



ADAPTATION FUND

AFB/B.43-44/11
28 February 2025

Adaptation Fund Board

**REQUEST FOR A NO-COST EXTENSION OF THE PROJECT
COMPLETION DATE:
UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME
(SRI LANKA)**

Background

1. The Adaptation Fund Board (the Board) during the intersessional period between its thirty-ninth and fortieth meeting, approved a two-year project titled “Build Resilience to Climate Change and Climate Variability of Vulnerable Communities in Mullaitivu District of Sri Lanka” in Sri Lanka, submitted by United Nations Human Settlements Programme (UN-Habitat) for a requested amount of US\$2,000,000 (Decision B.39-40/10).
2. The project aims to support climate resilient development and increase capacity for climate change adaptation of target communities living in the Mullaitivu District. It will do so through the following objectives: (1) To improve climate-related socio-economic outcomes in the targeted fishing and agricultural communities through the implementation of community-based adaptation solutions; and (2) To support climate resilient development and increase institutional and community capacity to adapt to the changing and variable climate.
3. As mandated by the decision, an agreement was prepared and signed between the Board and UN-Habitat on 12 July 2023 and the programme started implementation on 7 December 2023.
4. The project Implementing Entity submitted its first project performance report (PPR), which is under review by the secretariat. As of the date of the issuance of this document, an amount of US\$ 1,032,591 including the project fees, has been disbursed by the trustee, which corresponds to 51.6 per cent of the approved grant.
5. UN-Habitat has submitted a request for 18-months no-cost extension of the project completion date, from 7 December 2025 to 7 June 2027. As outlined in the Adaptation Fund Project/Programme Delay Policy (AFB/B.34-35/6), an implementing entity may request for a project/programme extension beyond the original completion date for up to 18 months for a concrete adaptation project/programme if (i) no additional funds are required; (ii) the project/programme’s originally approved scope will not change; and (iii) the entity provides reasons and justifications for the extension.
6. The reasons for this request, as outlined in the memo shared by UN-Habitat, are due to multiple factors. The Ministry of Environment (MoE), designated as the Executing Entity, required clearances from the Department of National Planning (NPD) and the Department of External Resources (ERD) for fund channeling, causing an eight-month delay as the project budget was below the threshold for establishing a PMU. Recruitment challenges further prolonged implementation, as key positions had to be re-advertised and were only filled in September and November 2024. Additionally, 12 irrigation tanks initially planned for intervention had already received government funding, requiring site reassessments and environmental and social evaluations before proceeding with execution. Other critical activities, such as evacuation route improvements and mangrove restoration, require extended timelines due to their technical complexity. Finally, the 2022 economic crisis and political transitions in late 2024 slowed decision-making and approvals, further impacting project execution.

Secretariat's review of the request

7. Following a review of the request by the secretariat and considering the explanation provided by UN-Habitat, the secretariat is of the view that this eighteen-month no-cost extension request is justified. As evidenced by the memo provided by UN-Habitat (Annex 1), it is noted that this request would allow sufficient time for the project to compensate for accumulated delays faced in the project implementation and ensure the fulfillment of the project outcomes.

8. Finally, the secretariat acknowledges that this no-cost project extension request has been agreed with the Executing Entity and the Designated Authority has been notified, in accordance with the Adaptation Fund Policy for Project/Programme Delays, as specified in Annex 1.

Recommendation

9. The Board may consider and decide to approve the request for an eighteen-month no-cost extension of the project completion date from 7 December 2025 to 7 June 2027, for the project "Build Resilience to Climate Change and Climate Variability of Vulnerable Communities in Mullaitivu District of Sri Lanka" in Sri Lanka, as requested by UN-Habitat.

Annex 1: Request for an extension of the programme completion date**REQUEST FOR EXTENSION OF CONCRETE ADAPTATION PROJECT/PROGRAMME***Request for extension of project/programme completion date*

Implementing Entity Name: United Nations Human Settlements Programme (UN-Habitat)			
AF Project/programme ID: AF00000279			
Project/programme Title: Build Resilience to Climate Change and Climate Variability of Vulnerable Communities in Mullaitivu District of Sri Lanka			
Country: Sri Lanka			
Project/Programme Approval (date)	03/13/2023		
Expected Project/programme Completion (date)	12/07/2025	Proposed Revised Completion (date):	06/07/2027

*Reasons/justifications for the extension of project/programme completion:***1. Delay in Clarification of Fund Channeling Mechanism**

The current project agreement designates the Ministry of Environment (MoE) as the Executing Entity (EE). However, the project budget of \$2 million falls below the \$5 million threshold required for establishing a dedicated Project Management Unit (PMU). As a result, the MoE was unable to set up a PMU and required clearances for fund channeling from the Department of National Planning (NPD) and the Department of External Resources (ERD). The process of obtaining these clearances involved extensive coordination and documentation, leading to a delay of eight months in commencing project implementation.

2. Challenges in recruitment of the Field Coordinator and the Environment and Climate Change Officer

Corresponding to the aforementioned delays, there were difficulties in finding suitable candidates for the position of Field Coordinator and the Environment and Climate Change Officer. As a result, both positions required re-advertising, which further prolonged the recruitment process. The positions were subsequently filled in September 2024 and November 2024 respectively, and hence further contributed to the delays in the commencement of the project activities.

3. Reassessment of Sites and Replacement of Irrigation Tanks

Delays under Activity 1.1.2 arose due to the need for reassessment and replacement of 12 minor irrigation tanks initially listed in the project plan. These tanks received government funding during a period of three years between submission of the proposal and commencement of implementation, rendering the planned interventions unnecessary.

Alternative irrigation sites were subsequently identified and prioritized based on the needs of farming communities and consultations with relevant stakeholders. The assessments were conducted as per the Environmental and Social Principles (ESP) for the new sites, and the Environmental and Social

Management Plan (ESMP) has now been updated accordingly. Following the completion of these assessments and consultations, the project activities are now on-going.

4. Completion of Critical Activities

Given the aforementioned delays, some key project activities which require complex technical processes, including design and stakeholder consultations, cannot be completed within the current project duration. These are as follows:

- Improving the 3 km evacuation route and providing an early warning system and rescue facilities in Maritiméattu DS Division (Activity 1.1.3).
- Establishing five community-based mangrove nurseries and restoring 1.5 km of mangrove forests (Activity 1.3.4). Notably, while work is on-going, Activity 1.3.4 necessitates a two-year period for the establishment and maintenance of mangrove restoration.

5. Impacts of Economic Recession and Political Changes

Following the 2022 debt default, Sri Lanka is gradually stabilizing from its most severe economic recession since independence in 1948. This downturn led to limited government funding and shifting priorities, slowing approvals and clearances. In addition, political transitions, including both Presidential and Parliamentary elections in late 2024, resulted in leadership changes at local and national levels, causing delays in decision-making and approvals. These transitions disrupted coordination with key stakeholders, further delaying project implementation.

In light of the challenges and delays outlined above, UN-Habitat respectfully requests an 18-month no-cost extension to extend the project completion deadline to 7th June 2027. This extension is essential to finalize activities, strengthen stakeholder coordination, ensure long-term sustainability, and achieve full project completion and operational readiness by June 2027.

Implementing Entity certification

This request has been prepared in accordance with Adaptation Fund policies and procedures, has been agreed by participating executing entities, and the designated authority (DA) has been notified.



Harshini Halangode (Country Programme Manager, UN-Habitat Sri Lanka)

Date: 10/02/2025

Tel. and Email: (+94) 773184888
harshini.halangode@un.org