standards

The project will be implemented in full compliance with Sri Lanka's technical, legal, and institutional frameworks for environmental management, land use, infrastructure, labour, public health and data governance. Climate and environmental data systems will

follow National Spatial Data Infrastructure requirements, Survey Department and Central Environmental Authority quality standards, ISO 19115/19152 and Open Geospatial Consortium protocols, with urban datasets aligned to Urban Development Authority and National Physical Planning Department specifications. Institutional strengthening and service delivery interventions will be consistent with the National Climate Change Policy, the National Adaptation Plans 2016–2025,/2026-2035 national and local disaster risk management standards and municipal regulations for solid waste, drainage, sanitation and public safety.

All physical works under Component 3 in rural and urban areas, including water-management assets, slope stabilisation, drainage improvements and ecosystem restoration, will comply with applicable sectoral standards. In rural and agricultural settings, this includes technical prescriptions and guidelines of the Irrigation Department, Agrarian Development Department, Construction Industry Development Authority and National Building Research Organisation. In urban and municipal areas, interventions will follow Urban Development Authority zoning and drainage guidelines, the National Building Code, municipal by-laws on waste, stormwater and public health, and Central Environmental Authority pollution-control standards. These requirements will be incorporated in designs, tender documents, contractor contracts, supervision protocols and community maintenance arrangements so that compliance is enforced throughout the project cycle.

All activities will adhere to Sri Lanka's core environmental and heritage legislation, including the National Environmental Act and relevant provincial environmental acts, the Fauna and Flora Protection Ordinance, the Forest Ordinance, the Antiquities Ordinance, municipal by-laws and the Disaster Management Act for work in flood- and landslide-prone areas. Environmental impact assessments or initial environmental examinations will be undertaken where regulatory thresholds are triggered and necessary clearances obtained before implementation.

Compliance with the Adaptation Fund ESP and Gender Policy

The project is fully aligned with all 15 principles of the Adaptation Fund Environmental and Social Policy and with the AF Gender Policy. It will safeguard biodiversity and ecosystem integrity by protecting and restoring wetlands, riparian buffers and peri-urban ecosystems and by avoiding significant conversion or degradation of natural habitats. All investments will be screened for climate risk to prevent maladaptation in both rural and urban infrastructure. Pollution prevention and resource efficiency will be ensured through strict adherence to Central Environmental Authority and municipal standards for effluents, solid waste and construction practices.

Equity and non-discrimination will be promoted by prioritising underserved rural GN divisions and urban settlements, low-income households, informal workers, women, youth, elderly persons and persons with disabilities in targeting and decision-making. A standalone, costed Gender Action Plan, aligned with national gender policies and the AF Gender Policy, will guide gender analysis, participation, benefit-sharing, capacity development and monitoring. Labour and working-conditions standards will be upheld by requiring compliance with national labour law and relevant ILO conventions, including safe working conditions, non-discrimination and equal pay for workers engaged through contractors, municipalities and community-based arrangements. Public health and safety, protection of cultural heritage, information disclosure and accessible grievance channels will be integrated into project design and implementation in line with ESP requirements.

Safeguard instruments and implementation arrangements

A harmonised Environmental and Social Management Framework (based on the initial Social and Environmental Screening Procedure, Annex 1), consistent with national law, UNDP's Social and Environmental Standards and the Adaptation Fund ESP, will govern safeguard management. It will define procedures for screening and categorising all rural and urban interventions against National Environmental Act, provincial or municipal requirements and AF principles, and will specify when site-specific Environmental and Social Management Plans are required. ESMPs will be prepared and implemented for moderate-risk activities such as urban drainage works, riverbank reinforcement and larger ecosystem-restoration schemes, with clear mitigation, monitoring and institutional responsibilities.

The Project Management Unit will maintain a safeguard compliance log, consolidate monitoring inputs from national and local partners and submit regular reports to the Ministry of Rural Development, Social Security and Community Empowerment, the Ministry of Environment and UNDP. The UNDP Country Office will provide quality assurance and technical support, with additional oversight available through UNDP's Social and Environmental Compliance Unit. At local level, Community Development Committees and divisional and provincial coordination platforms will apply screening tools, implement agreed mitigation measures and maintain basic records, reporting upwards to the Project Management Unit and relevant line agencies.

A multi-tier grievance redress mechanism, from community to district and national levels, will allow project-affected people and stakeholders to raise concerns, consistent with UNDP's Social and Environmental Compliance procedures, the Right to Information Act and local authority practices. Safeguard information, eligibility criteria and grievance channels will be disclosed through Prajashakthi structures and community meetings. Through this integrated system of standards, instruments and accountability, the project will meet relevant national technical standards and ensure robust compliance with the Adaptation Fund's Environmental and Social Policy and Gender Policy.

F. Describe if there is duplication of project/programme with other funding sources, if any.

There is no material duplication between the proposed project and other major climate and development investments in Sri Lanka. The project has been designed to work through Prajashakthi and to focus on institutionalisation, planning reforms and community-

led demonstrations, while existing and planned projects concentrate on specific sectors, themes or geographic areas. Where geographic or thematic overlap exists, the proposed project will target different GN divisions or use existing outputs (for example, guidelines and tools) to avoid parallel development and to maximise synergies, in line with Adaptation Fund guidance.

Green Climate Fund and World Bank projects

The Climate Resilient Integrated Water Management Project (CRIWMP, GCF FP016, under implementation but expected to be completed in Dec 2025) operates in selected river basins with a focus on integrated water management and climate-resilient livelihoods. The proposed project is complementary and will not duplicate CRIWMP investments. It will review, adapt and reuse relevant CRIWMP technical products, such as climate-resilient water management guidelines, manuals and planning tools, integrating them into Prajashakthi knowledge, training and planning systems under Components 1 and 2. These resources will be embedded in Climate-Resilient Village Development Plan templates, training curricula and digital platforms, thereby extending their reach nationally without new tool development. The Climate Smart Irrigated Agriculture Project funded by the World Bank (to be completed in 2025) focuses on irrigation infrastructure and agricultural productivity; there is no overlap in activities or financing, but its lessons and technical standards will inform climate-resilient irrigation guidance integrated in Prajashakthi.

The GCF project “Strengthening Climate Resilience of Subsistence Farmers and Agricultural Plantation Communities residing in the vulnerable river basins, watershed areas and downstream of the Knuckles Mountain Range Catchment of Sri Lanka” (FP124, ongoing to 2026) operates in specific river basins and plantation landscapes. The proposed project works in different districts and through a different national delivery mechanism, so there is no duplication. Where relevant, it will draw on FP124 experience in climate-resilient agriculture, risk screening and ecosystem-based approaches to inform national guidance and training materials under Component 1.

Adaptation Fund projects

The regional Adaptation Fund project “Strengthening Resilience of Vulnerable Communities in Sri Lanka and India to Increased Impacts of Climate Change” (to be completed in 2029) is implemented in Monaragala, Mullaitivu (only one —Maritimepattu —out of the five DS divisions), Vavuniya, Mannar (Only two— Mannar Town and Madhu —out of the five DS divisions), Kurunegala and Trincomalee districts. In the two overlapping districts, the proposed project will focus on alternative DS divisions, landscapes and GN divisions, recognising the size and diversity of these administrative areas. Prior to inception, a jont review of geographic targeting and livelihood- and ecosystem-based interventions will be undertaken to ensure that activities are complementary, with this project emphasising Prajashakthi integration and community-led planning, and the regional project, maintaining its existing site-based focus.

The AF-funded project “Build Resilience to Climate Change and Climate Variability of Vulnerable Communities in Mullaitivu District” (to be completed in 2027) is confined to three divisional secretariat divisions (Puthukkudiyiruppu, Maritimepattu, and Welioya,), and there is no duplication with the proposed GN-level investments. The completed AF project “Addressing climate change impact on marginalized agricultural communities living in the Mahaweli river basin” (Nuwara Eliya and Polonnaruwa districts, completed 2016) also presents no overlap; instead, its approaches to climate-resilient smallholder livelihoods and community planning will be treated as sources of lessons for Prajashakthi CR-VDPs.

The project will systematically capture and apply lessons learned and good practices from the above-mentioned Adaptation Fund–financed projects under Component 1 and will support their uptake and institutionalisation at the national level primarily through Components 1 and 2.

The AF concept “Empowering Coastal Sri Lanka: Livelihoods and Preparedness for a Climate-resilient Future (E-COAST Sri Lanka, 2027–2032)” targets coastal districts including Mullaitivu, Trincomalee and Batticaloa. In the event of approval, this project will work in inland and peri-urban locations within the two overlapping districts, while E-COAST will focus on coastal belts and nearshore systems. Coordination through the Climate Change Secretariat and line ministries will ensure that activities are spatially distinct and complementary, with shared learning on coastal–inland linkages.

The regional AF concept “Integrated Drought Management for South Asia” is at concept stage, with no defined Sri Lanka geographic scope and a narrow thematic focus on drought. The proposed project does not pre-empt or duplicate this initiative; if approved, it will serve as a technical partner for drought-risk analytics and local planning tools.

GEF and other environment and resilience projects

The GEF project “Natural Capital Values of Coastal and Marine Ecosystems in Sri Lanka Integrated into Sustainable Development Planning” (to be completed in 2029) focuses on coastal and marine natural capital accounting and policy integration, including in Mannar and Kilinochchi districts. The proposed project will not work in marine or nearshore environments and will not duplicate

these efforts; instead, it will use relevant natural-capital data where available to inform risk screening and CR-VDPs. Similarly, the project “Promoting sustainable economic benefits through the conservation of critical biodiversity and ecosystem services in the Eastern Coastal Region of Sri Lanka” concentrates on biodiversity conservation and nature-based enterprises in specific coastal ecosystems, with no overlap in scope or delivery mechanisms. The Global Fund for Coral Reefs Investment – Grant Component for Sri Lanka (IUCN, 2022–2032) is focused on coral reefs and associated blue economy opportunities; the proposed project does not intervene in reef ecosystems and will only draw on its lessons where relevant for coastal community planning.

Government-funded initiatives to “increase resilience capacity of women in disaster and crisis situations” operate nationally with a focus on empowerment, protection and preparedness of women and girls. The proposed project is complementary, using Prajashakthi and Community Development Councils to strengthen women’s leadership in local planning and to channel climate-resilient livelihood support, without replicating protection services or stand-alone gender programmes.

Summary of duplication risk

Across these initiatives, potential duplication is avoided through i) distinct geographic targeting or focus on different ecosystems and sectors; ii) use and scaling of existing technical products and standards rather than developing parallel tools; and iii) deliberate coordination with executing entities and line ministries to sequence and align interventions. The proposed project therefore complements, rather than duplicates, other funding sources, using Prajashakthi as a platform to extend and institutionalise climate-resilient planning and investments at national scale.

G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.

Integrated learning and knowledge management approach

The project integrates a structured learning and knowledge management approach to translate evidence from interventions into scalable policy, planning tools and institutional practice. A national learning framework will foster cross-sectoral and territorial exchange, supporting the replication of Climate-Resilient Village Development Plans and Urban Resilience Action Plans within Prajashakthi. Learning processes are embedded in Prajashakthi’s routine planning, budgeting and review cycles, ensuring lessons directly inform subsequent investment and implementation decisions.

Operational learning and feedback loops

Demonstration interventions across rural, peri-urban and urbanising landscapes will serve as learning laboratories, generating evidence on cost-effectiveness, gender and social outcomes, ecosystem performance and resilience benefits under diverse climate risk contexts. A dedicated Learning and Knowledge Management Officer, supported by the Monitoring, Evaluation and Learning team, will synthesise this data. Budgets are allocated for monitoring, participatory reflection and cross-learning exchanges. Feedback from Community Development Councils and local structures will be consolidated through divisional and provincial mechanisms, then channelled via the Learning and Knowledge Coordination Mechanism to the National Project Director, National Prajashakthi Coordination Body, Climate Change Secretariat and line ministries. This will inform iterative adjustments to Prajashakthi procedures, technical standards, planning templates and updates to the National Adaptation Plan, Provincial Adaptation Plans and relevant sectoral policies and codes. Annual national learning workshops will review evidence and support adaptive management.

Knowledge products, digital integration and dissemination

Project-generated evidence will be translated into user-oriented knowledge products for planners, technical officers, Community Development Councils and community groups. These will include technical briefs, field manuals, climate- and gender-responsive planning tools, training modules, case studies and multimedia materials. A digital platform, integrated with government systems, will host these resources, track their uptake and facilitate peer-to-peer exchange. Dissemination will leverage existing government platforms, training institutes and Prajashakthi coordination mechanisms to maximise institutional uptake and embed lessons in professional practice.

Monitoring, evaluation and learning

The Monitoring, Evaluation and Learning framework will track outputs, outcomes and the utilisation of evidence in planning, uptake of resilience tools, coordination improvements and institutional behaviour change. Annual learning reports, validated by the Project Steering Committee, will be shared through national adaptation and urban resilience networks. This integrated approach creates an adaptive knowledge loop connecting community experience with policy reform and public investment, strengthening the sustainability and scalability of climate-resilient development beyond Adaptation Fund support.

H. Describe the consultative process, including the list of stakeholders consulted, undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

A multi-level, inclusive, and gender-responsive consultation process has been initiated to ensure alignment with national priorities

and local needs, in line with the Adaptation Fund's Environmental and Social Policy (ESP) and Gender Policy. The process reflects concept note stage engagement and will be expanded during full proposal development.

National-Level Consultations

National engagement began in May 2025 with the Ministry of Environment (MoE), the Adaptation Fund Designated Authority. Following meetings with the Additional Secretary (Environment Development) on 26 May 2025 and with the Ministry of Rural Development, Social Security and Community Empowerment (MoRDSS&CE) on 6 June 2025, agreement was reached to develop a concept note focused on strengthening the Prajashakthi Programme as a vehicle for climate adaptation. The project idea was formally submitted to MoE in mid-June 2025, and allocation of funding was confirmed during a joint MoE–MoRDSS&CE meeting on 7 July 2025. Further technical inputs were obtained through consultations with the Prajashakthi Secretariat of the Presidential Secretariat (13 August 2025) and a meeting with the Hon. Minister of Rural Development (10 September 2025), who emphasized alignment with Prajashakthi programming cycles and submission to the March/April 2026 Adaptation Fund Board. A national stakeholder workshop on 3 October 2025, co-led by MoRDSS&CE and UNDP, established a Technical Working Committee (TWC) to guide development of the concept and assist integration of climate adaptation into Prajashakthi systems. The TWC's first meeting on 14 November 2025 reviewed the draft concept, refined technical approaches, target locations, and linkages between climate information, Village Development Planning (VDP), and social protection.

Subnational and Programme-Level Consultations

District-level consultations were held in Batticaloa (6 June 2025) with the leadership of District Secretary and relevant Prajashakthi officials and UN Habitat officials. Virtual technical consultation with district and divisional Prajashakthi officials (12 December 2025) reviewed priority development challenges identified through the community level consultation process and discussed the proposed integration of climate risk screening and adaptation planning into Prajashakthi planning and budgeting systems.

Community-Level and Gender-Responsive Consultations

Community-level consultations were supported by a field mission in Kilinochchi and Mannar (14–16 August 2025) involving senior officials from MoRDSS&CE including Director Prajashakthi, the Ministry of Agriculture, UNDP, and civil society organisations. Additional gender-responsive consultations were conducted with Women's Self-Help Groups and District Women's Federations to identify climate-related livelihood impacts and priorities for nature-based solutions, livelihood diversification, and early warning. Site visits and discussions with farmer organisations and the officials of Department of Agriculture, Provincial Agriculture Departments, and Department of Agrarian Development, documented climate impacts on paddy and upland crops and demand for measures such as VIS rehabilitation, ecosystem restoration, drainage improvement, water-efficient irrigation, and soil conservation. Particular attention was given to elderly persons, female-headed households, persons with disabilities, conflict-affected populations, and youth with limited livelihood options as priority beneficiaries.

ESP and Gender Policy Compliance and Next Steps

The consultation process is consistent with Adaptation Fund ESP and Gender Policy requirements for the concept note stage. early Environmental and Social Safeguards Screening (ESSS) has been conducted, and findings have informed project design. During full proposal development, consultations will be expanded to all targeted districts, specific landscapes and vulnerable groups, consultation findings will be systematically documented, a stakeholder engagement plan will be prepared, and linkages between project-level and government grievance mechanisms will be clarified.

I. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

The Prajashakthi National Programme, Sri Lanka's flagship mechanism for poverty eradication and inclusive growth, is expected to channel around LKR 25 billion (~USD 83.3 million) annually into community-led development at GN level. These domestic resources finance basic infrastructure, service delivery and livelihood support, but are planned and implemented largely based on historical climate patterns, without systematic consideration of increasing climate hazards, ecosystem thresholds or disaster risk dynamics. In this baseline scenario, Prajashakthi investments in irrigation, roads, drainage, basic services and livelihoods will remain highly exposed to floods, droughts, heat and land degradation, leading to recurrent damage, reduced returns on public expenditure and increased vulnerability of poor and marginalised households. Adaptation Fund support is requested to cover the additional and incremental costs required to transform Prajashakthi into a climate-resilient national delivery mechanism, by integrating climate risk information, adaptation governance, and climate-resilient investments into its core functions.

Component 1: Strengthen the Knowledge, Data/information Resource Base and Policy Coherence for Climate-Resilient Planning, Budgeting, and Implementation within the Prajashakthi poverty eradication programme.

Without the project, data systems remain fragmented and oriented towards administrative and sectoral planning, with limited integration of climate risk information and almost no tailored decision-support tools for GN-level planning. Planners and Community

Development Committees lack reliable, localised climate and hazard data to guide choices on siting, design standards, and prioritisation of investments. Adaptation Fund resources will finance the integration of climate information systems, spatial data infrastructure and early warning capabilities tailored to Prajashakthi, including district-level climate risk maps, data-sharing protocols and practical decision-support tools. These are not covered by baseline budgets and constitute adaptation-specific functions that generate public goods in the form of avoided damage to assets, reduced livelihood losses and better-targeted investments.

Component 2: Strengthen Governance and Institutional Capacity for Climate Risk Informed Community Development within the Prajashakthi Programme.

In the baseline, Prajashakthi governance focuses on poverty reduction and community empowerment, but lacks systematic integration of climate adaptation, gender-responsive planning and disaster risk reduction. Planning and budgeting processes are not climate-risk informed, subnational institutions have weak mandates and skills to manage climate risks, and coordination between the Climate Change Secretariat, line ministries, local authorities and CDCs are limited. Adaptation Fund resources will finance institutional strengthening, technical training and coordination mechanisms that embed climate risk management and gender-responsive adaptation into Prajashakthi structures from national to GN level, including urban and municipal systems. This covers the incremental costs of climate-risk-informed planning guidelines, clarified roles and coordination between the Climate Change Secretariat and Prajashakthi institutions, and strengthened dialogue and support between provincial adaptation units, district coordination platforms, Community Development Committees and local authorities. These functions are not part of normal development expenditures and directly address systemic barriers that currently prevent local institutions from planning and budgeting for climate resilience.

Component 3: Demonstration and systematization of community-led transformative adaptation and resilience building for integration into Prajashakthi programme

Under the baseline, Village Development Plans and analogous urban plans focus on basic infrastructure, agriculture and livelihood support, implemented without robust climate screening or consideration of ecosystem sustainability. Investments in irrigation, drainage, access roads, public spaces and livelihood support would continue along business-as-usual lines, leading to repeated climate-induced damage, erosion of natural buffers and increasing exposure of poor households. Adaptation Fund support will finance the additional costs of designing and implementing Climate-Resilient Village Development Plans and Urban Resilience Action Plans that incorporate locally led ecosystem-based adaptation, water and soil conservation, climate-resilient agriculture, diversified and climate-resilient livelihoods (including climate-resilient livestock and agroforestry), resilient rural and urban infrastructure and value chains, and access to tailored climate and market information. These measures extend beyond existing Prajashakthi budgets, reduce climate-induced losses, enhance productivity and sustain critical ecosystem services that underpin long-term resilience.

Cross-cutting knowledge, learning and policy integration

Baseline knowledge systems under Prajashakthi are not configured to capture, synthesise or disseminate lessons on adaptation and climate risk reduction, nor to support systematic scaling across 14,008 GN divisions. There is currently no institutional mechanism to translate field-level experience into revised guidelines, standards or budget allocations. Adaptation Fund resources will finance a structured learning and knowledge management mechanism, supported by digital platforms and dedicated focal points, to ensure that lessons from demonstration sites inform national, provincial and local planning processes, policy adjustments, and future public investment decisions. These are adaptation-specific functions that create enduring institutional capacity and reduce the need for repeated project-based experimentation.

Full cost of adaptation and additionality

The proposed adaptation measures cannot be financed from existing Prajashakthi allocations or routine sectoral budgets, which are designed for short-term poverty reduction and service delivery, nor from private finance, given that core climate-risk analytics, ecosystem-based risk reduction and community-level resilience interventions are public goods that yield avoided losses rather than direct financial returns. Adaptation Fund support is therefore essential to meet the full cost of adaptation required to safeguard and sustain the development gains of Sri Lanka’s most vulnerable rural, peri-urban and urbanising communities. By financing the incremental costs of climate information and decision-support systems, adaptation governance, climate-resilient community plans and investments, and institutionalised learning, the grant will enable Prajashakthi to function as a climate-resilient national development platform, generating long-term resilience dividends that would not materialise under a business-as-usual trajectory.

J. Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project/programme

Institutional and policy sustainability

The project's core exit strategy is to institutionalise climate resilience within Sri Lanka's existing development architecture, rather than creating parallel structures. By embedding adaptation functions into the Prajashakthi National Programme and aligning them with the National Adaptation Plan, Provincial Adaptation Plans and Nationally Determined Contributions, the project ensures that climate-risk-informed planning becomes part of policy cycles, standards and guidance used by national, provincial and local authorities. Institutional capacity for climate-risk assessment, gender-responsive adaptation planning and safeguards will be strengthened within the Ministry of Rural Development, Social Security and Community Empowerment, the Climate Change Secretariat, line ministries and local authorities. This will enable these institutions to apply, monitor and periodically refine climate-resilient planning tools and Climate-Resilient VDPs through their regular mandates and procedures ensuring sustained implementation after project closure, without dependence on project-specific structures.

Financial sustainability

Financial sustainability is reinforced by redirecting and conditioning existing domestic finance flows, rather than depending on temporary external resources. By integrating climate-resilience criteria into the appraisal, prioritisation and design of Prajashakthi-funded investments, the project ensures that a substantial, predictable annual budget envelope is progressively steered towards climate-resilient infrastructure, livelihoods and ecosystem management. Capacity building on climate-responsive and gender-sensitive public budgeting will help institutionalise these practices within national, subnational and local budget processes. Climate-resilient livelihood and microenterprise support will create opportunities for diversified, resilient income generation, improving the ability of communities to maintain assets and practices beyond the project period, and catalysing partnerships with financial institutions to extend access to appropriate financial products where relevant.

Social and gender sustainability

Long-term social sustainability is supported through strong local ownership and inclusive governance. Community Development Councils and other community structures lead participatory planning processes for Climate-Resilient Village Development Plans and urban resilience plans, ensuring that priorities reflect the needs and capacities of women and men, youth, elderly persons and other vulnerable groups. A dedicated Gender Action Plan promotes equitable participation and leadership of women and youth in planning, decision-making and benefit-sharing, including through targeted support for climate-smart enterprises and livelihoods. Transparent governance arrangements and accessible grievance and redress mechanisms will help to manage potential conflicts, enhance accountability and maintain trust, supporting sustained engagement in adaptation measures beyond the life of Adaptation Fund support.

Environmental sustainability

Environmental sustainability is ensured by prioritising ecosystem-based and nature-positive interventions that strengthen and improve, rather than degrade, the natural resource base on which communities depend. Catchment and wetland restoration, soil and water conservation and climate-resilient agroforestry systems are designed to regenerate ecosystem services such as groundwater recharge, flood attenuation and soil stabilisation, thereby sustaining resilience benefits with limited recurrent costs. All interventions will be screened and managed in line with national environmental legislation and the Adaptation Fund's Environmental and Social Policy, to avoid adverse environmental and social impacts and to promote low-emission, ecosystem-compatible development pathways.

Knowledge, learning and institutional memory

The project will put in place durable mechanisms for knowledge retention and adaptive learning. A digital knowledge platform, integrated with government information systems, will host Climate-Resilient Village Development Plans, planning tools, technical manuals and case studies, providing continued access for planners, local authorities and community organisations. A Learning and Knowledge Coordination Mechanism will formalise feedback loops from implementation experience to policy and guideline revision, and monitoring, evaluation and learning functions will be embedded within existing government planning and reporting systems to track performance and inform course corrections beyond the project period. Training-of-trainers approaches for climate-risk analysis, adaptation planning and safeguard management will build a cadre of practitioners within government and community structures, preserving technical capacity and enabling ongoing replication and scaling of climate-resilient practices after the end of Adaptation Fund financing.

K. Provide an overview of the environmental and social impacts and risks identified as being relevant to the project/programme.

Most risks identified are contextual to Sri Lanka's institutional capacity and local socio-economic dynamics rather than directly caused by the project. These require further assessment and management during the PPG through the ESMF, targeted assessments (biodiversity, gender, inclusion, conflict sensitivity), generic ESMP templates, and specific management plans for identified risk areas.

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
Compliance with the Law	X	
Access and Equity		Risk of inequitable access to project benefits; requires inclusive targeting criteria, digital inclusion measures, and equity monitoring integrated into the ESMF.
Marginalized and Vulnerable Groups		Potential exclusion of women, youth, Persons with Disabilities (PWDs), estate communities, smaller GN divisions; requires Gender & Inclusion Assessment during PPG and tailored inclusion measures in the ESMF and Gender Action Plan (GAP).
Human Rights		Risk of uneven participation or information access; requires strengthened GRM, transparent participation processes, and monitoring of potential discrimination.
Gender Equality and Women's Empowerment		Gender-based exclusion in planning, CDC governance and livelihood activities; requires GAP, gender-responsive ESMP templates and capacity strengthening.
Core Labour Rights		OHS and labour compliance risks in community works and construction; requires Labour Management Procedures and OHS provisions in ESMP templates.
Indigenous Peoples	X	
Involuntary Resettlement	X	
Protection of Natural Habitats		Risk of habitat disturbance from restoration and small-scale works; requires biodiversity screening, exclusion criteria, and site-specific ESMPs during implementation.
Conservation of Biological Diversity		Risk of impacts on sensitive ecosystems and species; requires biodiversity assessment during PPG and biodiversity management measures in the ESMF.
Climate Change		Potential maladaptation or misuse of climate data; requires validation of climate-risk information, training for planners, and integration of climate-risk screening tools.
Pollution Prevention and Resource Efficiency		Minor construction may generate waste or use resources inefficiently; ESMP templates must include waste management, hazardous materials protocols, and resource-efficiency measures.
Public Health		Community health and safety risks related to construction and communal activities; requires a Community Health & Safety Plan (integrated into ESMF).
Physical and Cultural Heritage		Low but possible risk of chance finds; requires Chance Find Procedures within the ESMF.

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
Lands and Soil Conservation		Restoration or livelihood activities may affect soil stability; requires soil conservation guidelines and site-level screening in ESMP templates.

PART III: IMPLEMENTATION ARRANGEMENTS

A. Demonstrate how the project/programme aligns with the Results Framework of the Adaptation Fund

The proposed project's objective aligns well with AF Fund Outcomes 2, 3, 5 and 6, as well as with Fund Outputs 2.1, 3.1, 3.3, 5.1, and 6.1. This alignment is demonstrated in the table below.

Project Objective(s)[1]	Project Objective Indicator(s)	Fund Outcome	Fund Outcome Indicator	Grant Amount (USD)
To strengthen the climate resilience and adaptive capacity of vulnerable communities engaged in *Prajashakthi*, the national poverty eradication programme, enabling them to sustainably manage climate risks and safeguard livelihoods under changing climatic conditions.	Number of direct beneficiaries (disaggregated by sex, age, and vulnerability group) with reduced vulnerability to climate-related hazards as a result of climate-informed VDP % of VDPs that explicitly integrate climate risk reduction and resilience investments using climate risk approved tools Institutionalized mechanism established and operational for the continuous integration of climate risk information into Prajashakthi annual planning and budgeting processes. Number of national, provincial, district, and local institutions applying climate-risk-informed planning, budgeting, or implementation practices under Prajashakthi	**Primary AF Outcome[15]:** **Fund Outcome 2** Strengthened institutional capacity to reduce risks associated with climate-induced socioeconomic and environmental losses **Supporting AF outcomes:** **Fund Outcome 3:** Strengthened awareness and ownership of adaptation and climate risk reduction processes **Fund Outcome 5** Increased ecosystem resilience in response to climate change and variability- induced stress licies and regulations that promote and enforce resilience measure	**Indicator 2:** Institutions with strengthened capacity to understand and better address climate risks and resilience *[# of institutions, disaggregated by scale and sector]* **Indicator 3.1:** People with strengthened awareness of climate change risks and how to better address them [# of people, disaggregated by gender] **Indicator 3.2:** People implementing new or improved adaptation actions *[# of people, disaggregated by gender]* ***Core Indicator 5:*** *Ecosystems and natural resources brought under protection, restoration, or improved management in response to climate variability and change [# of hectares, disaggregated by land, marine, coastal, and cultural heritage area]*	20,000,000
Project Outcome(s)	**Project Outcome Indicator(s)**	**Fund Output**	**Fund Output Indicator**	**Grant Amount (USD)**
Outcome 1 Planning, budgeting and implementation under the Prajashakthi programme are guided by coherent policy alignment with national	1.1. Number of national and sub-national institutions that formally apply climate-resilient planning methodologies and tools in the preparation or review of VDPs under *Prajashakthi* programme	**Output 2.1.** Strengthened capacity of institutions to understand and better address climate risks **Output 3.2.** Strengthened capacity of national and subnational	***Indicator 2.1.1*** Institutions supported to strengthen capacity to understand and address climate risks and resilience (# of institutions, disaggregated by scale and sector)	1,540,000

[15] Reduced exposure to climate hazards (Outcome 1) is achieved *indirectly* through strengthened planning, budgeting, and ecosystem-based investments, and is therefore not claimed as a standalone outcome at Concept Note stage.

climate change frameworks and informed by accessible, climate-resilient methodologies, tools, and knowledge systems that enable community led inclusive climate adaptation and disaster risk reduction	1.2. Number of climate-resilient and inclusive planning and budgeting tools, guidelines, methodologies, or knowledge platforms developed or updated and formally adopted for use under the *Prajashakthi.* 1.3. Number of knowledge products (case studies, briefs, manuals) documenting local, gender-responsive adaptation practices developed and disseminated through *Prajashakthi* platforms. 1.4. Existence and operationalization of an institutional mechanism within Prajashakthi for continuous integration of climate risk information into annual planning and budgeting cycles.	stakeholders and entities to capture and disseminate knowledge and learning	***Indicator 3.2.1:*** Climate resilience knowledge products and/or tools developed and shared with stakeholders *[# of products/tools]*	
Outcome 2: Institutional capacity and coordination strengthened at national, provincial, district, divisional, and village/city levels to integrate transformative, ecosystem-based, and climate-risk-informed adaptation and risk reduction actions into the planning, budgeting, and implementation of Village Development Plans (VDPs) under the *Prajashakthi* programme.	2.1. Number of national, provincial, district, divisional, and local institutions with capacity to integrate climate-risk-informed, ecosystem-based, and transformative adaptation measures into VDP planning, budgeting, and implementation processes *(disaggregated by administrative level)* 2.2 Number of functional multi-level coordination mechanisms established or strengthened to support climate-resilient VDP planning and implementation 2.3. Number of officials (male/female) across all administrative levels trained and demonstrating improved capacity in climate-risk-informed, ecosystem-based planning and budgeting for VDPs.	**Output 2.1:** Strengthened capacity of institutions to understand and better address climate risks **Output 3.3:** Increased ownership of adaptation and climate risk reduction processes	**Indicator 2.1.1:** Institutions supported to strengthen capacity to understand and address climate risks and resilience *[# of institutions, disaggregated by scale and sector]* ***Indicator 3.3.1:*** Number of local institutions and/or communities responsible for decision-making over how adaptation solutions are defined, prioritized, designed, and/or implemented *[# of local institutions and/or communities]*	2,300,000
Outcome 3: Adaptive capacity, resilience, and empowerment of vulnerable communities across rural urban continuum enhanced through community led,	3.1 Number of people implementing new or improved ecosystem-based adaptation and climate-resilient livelihood practices *(disaggregated by sex and vulnerable groups)* 3.2 Number of households	**Output 3.1:** Targeted population groups participating in adaptation and risk reduction awareness activities	***Indicator 3.1.1:*** People participating in activities to improve awareness of climate risks and how to address them *[# of people, disaggregated by gender, and by vulnerable groups]*	12,842,028

ecosystem-based adaptation actions implemented and scaled within selected landscapes, demonstrating climate-smart livelihoods and sustainable resource management.	with increased income or avoided loss due to climate-resilient livelihood, enterprise, or value chain interventions 3.3 Area of ecosystems restored, protected, or brought under improved climate-resilient management through community-led ecosystem-based adaptation actions *(hectares, disaggregated by ecosystem type)* 3.4 Number of local institutions or communities actively responsible for planning and implementing ecosystem-based adaptation and livelihood actions under CR-VDPs	**Output 3.3:** Increased ownership of adaptation and climate risk reduction processes **Output 5.1:** Vulnerable ecosystem services and natural resource assets strengthened in response to climate change impacts, including variability **Output 6.1:** Targeted individual and community livelihood strategies strengthened in relation to climate change impacts, including variability	***Indicator 3.3.1:*** Number of local institutions and/or communities responsible for decision-making over how adaptation solutions are defined, prioritized, designed, and/or implemented *[# of local institutions and/or communities]* ***Indicator 5.1.1:*** Ecosystems and natural resources targeted by activities to improve protection, restoration, and/or management *[# of resources, by type]* ***Indicator 6.1.1:*** people receiving targeted support for new or improved livelihoods **Core 6.2**: Households with increased income or avoided loss	

Management Arrangements

Implementing Entity (IE): UNDP

UNDP, as the accredited Multilateral Implementing Entity to the Adaptation Fund, will be responsible for overall oversight, quality assurance, and compliance with Adaptation Fund policies and procedures. The UNDP Sri Lanka Country Office, supported by the Bangkok Regional Hub and Headquarters, will: i) submit workplans, budgets, progress reports and audits to the Adaptation Fund; ii) ensure that fiduciary standards, the Environmental and Social Policy, Gender Policy and Monitoring and Evaluation Policy of the Adaptation Fund are applied; iii) provide technical backstopping on project design, risk management and performance; and iv) commission mid-term and terminal evaluations in line with Adaptation Fund and UNDP requirements.

Executing Entity (EE): Ministry of Rural Development, Social Security and Community Empowerment

The Ministry of Rural Development, Social Security and Community Empowerment (MoRDSS&CE) will serve as the Executing Entity, with overall responsibility for project execution and delivery of outputs and outcomes. Acting through the national Prajashakthi Secretariat and relevant technical departments, the Ministry will: i) lead detailed annual work planning and budgeting; ii) coordinate with line ministries (for example, agriculture, irrigation, environment, urban development, disaster management, social protection and finance) and with the Climate Change Secretariat to integrate climate-resilient planning and investments into Prajashakthi procedures; iii) supervise the Project Management Unit and district-level implementation structures; and iv) ensure that project activities are aligned with national policies, the National Adaptation Plan, Provincial Adaptation Plans and relevant sector strategies. The Secretary of MoRDSS&CE, or a designated senior official, will co-chair the Project Board.

Implementing and Executing partners and specialised technical support

UNDP will provide execution support for defined activities requiring its specific technical or operational capabilities, in line with Adaptation Fund and UNDP policies, and with internal firewalls to clearly separate execution support from its Implementing Entity oversight role. FAO and UN-Habitat will act as key Executing Partners under agreements with MoRDSS&CE and UNDP. FAO will assist the execution of climate-resilient agriculture, ecosystem-based adaptation in production landscapes, value chains and community-based livelihood resilience. UN-Habitat will provide specialised support on climate-resilient urban and peri-urban planning, resilient infrastructure and settlement upgrading. The Ministry of Environment will provide technical guidance, quality assurance, and monitoring support to ensure alignment with national climate policies, standards, and reporting frameworks, and to strengthen learning and accountability across implementation. All agencies will contribute to the development of technical standards, tools and training packages, and will provide backstopping to field teams, local authorities and CDCs, within their respective areas of expertise. Implementing and Executing Partners will be represented on the Project Board and relevant technical working groups to ensure coherence of approaches and effective coordination.

National governance and coordination structures

A Project Board (or Steering Committee), chaired by MoRDSS&CE and co-chaired by the Climate Change Secretariat with UNDP as Implementing Entity, will provide strategic guidance and oversight. Its membership will include senior representatives of key line ministries, the Ministry of Finance or National Planning Department, FAO and UN-Habitat, and selected representatives of provincial authorities and civil society, as appropriate. The Project Board will meet at least twice per year to: i) review and approve annual workplans and budgets; ii) consider progress reports, audit findings and evaluation recommendations; iii) endorse major adjustments in project strategy or resource allocation; and iv) ensure adherence to Adaptation Fund policies, including environmental and social safeguards and gender requirements. A Technical Working Group, convened by the Climate Change Secretariat and MoRDSS&CE, will provide technical advice on climate-risk analytics, climate information systems, adaptation planning tools, safeguards, and monitoring and evaluation. It will draw on technical staff from line ministries, FAO, UN-Habitat, academia and other relevant institutions, and will meet more frequently as needed to review guidelines, screening tools and major infrastructure or landscape interventions.

Project Management Unit and national-level operations

A Project Management Unit (PMU) will be established within MoRDSS&CE, reporting to the National Project Director and accountable to the Project Board. The PMU will be led by a full-time Project Manager and will include specialists in financial management, procurement, monitoring, evaluation and learning, environmental and social safeguards, gender, climate information and knowledge management, as well as administrative and logistics staff. The PMU will: i) manage day-to-day implementation of activities at national and subnational levels; ii) oversee preparation and consolidation of annual workplans, budgets and procurement plans; iii) manage contracts and agreements with Implementing Partners, service providers and grantees; iv) ensure application of environmental, social and gender safeguards screening and management measures; v) coordinate monitoring, reporting and learning across components and districts; and vi) serve as the main operational interface between MoRDSS&CE, UNDP, FAO, UN-Habitat, the Climate Change Secretariat and subnational authorities.

Subnational implementation and field coordination

At provincial and district levels, implementation will be anchored in existing government structures to support sustainability. Provincial Councils and relevant sector departments will participate in planning and oversight of adaptation activities in their jurisdictions, ensuring coherence with Provincial Adaptation Plans and development strategies. District Secretariats will lead field implementation, working through designated District Coordinators funded by the project, who will liaise with sectoral agencies, local authorities and Community Development Councils.

At GN and municipal levels, Community Development Councils and local authorities will lead preparation and implementation of Climate-Resilient Village Development Plans and urban resilience plans, supported by technical officers (for example, agriculture, irrigation, environment, engineering and social development officers) and community facilitators. District and divisional coordination mechanisms will be used to prioritise investments, resolve implementation bottlenecks, and ensure that safeguards, gender and inclusion requirements are met.

Safeguards, monitoring and learning

Safeguards responsibilities will be mainstreamed within the management structure. The PMU safeguards and gender specialist, working closely with the Climate Change Secretariat and UNDP, will coordinate application of the Environmental and Social Management Plan, the Gender Action Plan and related screening tools. District-level officers and Implementing Partners will support site-level screening, mitigation planning and monitoring. Monitoring, evaluation and learning will be coordinated by the PMU MEL officer, with designated focal points in each participating ministry and district. Regular progress reports from the districts will feed into consolidated reporting to the Project Board and the Adaptation Fund, and into learning and knowledge management mechanisms embedded in Prajashakthi systems.

Annexe 01: UNDP Offline SESP Tool (Abridged version for Adaptation Fund)

Project Information

Information	
Title	Strengthening Resilience and Adaptive Capacity by Piloting Nature Based Solutions for Water Management in Malaysia
Number	Quantum project ID, 10377
Location	Malaysia
Project stage	Concept
Date	December 2025

Social and Environmental Risk Rating of the Project

Overall Social and Environmental risk categorization		
S&E Risk rating		Comments
Low Risk	☐	
Moderate Risk	X	
Substantial Risk	☐	
High Risk	☐	

Social and Environmental Risk Management Instruments

Assessment or management measures required to address the identified S&E risks and impacts		
Further assessment or management measures	Check if applicable	Comments: indicate scope of measures (e.g. outputs/activities to be addressed) as well as timing (e.g. completed, planned in design, or planned in implementation prior to initiation of certain activities)
ESMF (Environmental and Social Management Framework)	✓	ESMF may be prepared during Programme Formulation Grant (PFG) stage if/where the nature, location and scale of activities is insufficiently detailed for ESMP preparation (see below).
Targeted assessment(s)	✓	To be confirmed during PFG stage but ESMF/ESMP may specify further targeted assessments to be carried out during implementation if/where needed e.g. Cultural Heritage, OHS risks.
ESIA (Environmental and Social Impact Assessment)	X	To be confirmed during PFG stage but activities unlikely to require ESIA.
SESA (Strategic Environmental and Social Assessment)	X	N/A. Not required for programme of this nature (no upstream policy, programme, plan development)
ESMP (Environmental and Social Management Plan)	✓	ESMP may be prepared during PFG stage if/where nature, location and scale of activities are sufficiently detailed and where there is adequate time for consultation.
Targeted management plans	✓	Indigenous Peoples Plan(s) (IPPs) to be developed during PFG stage where project activities affect IPs Gender Action Plan (GAP) to be developed during PFG stage To be confirmed during PFG stage but ESMF/ESMP may specify further targeted management plans e.g. OHS Management Plan, Cultural Heritage Management Plan etc.
Other instruments (please specify)	✓	Stakeholder Engagement Plan (SEP) including Grievance Redress Mechanism (GRM) to be developed during PFG stage

Additional Measures to Integrate the Programming Principles to Strengthen Social and Environmental Sustainability

Measures to further mainstream the UNDP Programing Principles into the project
Mainstreaming the human rights-based approach
Participatory project formulation process engaging a wide range of stakeholders, emphasizing consultation and co-design with indigenous peoples, local communities, women and youth, as well as relevant government agencies, academia and civil society. The project design itself will be socially-inclusive and seek to strengthen accessibility of project benefits and services to marginalised and vulnerable groups. Specific assessments and measures shall be included to ensure that for components/activities affecting indigenous peoples, Free, Prior and Informed Consent (FPIC) is initiated during the project formulation phase and secured prior to the implementation of activities. The project includes activities aiming to enhance the capacity of government agencies to realise human rights under international law and to implement human rights-related standards in national law (particularly vis-à-vis indigenous peoples and other marginalised groups that are especially vulnerable to climate change).
Improving gender equality and women's empowerment
Comprehensive Gender Analysis to be conducted during programme design with formulation of a Gender Action Plan (GAP) with strict participation targets and budget tracking to ensure gender equality and women's empowerment. The GAP will be implemented as part of the programme and include a programme-specific gender baseline using DOSM, sub-national data, and indicators to track intra-household impacts (e.g., time saved in water collection, women's participation in decision-making). Further, the GAP will integrate mandatory procedures and mitigation measures for the Prevention of Sexual Exploitation and Abuse (PSEA) and Gender-Based Violence (GBV), in strict adherence to the UNDP Gender Policy and PSEA requirements
Mainstreaming sustainability and resilience
The project's interventions as a whole aim to reduce vulnerabilities and strengthens resilience of communities to anticipated impacts of climate change and associated disaster risks in line with Malaysia's stated national climate adaptation commitments and policies. The detailed design of project components and activities will consider relevant climate projections and hazard modeling, considers environment-development linkages and promotes Nature-based Solutions (NbS) as a key strategic adaptation response.
Strengthening accountability to stakeholders
Stakeholder mapping and analysis will be conducted during project formulation and a Stakeholder Engagement Plan (SEP) prepared providing strategic approaches towards supporting the meaningful participation and inclusion of all stakeholders, in particular marginalized individuals and groups in project implementation and monitoring. The SEP shall also include means for local communities and affected populations to raise concerns and/or grievances including a Grievance Redress Mechanism (GRM) for local communities when activities may adversely impact them. Project stakeholders shall also have access to UNDP's Accountability Mechanism.

UNDP SES Principles & Standards	S&E Risk Events	Causes	Impacts	Risk Significance (Impact/ Likelihood)	Treatment Measures
Human Rights Principle	Risk associated with the limited capacities of duty bearers to meet human rights obligations (P1.2)	General/all outputs	Affected stakeholders may be excluded from decision-making or benefits or rights to access basic services/resources may be affected	I: 3 L: 2	Capacity needs assessment to be conducted during project preparation Capacity-building activities included in project design, including on relevant human rights and Social & Environmental safeguards.
Gender Equality & Women's Empowerment Principle	Risk of discrimination against women (P2.10)	General/all outputs	Ongoing or worsening of gender inequalities and injustices	I: 3 L: 3	Gender assessment to be conducted during project preparation and Gender Action Plan (GAP) prepared Mainstreaming gender equality and women's empowerment in project activities and indicators
Accountability Principle	Risks of potential exclusion of affected stakeholders (P3.13) Risks of stakeholder grievances (P3.14)	General/all outputs	Exclusion of affected stakeholders could affect project results and sustainability, enhance inequity or even have adverse impacts on livelihoods, leading to potential grievances	I: 3 L: 3	Stakeholder mapping and analysis to be conducted during project preparation and Stakeholder Engagement Plan (SEP) prepared SEP to outline participatory and socially-inclusive approaches to ensure comprehensive stakeholder engagement during implementation SEP to include design of a Grievance Redress Mechanism (GRM) for the programme with stakeholders also able to access UNDP's Accountability Mechanism
Sustainability and Resilience Principle	Generic sustainability and resilience risks associated with activities with unknown design parameters (P4.16)	General/all components	Unknown but general nature and scale of activities indicates only low/moderate impacts	I: 3 L: 3	Activities to be developed in greater detail during project preparation. Sustainability risks considered in relation to project-level Standards (as below)
1. Biodiversity Cons. & Sust. Nat. Resource Mgmt.	Risks to habitats and/or ecosystems and their services (S1.1) Risks to critical habitats (S1.2) Forestry/plantation-related risks to biodiversity (S1.8)	Peatland restoration (C1), Upland forest restoration (C2) and Urban NbS activities (C4)	Biodiversity loss, ecosystem degradation and loss of ecosystem service values	I: 3 L: 2	Environmental & Social Assessment (ESA) during project preparation to identify critical habitats and consult experts on detailed design of restoration activities. ESMP/ESMF to include standard requirements for restoration activities re; use of native species, buffers, stand design, fire breaks etc.
2. Climate Change and Disaster Risks	Hazard/disaster-related risks (S2.1) Risks due to sensitivity to climate change or disasters (S2.2) Maladaptation risks (S2.3)	Malaysia and sites are exposed to climate related risks and hazards. Peatland restoration (C1), Upland forest restoration (C2) and Urban NbS activities (C4) and outcomes may be susceptible to climate/hazards	Project activities aim to have a positive impact on enhancing climate resilience but adverse impacts if they fail are not expected to be significantly additional to the baseline.	I: 2 L: 4	Detailed technical designs to consider climate projections e.g. in selection of hardy or climate resilient tree species
3. Community Health, Safety and Security	Construction-related risks (S3.1)	Retention pond construction activities (C2)	Potential drowning risks associated with ponds	I: 4 L: 2	Safety measures for ponds to be included in detailed designs and ESMF/ESMP Stakeholder engagement and awareness-raising with local communities and relevant government agencies on safety risks associated with ponds
4. Cultural Heritage				I: L:	ESA during project preparation to confirm the absence of this risk
5. Displacement and Resettlement	Economic displacement risks (S5.2)	Peatland restoration (C1), Upland forest restoration (C2) activities could lead to restricted access to lands/resources or transport routes	Economic losses or livelihood impacts (inconvenience, loss of access to lands/resources used for subsistence purposes)	I: 3 L: 2	Participatory consultations and surveys with communities during project preparation to understand localized land tenure issues, natural resource dependency and impacts/risks of proposed activities to livelihoods

UNDP SES Principles & Standards	S&E Risk Events	Causes	Impacts	Risk Significance (Impact/ Likelihood)	Treatment Measures
		customarily used by local communities and have adverse economic or livelihood impacts			Siting of restoration activities to avoid areas where there could be risks of economic displacement.
6. Indigenous Peoples	Risks associated with activities taking place where indigenous peoples are present (S6.1) Risks associated with activities taking place on lands, territories claimed by indigenous peoples (S6.2) Risk that activities will take place without meaningful, effective informed participation of indigenous peoples (S6.4) Risk of economic displacement of indigenous peoples (S6.6)	Peatland restoration (C1), Upland forest restoration (C2) activities are implemented at sites with known IP populations. Project activities are expected to affect these communities.	Activities that affect IP customary access and land tenure rights can be sensitive and lead to negative outcomes for the project and impacts on the IP communities	I: 3 L: 3	ESA to identify affected IP groups and assess the likely impact of proposed activities on their livelihoods Participatory consultations and surveys with IP communities during project preparation to understand localized land tenure issues, natural resource dependency and impacts/risks of proposed activities to traditional livelihoods Confirmation of broad support for proposed activities by IP communities during project preparation Indigenous Peoples Plan(s) to be prepared to ensure adequate Free, Prior and Informed Consent (FPIC), inclusion of IPs and/or their representatives in programme decision-making, avoid/manage any possible adverse impacts on IP communities, ensure appropriate livelihood benefits, equitable benefit-distribution
7. Labour and Working Conditions	Occupational health and safety (OHS) risks (S7.6)	There are low/moderate OHS risks associated with peatland restoration (C1), upland forest restoration (C2), and urban NbS (C4) activities as well as at tree nurseries (C3.1)	Likely relatively minor injuries or impacts on health of workers or hired labour for project activities.	I: 3 L: 3	ESA to assess potential labour/OHS impacts/risks of proposed activities. ESMP/ESMF to outline standard protocols (e.g. Environmental and Social Codes of Practice) based on existing laws/guidelines for specific activities such as tree-planting, smallscale construction, tree nurseries etc.
8. Pollution Prevention and Resource Efficiency				I: L:	ESA during project preparation to confirm the absence of this risk

PART IV: ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE IMPLEMENTING ENTITY

A. **Record of endorsement on behalf of the government**[2] *Provide the name and position of the government official and indicate date of endorsement. If this is a regional project/programme, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project/programme proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/programme:*

K R Uduwawala *Secretary* *Ministry of Environment*	Date*: January 09th , 2026.*

B. **Implementing Entity certification** *Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address*

6. Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (……list here…..) and subject to the approval by the Adaptation Fund Board, commit to implementing the project/programme in compliance with the Environmental and Social Policy and the Gender Policy of the Adaptation Fund and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.

Name & Signature Implementing Entity Coordinator DocuSigned by: Nancy Bennet 4EEADA5A5FE9433... *Nancy Bennet* *Executive Coordinator,* *Vertical Fund Programme Support, Oversight and Compliance Hub* *Bureau for Policy and Programme Support* *United Nations Development Programme*
Date: *January 09th , 2026* — Tel. and email: nancy.bennet@undp.org
Project Contact Person: Aishath Azza, Regional Technical Specialist
Tel. And Email: aishath.azza@undp.org

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சுற்றாடல் அமைச்சு
Ministry of Environment

"සොබාදම් පියස", අංක 416/සී/1, රොබට් ගුණවර්ධන මාවත, බත්තරමුල්ල, ශ්‍රී ලංකාව.
"சோபாதம் பியச", இல. 416/சி/1, ரொபர்ட் குணவர்தன மாவத்தை, பத்தரமுல்லை, இலங்கை.
"Sobadam Piyasa", No. 416/C/1, Robert Gunawardana Mawatha, Battaramulla, Sri Lanka.

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මගේ අංකය / எனது இல / My No: Env/CC/04/04/02/01 - JP

ඔබේ අංකය / உமது இல / Your No:

දිනය / திகதி / Date: 09.01.2026

The Chairman
The Adaptation Fund Board
c/o Adaptation Fund Board Secretariat

Dear Sir,

Endorsement for Concept Note Proposal on "Integrating Community-Led Adaptation and Climate Risk Reduction for Resilience Building at Local Level in Sri Lanka"

In my capacity as designated authority for the Adaptation Fund in Sri Lanka, I confirm that the above Concept Note Proposal is in accordance with the government's national priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in Sri Lanka.

Accordingly, I am pleased to endorse the above project proposal with support from the Adaptation Fund. If approved, the project will be implemented by United Nations Development Programme (UNDP) and executed by the Ministry of Rural Development, Social Security and Community Empowerment and Ministry of Environment of Sri Lanka.

Thank you

Yours sincerely

K. R. Uduwawala
Secretary

ADAPTATION FUND

Revised PFG Submission Form[1] (additions in red)

Project Formulation Grant (PFG)

Submission Date:

Adaptation Fund Project ID:
Country/ies: Sri Lanka
Title of Project/Programme: Integrating Community-Led Adaptation and Climate Risk Reduction for Resilience Building at Local Level in Sri Lanka
Type of IE (NIE/RIE/MIE): Multilateral Implementing Entity
Implementing Entity: United Nations Development Programme (UNDP)
Executing Entity/ies: Ministry of Rural Development, Social Security, and Community Empowerment, UNDP, UN-Habitat, and FAO

A. Project Preparation Timeframe

Start date of PFG	April 2026
Completion date of PFG	April 2027

B. Proposed Project Preparation Activities ($)

List of Proposed Project Preparation Activities	Output of the PFG Activities	US$ Amount	Budget note[2]
1. Cross-sectoral consultations with communities, provincial, district and divisional authorities, local governments and other stakeholders	• Consolidated stakeholder mapping report listing all consulted authorities, CSOs, private-sector and community institutions/actors per target district, with agreed roles and contact points. • Consultation summary reports capturing climate-risk priorities, institutional mandates, existing plans and confirmed entry points for CR-VDP integration. • Co-designed governance framework outlining decision-making structures, coordination mechanisms and risk-	45,000	Hiring of a consultancy firm for cross-sectoral consultations with communities, provincial, district and divisional authorities, local governments and other

[1] As presented in AFB/PPRC.33/40 Annex 1.
[2] The proposal should include a detailed budget with budget notes indicating the break- down of costs at the activity level. It should also include a budget on the Implementing Entity management fee use.

	management arrangements for devolved project implementation at district/divisional and CDC level (through subnational structures of Prajashakthi). • Set of endorsed recommendations on integrating Adaptation Fund compliant climate-risk screening and safeguards into Prajashakthi planning, budgeting and approval workflows. • Community consultation tools (gender-responsive, inclusive sampling, safeguarding measures) approved and ready for use in project implementation. • Community co-design workshop reports with locally ranked adaptation options, implementation arrangements and agreed monitoring indicators.		stakeholders for project development – (within 04 months)
2. Gender and environmental and social risk analysis and formulation of Social and Environmental Management Plan and Gender Action Plan	• Gender analysis report (quantitative + qualitative) with sex-disaggregated vulnerability profiles and entry points for each target landscape. • Environmental & Social Management Plan (SEMP) including risk register, mitigation measures and monitoring indicators for full-proposal interventions. • Stand-alone Gender Action Plan (GAP) with budgeted actions, targets, roles and alignment with AF Gender Policy.	10,000	Hiring a National Consultant on Gender and Social and Environment Safeguards- (USD 200/day for 50 days (within 40 weeks)
3. Location-specific climate risk and vulnerability assessments, baseline studies, and geospatial analysis	• District hazard–vulnerability–risk (HVR) profiles with maps and climate-change scenarios for each target landscape. • Prioritized list of location-specific adaptation/ climate risk-reduction options with preliminary cost–benefit and feasibility notes	16,250	Hiring of a consultancy firm to conduct a study on location-specific climate risk and vulnerability

	• Baseline assessment report documenting socio-economic, environmental, and institutional conditions to inform project results frameworks and future impact measurement		assessments, baseline studies, and geospatial analysis – (within 04 months)
4. International consultant	High-quality project proposal which meets all AF guidelines	35,000	Hiring an International Consultant for Project Development (AF PPG Team Leader) (USD 700/day for 50 days (within 40 weeks)
5.)National Coordinator	All project annexes for the full project proposal	16,000	Hiring a National Team Coordinator for Project Development - (USD 200/day for 80 days (within 40 weeks)
6. Travel		14,000	Cost of in-country travel to proposed project locations for site verification and stakeholder consultations related to the project document development process -
7. Micro Assessment for the Ministry of Rural Development, Social Security, and Community Empowerment		1,000	Conducting a HACT Micro Assessment to assess capacity of the executing partner,

			Ministry of Rural Development, Social Security, and Community Empowerment
Implementing Entity's Management Fee		12,750	8.5% of total PFG budget
Total Project Formulation Grant		150,000	

Please describe below each of the PFG activities and provide justifications for their need and for the amount of funding required:

Activity 01 - The objective of this activity is to generate robust, participatory, and geo-referenced socio-economic and institutional evidence to inform the design of a community-led Adaptation Fund proposal, ensuring strong sub-national ownership, coherent governance arrangements, and alignment with Prajashakthi planning systems; complementing but not duplicating the work of the Social, Environmental and Gender Safeguards Specialist.

The requested USD 45,000 covers specialist days, travel, workshops, transcription and rapid report production—costs not covered by routine government staff budgets—while generating the evidence base required for the full-proposal results framework and ensuring that the full proposal demonstrates clear sub-national/local institutional ownership, and readiness for effective implementation at scale.

UNDP will hire a company with the above expertise

Activity 02 – UNDP will engage a national Social, Gender and Environmental Screening Expert to support the project formulation process by: (i) conducting social and environmental screening in line with UNDP SESP and Adaptation Fund ESP requirements; (ii) identifying potential risks, impacts, and mitigation measures and supporting the preparation of relevant management frameworks, as required; and (iii) ensuring that gender equality and women's empowerment are meaningfully integrated into project design through a robust gender analysis and framework

The requested USD 10,000 covers the cost of 50 days of the consultant (USD 200 per day)

Activity 03 - This activity will generate robust, location-specific evidence on climate vulnerability and the feasibility of a landscape-based approach to inform the design, prioritization, and costing of adaptation interventions under the proposed Adaptation Fund project aligned with the Prajashakthi programme. This includes :
Vulnerability Assessment: Assess the location specific climate vulnerabilities of the six selected landscapes in six districts by analyzing exposure, sensitivity, and adaptive capacity of key soci- ecological systems and livelihood categories/groups, and identify, prioritize context-appropriate adaptation actions.
Feasibility and Stakeholder Buy-in Assessment: Assess the level of stakeholder buy-in and technical, institutional, socio-economic, environmental, and governance feasibility of applying a landscape based approach for rural and urban community development, and make recommendations to apply it within the proposed project and provide actionable recommendations for its operationalization.

The requested USD 20,000 will cover 83 working days over 4 months (three consultants – Vulnerability Expert (team lead), Climate Adaptation Expert, and GIS Expert). A company with above expertise is hired. Activity 04 – UNDP will hire a international consultant as the Adaptation Fund Project Preparation Grant (PPG) Team Leader. S/he will provide overall technical leadership, coordination, and quality assurance for the PPG process and will be responsible for the timely preparation, integration, and finalization of the UNDP-Adaptation Fund Project Document (ProDoc), including all mandatory and project-specific annexes. The Team Leader will ensure methodological rigor, technical coherence, policy compliance, and alignment across all PPG components, including technical studies, stakeholder consultations, environmental and social safeguards instruments, gender analysis, financial planning, and results frameworks. The PPG Team Leader will retain responsibility for: (1) Overall technical integrity and consistency of all PPG outputs; (2) Integration of inputs across consultants and components; and (3) Final technical validation of all deliverables prior to submission to UNDP and the Adaptation Fund Secretariat.

The estimated cost of USD 35,000 will cover 50 days of the consultant. (USD 700/day within 40 weeks)

Activity 05: UNDP will hire a local consultant to work with the international consultant on the project proposal development processes. S/he will support the preparation of the full Adaptation Fund project proposal by coordinating national-level inputs, consolidating technical and consultation outputs, and drafting designated sections of the UNDP-AF Project Document and annexes under the direction of the International PPG Team Leader. The consultant acts as the national focal point for information management and inter-consultant coordination, ensuring that inputs from stakeholder consultations, technical studies, safeguards and gender analyses are systematically integrated into the project design, results framework, and supporting documentation.

The estimated cost of USD 16,000 will cover 80 days of the consultant within 40 weeks(USD 200 per day)

Activity 06 : Estimated cost of USD 14,000 will cover the cost of in-country travel for local consultant and experts in the PPG team and CO staff related to project document development and related meetings and stakeholder consultations. This will include hiring of transportation services – USD 10,000 for 12 months, and DSA and other related payments of USD 4,000.

Activity 07: UNDP will carry out a Micro Assessment for the Ministry of Rural Development, Social Security, and Community Empowerment. The estimated cost is USD 1,000.

C. Implementing Entity

covers request has been prepared in accordance with the Adaptation Fund Board's procedures and meets the Adaptation Fund's criteria for project identification and formulation

Implementing Entity Coordinator, IE Name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Nancy Bennet *Executive Coordinator, Vertical Fund Programme Support,*	DocuSigned by: Nancy Bennet 4EEADA5A5FE9433...		Aishath Azza Regional Technical Specialist		aishath.azza@undp.org

Oversight and Compliance Hub *Bureau for Policy and Programme Support* *United Nations Development Programme*					