UN SRI LANKA SDG MULTI-PARTNER TRUST FUND

Terms of Reference

Content

1. Introduction

The UN Sri Lanka SDG multi-partner pooled (UNSLSDG) fund instrument will support an ambitious agenda for working together to unlock progress towards the 2030 Agenda and the SDGs. The SDGs were endorsed by the government as a framework for national planning and the UNSDF 2018 to 2022, but progress has been constrained by several challenges, most recently by institutional and political uncertainties in the run-up to Presidential elections in November 2019.

The new government that took office in November has endorsed the SDGs in its Vision and National Policy Framework for national development set out in December 2019. The full implementation of new policies and programmes, however, awaits the outcome of parliamentary elections due in April 2020, and currently postponed to August due to the impact of COVID19 pandemic. Earlier success with the national Peacebuilding Priority Plan since 2015 has been constrained also by these political developments and the UNCT established a new joint programme for Peace (JPP) in the MPTF in 2019 to ensure continuity in the implementation of the Plan and access to new donor funding while awaiting political developments.

This proposal to establish the SDG Fund builds on and expands that JPP experience to include three SDG based interventions that are fully aligned with the SDGs and UNSDF, to reduce inequalities and leave no one behind, by:
   i.   Sustaining peace interventions, including but not limited to those under the JPP.
   ii. Enhancing resilience including through emergency preparedness and response capacity in a climate risk and disaster-prone country, and through more resilient social and social protection, economic, trade, business and SME development, to reduce inequalities and leave no one behind; and
   iii. Enhancing evidence-based policy making and national planning, data analysis and monitoring, financial strategies and innovation to support the new governments' policy ambitions.

A repositioned UNDS that delivers on the 2030 Agenda is being implemented by the Secretary-General from January 2019, calling for a new generation of more responsive United Nations Country Teams (UNCTs) and creating an independent, empowered and impartial Resident Coordinator and strengthened UNRCO able to lead the UN's integrated and impactful contributions at country level. To deliver on such an ambitious reform agenda, and to enable a new generation of Resident Coordinators to shape country-based programming, aligned with country Cooperation Frameworks (UNSDF), the reform resolution 72/729 promotes the use of pooled funding mechanisms.

Experience to date shows that such funding mechanisms can improve coordination, coherence, and alignment; better manage risks; and promote transformative change. They help bridge the silos between humanitarian, peace and development agendas in a flexible design that can accommodate several windows and governance mechanisms while improving overall accountability for results and financial reporting. The UNCT wishes to take more advantage of this mechanism as part of its implementation of the reforms to the UN Development System.

The UNSLSDG Fund will operate through a series of agreements between UNCT members and the Administrative Agent (MPTFO) and between donors and the Administrative Agent (MPTFO) and follows specific well-established guidelines. These are set out in this TOR, which also details the functions of the

Fund, the theory of change justifying selection of the thematic windows, and the governance and related provisions for the operation of the Fund.

The UNSDF will be operational through 2022 and the Fund has the same end date. The Fund TOR may be revised from time to time should there be any substantive changes agreed with the new government to the UNSDF'

The Fund will have several thematic windows that will open gradually. For this phase, three windows on Peace, Resilience and National Planning and Finance will be opened, to fit the working streams where the UN System is currently working together in the country though Joint Programmes. The Joint Programme for Peace will be folded in the Peace Window of the Fund.

2. Rationale and Fund's Functions:

The 2030 Agenda and the comprehensive range of the SDGs has stimulated considerable global efforts to enhance multi-sectoral and integrated approaches to policy analysis and more extensive collaboration to design appropriate solutions. The need for more comprehensive policy interventions that ensure no one is left behind is particularly important considering the shared challenges of vulnerable populations. Sector policies and projects aimed at the same population or geographical areas operating in relative isolation and lacking a cross sectoral approach may thus be an ineffective use of limited public resources.

Similarly, external financing streams for country-level integrated policy support and leadership have been limited and prevalent incentives create a bias towards siloed interventions aligned with donor or UN agency mandates, technical specificity, and/ or individual ministry directives. In middle income countries, where domestic resources are significant sources of investment, strategically addressing the synergies and tensions between multiple goals is often more important than prioritizing among individual goals and is in keeping with the inter-related nature of the SDGs and leveraging multiple sources of investments.

Thus, UN Sri Lanka Fund will complement UNCT core and non-core funding resources that are committed to the achievement of results under the UNSDF by providing for the last three years of the UNSDF a more concerted and focused approach to generating resources to support the key cross-cutting interventions of the UNCT. The Fund will target mobilization of but not be limited to un-earmarked resources from a wide range of partners including government, development partners and the private sector, in order to maximize the potential to deliver joint results in the context of an upper middle-income country.

The Fund will provide visibility for contributors at the country level and will be consistent with the resources available through the global SDG Fund. The publicity material, official notices, reports and publications of the Fund shall acknowledge the role of Government, the UN and the contributors to the SDG fund.

The Fund is expected to generate functional benefits consistent with UN reform efforts, notably:
- **Coordination and alignment**: a platform to strengthen coordination, planning, monitoring and evaluation, and communication among several entities contributing to the fund
- **Coherence**: develop synergies among different players on priority cross-cutting initiatives
- **Strategic resource allocation**: through an inclusive and transparent decision-making and coordination structure involving several entities

- **Reduce political and fiduciary risks**: through the concentration of resources and a result-based management system which is inclusive, transparent and accountable to all participants
- **Broaden the financial base:** by attracting emerging, non-resident and resident donors wishing to optimise their development contributions in an upper middle-income country context
- **Reduce transaction costs**: by using pre-approved single standard legal agreements and implementation arrangements.

3. Theory of Change and Scope of the Fund

In Sri Lanka the SDG based analysis supported by the UNCT has promoted identification of accelerators that bring about change by impacting on several SDGs, and encourage making the shift from vertical or thematic interventions to more effective and integrated efforts that enhance the synergies between the dynamic relationships of the five pillars of the SDGs or 5'Ps' – People, Prosperity, Planet, Peace and Partnerships. Such efforts will need to remain flexible to respond to changing development opportunities and emerging challenges.

In the analysis and presentation of the UN Sustainable Development Framework 2018 -2022, the UNCT identified four drivers of change that if addressed successfully with UN support would transform national capacities to realise SDG based targets, especially remaining and multiple inequalities and leaving no one behind in an upper middle-income context. The drivers were:

iv. Data and statistical coherence for evidence-based policy making and planning: to enhance policymaking and resource allocations to realise SDG based targets to reduce inequalities including using disaggregated analysis

v. Strengthened innovative public institutions and engagement with lasting peace: by operationalising transitional justice, governance reforms, reconciliation, and durable solutions, and strengthened capacities for policy planning, revenue generation and equitable service delivery to reduce regional disparities.

vi. Human security and socio-economic resilience: building on past achievements to address multiple layers of discrimination in society, through more effective social protection, sustainable business and employment generation, and access to quality social services

vii. Enhancing resilience to climate change and disasters and strengthening environmental management: review, updating and implementation of regulatory frameworks and policies aimed at reducing the vulnerabilities of the population to the effects of climate change and disasters, and at protecting and using sustainably the natural resources of the country.

UN led analysis in 2018 identified several key accelerators for SDG based progress and these are fundamental to the proposals for UNCT supported interventions in the current context. The five main accelerators are:

i. Addressing inequalities: now elaborated in a NHDR analysis being finalised in mid 2020 and fundamental to realising SDG targets that leave no one behind

ii. Strengthening data quality and statistical coherence: to guide evidence-based policy and investments, with needs being defined with analytical support from ESCAP on institution building requirements and some UNCT interventions on SDG tracking

iii. Bridging the peace and development gap: sustaining investments since 2015 and including current work under the JPP

<ol type="i" start="4">
Increasing local service delivery capacity: to address geographical and other multiple inequalities through local government and community-based interventions
Investing in the blue and green economy: to address resilience in adapting to climate change and addressing the impact of pervasive natural disasters, including business and SME resilience

In the present context of Sri Lanka, the new government issued the National Policy Framework of December 2019, outlining the national strategy for a common path towards the emergence of a prosperous, peaceful and democratic country in line with the 2030 Agenda for sustainable development, through an SDG based action plan and a reorganised government to realise the goals:

''This National Policy Framework (NPF) of the government constitutes of 10 key policies aimed at achieving the fourfold outcome of a productive citizenry, a contented family, a disciplined and just society, and a prosperous nation. Ten key policies, giving due consideration to socio, economic, environmental, and political aspects are:

<ol type="i">
Priority to National Security
Friendly, Non-aligned, Foreign Policy
An Administration free from corruption
New Constitution that fulfils the People's wishes
Productive Citizenry and a vibrant Human resource
People Centric Economic Development
Technology Based Society
Development of Physical Resources
Sustainable Environmental Management
Disciplined, Law Abiding and values-based society

While as part of reform efforts the UNCT is undertaking a common country analysis and a review of progress with the implementation of the UNSDF 2018-2022, in the analysis of the national action plan the UNCT has determined that opportunities are available to respond to current national priorities by more strategically addressing the core issues in the accelerator analysis. The three interventions proposed for the Fund are designed to provide a more integrated and cohesive approach to addressing the core inequalities and vulnerabilities in Sri Lanka, providing both continuity with past successes and seizing new opportunities provided in the plan of the new government.

<ol type="i">
Bridging the peace and development gap: by continuously adapting initiatives to current circumstances and new needs and opportunities as the political context evolves, including implementation of the JPP – accelerator 3 and UNSDF Outcome 2
Building resilience to address inequalities by tackling climate change and disaster risk reduction: a comprehensive and locally adapted approach will ensure sustainable development is informed by climate proofing solutions and reducing disaster risks, while improving access to social protection, livelihoods (economic, business and SME resilience) ,and services at local level. A special focus will be given also to strengthening immediate emergency response capacities to the increasing likelihood of various disasters, including health pandemics, to ensure support is available to the most vulnerable segments of the population through local service providers – accelerators 1,4 and 5 and UNSDF Outcomes 3 and 4

iii. Strengthening capacities for national planning and financing strategies, statistical and data development and innovations in the use of technology to improve government functions: in addition to enhancing work on data and statistics there is an opportunity to support the new government in SDG based planning at national and provincial levels, to identify options in an integrated national financing framework to realise needed investments, and to promote innovations in development administration through technology applications - accelerators 1 and 2 and UNSDF Outcomes 1 and 2

By prioritising these three integrated approaches, the UNCT will enhance its capacity to support national stakeholders in addressing the core accelerator constraints to realising the SDGs, in particular addressing inequalities by building resilience at the local level including capacities to prepare and manage emergency response, while strengthening national capacities to address structural impediments over the long-term. Further, the UNSDF identified important cross-cutting aspects of development such as gender, youth, volunteerism, conflict sensitivity and human rights, and their continued importance will require them to be integrated throughout the policy and programmatic interventions implemented through the Fund. Innovative solutions will be sought throughout, including access to technology applications available through south-south cooperation and working with a wide range of partners nationally.

These interventions will ensure also that more focus is given to the main risks identified in the UNSDF as impacting on the achievement of the SDGs and the UNCT contribution thereto. The substantive risks are related to sustaining reconciliation and non-violence, addressing resilience to climate change and disaster risks, and improving data for evidence-based decision-making. The more integrated approach through the Fund will also address identified operational risks, including working in silos with weaker coordination capacities, ineffective resource mobilisation in a changing aid environment, and an unreformed UN bureaucracy.

Results focus and theory of change

The overarching **Theory of Change** of the UNSLSDG Fund is that IF the UNSLSDG complements and strengthens coordination and cooperation, among all stakeholders, in critical thematic areas that are common and run parallel to the UN Sustainable Development Framework 2018 -2022 (UNSDF); THEN it will enable UNCT to implement a cohesive and focused programme, in close partnership with relevant stakeholders to realise SDG based targets; THUS enabling to reduce multiple inequalities and achieve sustainable results leading to leaving no one behind in an upper middle-income context,

A summary of the three critical focus areas for the Fund are presented here, while more details are provided in the three Window annexes to this document. An initial results framework is also enclosed, to be elaborated as resources flow into the different windows.

Thematic Window 1: Peace

The UNSDF focuses on framing support for governance institutions and strengthening processes so as to address inequalities and vulnerabilities, through more accountable, evidence-based and inclusive policies and services that strengthen the public's trust in the state, acknowledging it as the foundation of lasting peace.

To ensure continuity of the support provided to the Peacebuilding Priority Plan since 2015 by the UN Peacebuilding Fund, the UN Sri Lanka together with the Government and development partners, launched

the Joint Programme for Peace (JPP) in April 2019. This window incorporates that joint programme and provides for its expansion of the development of complementary initiatives for strategic, coherent, and sustainable support towards four priority areas: 1) Dealing with the past; 2) Social Cohesion/ Reconciliation; 3) Governance and SDG 16 4) Durable Solutions and Resettlement. To ensure advancement of gender equality and women's empowerment and to strengthen the positive role played by young people in peacebuilding, Gender and Youth are integrated as cross cutting themes into all activities of the Peacebuilding Programme.

Thematic Window 2: Resilience

UN Sri Lanka's Thematic Window on **Resilience** has been designed to harness assistance from multiple partners for strategic, coherent and sustainable support towards three priority areas: 1) Mainstreaming Climate and Disaster Risk; with a special focus on addressing changes through a gender lens; 2) Increased investments in Risk Reduction for resilience including through support for social protection and livelihoods, , and 3) Strengthening emergency preparedness and response capacities, including resources to increase resilience in emergencies such as COVID-19;

This approach will demonstrate affordable, integrated and innovative solutions to support systems, communities or individuals to build sustainable futures in an environment of growing risk and uncertainty, by strengthening resilience capacity at the sub-national level, while undertaking national policy and advocacy to ensure scale and sustainable outcomes, thus maximizing the multiplier effect of investments. The Resilience window aims to ensure results driven 'last-mile' approach for processes already underway, and kick-starting or fast-tracking new interventions. The latter will include a special focus on support to the response to **emergencies** as they arise, in the context of the relevant Strategic Response Plan or Humanitarian Response Plan. The advancement of gender equality and women's empowerment is a special focus of the first result, while overall and to strengthen the positive role played by young people in resilience building, Gender and Youth are integrated as cross cutting themes into all activities of the Resilience thematic area.

Thematic Window 3: National Planning and Finance, Statistics and Data, and Innovation Strategies for SDGs

In the UNSDF, Outcomes 1 and 2 are built on the premise that the improvement of data, knowledge management and evidence-based policy underpins all areas of development and is critical to SDG monitoring; that improved governance requires evidence based policy management and accessibility to information and data; that capacity building is required to support continued development and monitoring of national development plans and their financing strategies; and to provide civil servants with the capacities to capture knowledge, share information, and increasingly use data and its analysis at all levels of public administration to contribute effectively to equitable service delivery to reduce regional disparities.

This thematic window has been designed to allow for the pooling of resources from multiple partners for strategic, coherent, and sustainable support towards developing national capacities in four priority areas:

    i.   Statistical and data analysis and monitoring for SDG progress, building on the analysis done by ESCAP on statistical institutional development and anticipating needs to support the 2021 national census.

ii. Evidence based national planning and policy interventions to address the structural changes needed to realise national SDG targets, especially in leaving no one behind in pursuing sustainable development and resilience that is regionally balanced.

iii. Financing for development strategies relevant to an upper middle-income country based on the Integrated National Financing Framework (INFF) analysis planned with UN support.

iv. Innovation using technology to improve government performance and service delivery, including managing change and using digital applications

This window is timely given the openness of the new government to consider opportunities for supporting its national capacities relevant to realising SDG targets in a national and provincial planning context. To ensure advancement of gender equality and women's empowerment and to strengthen the positive role played by young people, Gender and Youth are integrated as cross cutting themes into all activities of this thematic area.

4. Fund Governance Structure

The Fund's governance involves three levels: Operations (Fund Steering Committee, Thematic Window Operational Committees and the Fund Secretariat), Design and Administration (MPTF Office) and Implementation (Technical Committees, implementing entities). The Fund operating details will be described in depth in the **Fund Operational Manual** that will be developed by the Fund's Secretariat with support from the MPTF Office after the establishment of the Fund.

Fund Operations

Fund Steering Committee (FSC)

The Fund Steering Committee is the body in charge of the strategic guidance and general supervision of the Fund. It is chaired by the UN Resident Coordinator. The FSC comprises of the United Nations agencies signatories of the MOU, donors and MPTFO as ex-officio member. The FSC will take overall guidance from the UNSDF and will report progress as part of the annual progress report on the UNSDF. The committee will meet annually and/or when deemed necessary and it is responsible for the following tasks:

- Provide general oversight and exercising overall accountability of the Fund
- Approve the strategic direction of the Fund
- Approve the Fund TOR and Operational Manual
- Approve Fund risk management strategy and review risk monitoring regularly
- Review Fund status and oversee the overall progress against the results framework through monitoring, reporting and evaluation
- Commission mid-term and final independent evaluations on the overall performance of the Fund
- Approve Fund extensions and updates to the Fund TOR and Operational Manual, as required.

The Fund Steering Committee makes its decisions by consensus and will delegate some of its functions to the Thematic Windows Operational Committees as deemed necessary. The FSC will report annually to the government through the UNSDF annual review process.

The Thematic Window Operational Committee (TWOC)

When a window is opened, a Thematic Window Operational Committee (TWOC) with authority for operational decisions on the activities of the fund within the window is established, in line with the strategic guidance of the Fund Steering Committee. The TWOC is co-chaired by the UN Resident Coordinator and a designated UN official / Head of Agency on rotational basis. The TWOC comprises of Participating UN Organizations, thematic window participating donors and representatives of other relevant entities (Government, Civil Society, INGOs and private sector if applicable) with operational capacity within the theme of the thematic window, with the fund Secretariat and Administrative Agent as ex-officio members.

The Thematic Window Operational Committee is responsible for:

- Review and approve proposals submitted for funding to the TWOC, ensuring their conformity with the requirements of the Fund Terms of Reference (TOR) and the window Terms of Reference (TOR);
- Approve the funds' allocation to approved projects within the window, and based on agreed allocation criteria;
- Any other activities assigned by the Fund Steering Committee.

Secretariat

The Secretariat is the entity responsible for the operational functioning of the Fund. The Secretariat provides technical and administrative support to the Steering Committee and the Thematic Window Operational Committees. The Secretariat is hosted by the Resident Coordinator Office. The Secretariat structure can be reviewed and adjusted by the Steering Committee in line with needs and budget availability.

The Secretariat main functions are:

- Advise the Steering Committee and the Thematic Window Operational Committees on strategic priorities, programmatic and financial allocations
- Provide logistical and operational support to the Steering Committee and the Thematic Window Operational Committees.
- Organize calls for proposals and appraisal processes
- Ensure the monitoring of the operational risks and Fund performance
- Consolidate annual and final narrative reports provided by the Participating UN Organisations. and share with the Thematic Window Operational Committees for review as well as with Administrative Agent for preparation of consolidated narrative and financial reports
- Facilitate collaboration and communication between Participating UN Organizations to ensure programmes are implemented effectively.
- Transmit to the Administrative Agent the request of transfers of funds, signed by the RC, and according to the decisions of the relevant governance body (SC or TWOC).
- Liaise with the Administrative Agent on any other fund administration issues, including issues related to project/ fund extensions and project/fund closure.

The costs of the Secretariat will be charged to the Fund as direct costs. The Secretariat's budget will be annually agreed and approved by the Steering Committee.

Fund Administration

The Fund is administered by the MPTFO under the pass-through management modality. The Fund's administration services, whose costs are 1% of received contributions[1], include:

(i)   The Fund's setting up: support to the Fund's design (Terms of Reference and Operation Manual), and development of legal instruments; and

(ii)   The Fund's administration: receipt, administration and release of funds to implementing entities in accordance with decisions from the Steering Committee, and financial report consolidation.

The MPTFO is responsible for the following functions:

- Provide support to the design of the Fund
- Sign a Memorandum of Understanding (MOU) with UN implementing entities
- Sign Standard Administrative Agreements with donors that wish to contribute financially to the Fund
- Receive and manage funds included those of the Fund's closure
- Invest and reinvest Fund's resources according to investment policies, practices and procedures. Any profits will be added to the Fund's resources and will not be credited to the contributions of a particular donor
- Provide updated information to the Thematic Window Operational Committees and Steering Committee regarding the regular resource availability
- Upon request of the RC, and subject to the availability of resources, transfer funds to implementing entities in accordance with the relevant governance body's (SC or TWOC) decisions
- Consolidate the financial annual and final project reports submitted by implementing entities and submit the consolidated narrative and financial annual Fund report to the Steering Committee and donors
- Provide a Fund's final financial report which is included in the notice of the Fund's closure
- Release funds as direct costs for the running of the Secretariat, based on the Steering Committee decisions.
- Provide tools for fund management to ensure transparency and accountability.

Fund Implementation

The Fund will be implemented by UN Agencies. Each implementing entity is programmatically and financially responsible for funds received in accordance with its own regulations, rules, policies and procedures, including those related to public procurement, as well as recruitment and evaluation of executing partners. Agencies will charge as indirect costs, seven percent (7%) of amounts received for project implementation.

Aligned with the Secretary-General's target of moving towards Common Back Offices by 2022, and as a means of providing a 'one stop shop' for operational services, it is recommended to use the services of a UN agency (for example UNOPS) with the capacity and experience to provide centralized Procurement, HR and Administration support. However, the use of these services is unequivocally at the discretion of the participating UN agencies.

5. Contributions

The Fund's resources will include: donor contributions; any interests, payments, repayments or net profit for investments less any authorized release and incurred expenses in accordance with these Terms of Reference and decisions made by the Fund's Steering Committee.

The Fund's resources will be used to finance, or co-finance projects, programs and operations approved by the Fund's Steering Committee and the Thematic Window Operational Committees. The Fund receives contributions from governments and non-government organizations. Contributions may be earmarked at the Thematic Window level.

The Fund receives contributions in fully convertible currency or any other currency that can be readily used. Such contributions will be deposited to the bank account designated by the MPTFO. The value of the contributions, if made in a currency other than US dollars will be determined by applying the UN operational exchange type in effect of the date of payment. Profit or loss due to currency exchange rate is registered in the Fund's account set by the Administrative Agent and will be taken on by the Fund.

6. Project Approval Process

The Fund operating details are described in depth in the Fund Operational Manual.

Two types of project approval are proposed:
1. Regular cycle: includes phases of project identification, presentation, review and approval.
2. Rapid cycle: the approval phases are shorter (total duration is a maximum of a week), to prioritize the approval of critical initiatives of short-term implementation.

6.1. Regular cycle
6.1.1 Project identification, design and submission

The identification of Projects can be done at different levels: Thematic Windows, Government and UN agencies. The projects should be aligned to the national priorities of the Government and the UNSDF. The Secretariat will support the identification of priorities and needs.

Two project submission processes are foreseen: Direct submission and Call for proposals.
1. Direct submission of projects: Based on SC/TWOC directives, prioritizations, agency mandates and consultations, the Agencies may be directly invited to present project proposals to the Secretariat.
2. Calls for proposals: The Secretariat, based on SC/TWOC decisions, will request Agencies to submit project proposals. The call will specify the requirements for submitting a proposal.

Prior to the elaboration of the Project, the Implementing Agencies will present a concept note to the Thematic Window Operational Committees through the Secretariat for validation. This is to ensure that prior to developing the full-fledged project proposal it is aligned to the relevant strategy and priorities and is within the funding range for the respective Thematic Windows.

The design of the projects will be the responsibility of the Implementing Agencies. The design of projects or programs shall be consistent with the programmatic parameters established in the Strategic

Framework. The minimum requirement for project proposals should be: the key expected results and indicators, activities, indicative budget, a risk analysis, proposed implementing partners and geographical scope.

6.1.2. Review of Projects

The Secretariat with the support of relevant sector specialists will conduct a substantive, systematic, rigorous and detailed assessment of the project proposals. The criteria for the project design and development process are provided in the relevant submission form.

The assessment is divided in 2 reviews:

1. Administrative Review

This review, conducted by the Secretariat, will ensure the administrative completeness of the submission and will be done within three days of the receipt of the proposal. The administrative review includes: (i) format, (ii) supporting documents, (iii) budget, and (iv) general value for money assessment.

2. Thematic technical Review

A technical assessment is conducted by the Secretariat with the relevant group of experts from UN Agencies. The review consists on a program-related quality control of the proposal and ensures alignment, coordination and prioritization of the intervention in the relevant Thematic Windows, including screening for the relevant cross-cutting approaches. The review also ensures that programs are aligned to priorities and needs of the Government strategies, plans and policies, coordinated with existent and foreseen activities, and developed in consultation with relevant actors.

The Secretariat shall send the consolidated package of all submitted proposals and recommendations to the TWOC five working days prior to the date of the scheduled meeting.

6.1.3. Project approval and funds transfer

Project approval

The TWOC will take into account all the proposals and will select proposals based on their alignment with the Fund's Strategic Framework, available funding, complementarity of the intervention with other ongoing or foreseen actions and level of involvement of concerned actors. The cross-cutting criteria will be taken into account. Decision making regarding the approval of projects for fund allocation requires a quorum of 5 members of the TWOC, including the Chair.

Programs or projects approved with recommendations do not require submitting a proposal again. The Secretariat shall ensure that the implementing entity incorporates the recommendations of the TWOC, before requesting the MPTFO to transfer funds to the implementing entity.

For the Fund Direct Costs (that cover costs related to the Secretariat Functions, Fund evaluations, etc) the Secretariat will prepare a project proposal that will be presented to the Fund Steering Committee for approval.

The SC/TWOC decisions are recorded in its minutes of meeting, which are consolidated by the Secretariat and shared electronically with SC/TWOC members .

Funds transfer

The Secretariat shall request the transfer of funds to the Administrative Agent by submitting a Funds Transfer Request (FTR) form, signed by the RC, for the budget allocations approved by the Steering Committee or the Thematic Window Operational Committee. The MPTFO will carry out transfers to implementing entities no later than five working days after the receipt of the FTR. Upon completion of the transfer, the representative of the receiving organization and the Secretariat will be notified through electronic mail.

Figure 2: Project approval cycle

6.2. Rapid cycle

The Implementing Entity submits the project document to the Secretariat. The Secretariat reviews the proposal (with the support of the relevant group of experts if applicable) within no more than 3 working days, at the end of which the project shall be deemed approved on a no-objection basis. The funds transfer follows the same process as the regular cycle.

This rapid cycle will be used exceptionally, in circumstances where the SC/TWOC considers the rapid launching of interventions necessary (for instance, to respond to emergencies).

7. Risk management

The objective of a risk management strategy at the Fund level is facilitating the achievement of the program-related objectives of its interventions in the context of the risk in which it operates.

The Secretariat will develop a risk management strategy whose main objectives are: accelerate Fund implementation and increase its impact, ensure that the Fund's interventions meet the "Do no harm" principles, verify that resources are used for foreseen purposes and improve risk management capacity of national institutions.

The Fund's risk management strategy will encompass the following tasks:
- Develop shared understanding of risks faced by the Fund
- Define risk appetite or tolerance of the Fund (Fund's risk profile)
- Establish the Fund's policies regarding identified risks (Fund's risk policies)
- Identify or clarify potential compensation from risk taking and seek consensus among stakeholders regarding its management
- Determine risk treatment through measures of mitigation or adaptation
- Identify risk holders, control its spreading and define follow-up measures
- Establish information strategies and common messages about the risks.

Every program or project approved by the Fund shall comply with the risk management strategy. The fulfillment of such a strategy will be one of the selection criteria during the process of project evaluation.

8. Monitoring, evaluation and reporting

Monitoring and evaluation:

The Secretariat is responsible for oversight of the monitoring and evaluation of programmes, providing guidance to implementing entities on performance indicators and methods of data collection and analysis, as necessary. The implementing entities are responsible for continuous monitoring of programme performance against specific outputs and in relation to contributions to relevant outcomes. The Secretariat consolidates programme-level information in a central, results-based management system. Performance data is gathered at outcome and output levels, linking program-related and financial result indicators so evaluators can measure the Fund efficiency and effectiveness.

Output level

Output indicators are specific to each programme and reflect changes in skills and abilities, or the new products and services that can be delivered with resources provided by the Fund. Evaluating performance against each output indicator involves taking external factors into account alongside pre-identified assumptions and risks. Implementing entities are responsible for meeting the first level of results, collecting data, and reporting process/findings.

Outcome level

Signature outcome indicators are defined in the Result Framework of the Fund. Implementing entities are required to report against selected outcome indicators. The evaluation of performance indicators takes external factors into account, as well as previously identified assumptions and risks in each theory of change. Gathering data is a mandatory element to be reflected in every annual report drafted by implementing entities

Reporting:

The responsibilities related to reporting are gathered and detailed in the Memorandum of Understanding (section IV) and Standard Administrative Agreements (SAA) (section V).

All the implementing entities will carry out annual and final reports on activities and expenditures according to a common format designed for the Fund.

Narrative reports

The Participating UN Organizations will present the following reports to the Secretariat for consolidation and further transmission to the Administrative Agent:

(a)   Annual narrative reports to be provided no more than three months (March 31st) after the end of the calendar year

(b)   Final narrative reports after the end of activities contained in the approved project document, including the final year of such activities, to be submitted no more than four months (April 30th) in the following year after the financial closure of the Fund.

Annual and final reports will exhibit results based on evidence. Annual and final narrative reports will compare actual results against estimated results in terms of outputs and outcomes and they will explain the reasons of higher or lower performance. The final narrative report will also include the analysis of how the outputs and outcomes have contributed to the Fund's global impact.

<u>Financial Reports</u>

The Participating UN Organizations will present the following financial statements and reports to the Administrative Agent for consolidation:

(a) Annual financial statements and reports to December 31st, regarding released resources by the Fund to them; these shall be provided no more than four months (April 30th) after the ending of the calendar year

(b) Final certified financial statements and financial reports after the completion of activities contained in the approved project document, including the final year of such activities, to be submitted no more than six months (June 30th) in the following year after the financial closure of the Fund.

Based on these consolidated narrative and financial reports, the Secretariat will prepare annual consolidated reports which will be submitted by the AA to each of the Fund's Contributors and to the Steering Committee as per the schedule established in the Memorandum of Understanding (MOU) and Standard Administrative Agreement (SAA).

9. Accountability and transparency

These clauses are detailed in the legal instruments that will govern the Fund (MOU and SAA).

Accountability:

The Participating UN Organizations will provide implementation services in accordance with its own financial regulations, rules and policies.

For each project or JP approved for funding, each Participating UN Organization will provide the Secretariat and the MPTFO annual and final reports and financial statements prepared in accordance with their accounting system and reporting procedures, as stated in the legal agreements signed with the Administrative Agent.

Financial audit: the Administrative Agent and the Participating UN Organizations will be audited according to their own financial rules and regulations, in line with the audit framework for multi-donor funds, as agreed by the Audit Internal Services of the Participating UN Organizations and endorsed by UNDG in September 2007.

Transparency:

The MPTFO website, Gateway (http://mptf.undp.org), is a web-based service portal that provides real-time financial data issued directly from the UNDP accounting system. Once established, the Fund will have a separate page in the Gateway portal which will allow partners and the public at large to follow-up the Fund contributions, transfers and expenses, and access key documents and reports.

The Secretariat and the MPTFO will ensure that the Fund's operations are posted on the Gateway portal. From its side, each implementing entity will take appropriate measures to promote the Fund. Information shared with the media regarding beneficiaries of funding, official press releases, reports and publications will acknowledge the role of the Fund.

10.   Amendments, duration and termination

The Steering Committee will be able to modify any of the provisions of these terms of reference, including the Fund's duration.

The Fund was established upon signing of the Memorandum of Understanding and will terminate upon completion of all programmes funded through the Fund and after satisfaction of all commitments and liabilities. This fund will have the same duration as the present UNSDCF cycle that runs until the end of 2022.

Unless the Steering Committee decides otherwise, after the Fund's closure the contractual liabilities undertaken by the Fund under these terms of reference or any complementary agreements, including agreements signed with third parties, before receiving the corresponding notice of closure, will not be affected by this closure.

Annex 1: Window Briefs

Annex 2: Fund's results matrix

Annex 3: Risk matrix

Annex 4: Fund's operations manual

Annex 5: Windows Programmatic Framework

Annex – Window Briefs

Sri Lanka SDG Fund: Peace Window

Introduction

The "Sustaining Peace" agenda[1], is a key objective for the United Nations system, national governments and is a priority element of the UN's prevention agenda, globally, and in Sri Lanka. Sri Lanka has witnessed the negative impacts of violence and conflict throughout much of its history. The positive influence of peace on advancing human development within Sri Lanka's communities is self-evident. The human and financial costs of responding to violent conflict rather than investing in its prevention are unsustainably high, requiring broad and deep support for building and sustaining peace. The UN Charter highlights the critical relationship between peace and security, development, and human rights. Sri Lanka, and United Nations' Member States at large, reaffirmed these interlinkages when they endorsed and adopted the 2030 Agenda for Sustainable Development as the framing document for collective efforts to build peaceful, just, prosperous and inclusive societies. Inclusive and sustainable development, anchored in the protection and promotion of human rights and the goal of Leaving No One Behind (LNOB), is the best defence against violence and conflict, and the pathway to ensure sustainable peace.

The "Peace Window" will work towards advancing the sustaining peace agenda in Sri Lanka, supplemented by the Women and Youth Peace and Security agendas. It will provide for a range of peace and development initiatives that encompass, and build upon, previous and current peacebuilding programmes, as well as working towards achieving the Sustainable Development Goal (SDGs) with a key focus on SDG 16 to "*Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels*".

In September 2015, Sri Lanka and all other 192 United Nations member states adopted the 2030 Agenda for Sustainable Development at the UN General Assembly. The SDGs are a human rights-based approach to human development and are notable for the ambitious and critical inclusion of SDG 16. Shortly thereafter, in October 2015, Sri Lanka co-sponsored Resolution 30/1 entitled, "Promoting reconciliation, accountability and human rights in Sri Lanka" at the 30th Session of the United Nations Human Rights Council (UNHRC). In 2017 and again in 2019 the Sri Lankan Government co-sponsored fresh resolutions 34/1 and 40/1 which reaffirmed the commitments under Resolution 30/1 and also gave more time for Sri Lanka to fulfil its commitments on reconciliation and transnational justice.

In 2016, the UN, and the then Government of Sri Lanka, developed the Peacebuilding Priority Plan (PPP) designed to promote peacebuilding and human rights in Sri Lanka.[2] The PPP, supported by the UN Peacebuilding Fund, is due to phase out in September 2020. In the meantime, in 2019, to continue the promotion of peace programming, the UN, government and development partners developed the Joint Programme for Peace (JPP)[3] which was partially influenced by the PPP. While the new government of Sri Lanka withdrew its co-sponsorship of Resolution 30/1 in February 2020 there remains considerable and expansive scope for working collaboratively on sustaining peace in Sri Lanka, especially as it pertains to SDG 16.

In December 2019, the government unveiled the national policy framework that gives priority to security, growth and meeting youth aspirations within an SDG based approach to national development. The new

governing cycle will also offer a period for building comprehensive partnerships with government on the SDGs which has been identified as a national priority.

Scope of the window

The new government takes over at a time of ongoing peace and development challenges in the form of slow economic growth, elements of polarization in society not to mention the COVID-19 pandemic. Reconciliation and peacebuilding will remain a priority for national development but within a framework that emphasises the Sustainable Development Goals, and in particular SDG 16, and human rights.

Whilst recognizing that the Government of Sri Lanka has the primary responsibility for the development, implementation, and resourcing of sustaining peace measures in Sri Lanka, the international community remains engaged and committed to supporting national efforts. Development partners can support the Government to address its commitments in accordance with international standards, to include meaningful participation of civil society, especially vulnerable groups, and to move forward in an inter-linked and mutually reinforcing manner.

Likewise, the UN and development partners recognize that there are opportunities for greater harmonization of assistance, with the effectiveness of support likely to increase through more dedicated coordination and joint programming. Much of the work on issues of peace and development, peacebuilding and SDG 16 is complex, inter-linked and mutually reinforcing. It will benefit from implementing agencies closely sharing knowledge, complementing each other's expertise and working side by side.

As the main source of international support for the PPP will end in late 2020, namely the UN Peacebuilding Fund, it is considered timely to establish this Multi-Partner Trust Fund (MPTF) window to provide a long-term and integrated approach to supporting peace initiatives by bringing together multiple partners in a coordinated manner. Multi-donor support will communicate to the Sri Lankan Government and its citizens the centrality of sustaining peace measures in the country's national development trajectory, mindful especially of Sri Lanka's post conflict issues.

Guided by the Peacebuilding Priority Plan (2015) and Matrix Review (2018) funded by the UN Peacebuilding Fund,the prime goal of this window is to contribute towards sustaining peace in Sri Lanka by harnessing support from multiple partners for strategic, coherent, and sustainable interventions.

The window builds upon the four existing priority areas, or pillars, of the PPP, and now the JPP. These being 1) Dealing with the past; 2) Social Cohesion/ Reconciliation; 3) Governance 4) Durable Solutions and Resettlement. It will also include key elements of SDG 16, including but not limited to, access to justice, violence and crime reduction, institutional capacity building, the prevention of violent extremism, hate speech and the countering of terrorism. In due course, emphasis on these priority areas will evolve as UN and national government needs and requirements adjust over the course of time.[4]

1. The **Dealing with the past** pillar is currently active under both the PPP and JPP, mostly addressing transitional justice interventions resulting from HRC Res 30/1. While it remains committed to a credible victim centric process of accountability, truth-seeking, reparations for past violations and guarantees of non-recurrence in line with international standards and obligations, the new Sri Lanka government's priorities within TJ are under consideration and areas of alignment would need to be identified and explored. Recognizing that dealing with the past is a critical precursor

to achieving sustainable peace in Sri Lanka, the UN will continue for the time being to support the TJ State-led mechanisms and processes already in place (e.g. Office on Missing Persons (OMP) and the Office for Reparations (OfR)) including facilitating victim groups and CSO engagement with these and other mechanisms and processes in accordance with international human rights standards.

2. The **Social Cohesion/Reconciliation** pillar has been recently resourced under the JPP, and there is considerable scope for scaling up engagement. It focuses on initiatives that directly strengthen inter-ethnic relationships and mutual understanding, and in doing acts to sustain peace among communities. Engagement under this pillar would include support towards inclusive education; strengthening of institutions to implement the Official Languages Policy; addressing drivers of inter-communal tensions such as hate speech and other forms of extremism and promoting youth participation in governance platforms. Critically, it also addresses sexual and gender-based violence against women and girls; empowering women and youth, as per UN Security Council Resolution (UNSCR) 1325 (Women Peace and Security) and UNSCR 2250 (Youth Peace and Security) among other themes to maintain the momentum of peace. The activities will encourage working at multiple levels to create infrastructures for peace that promote dialogue, mutual understanding and peaceful co-existence.

3. The **Good Governance and SDG 16** pillar has to date not been sufficiently resourced under the PPP or the JPP and as such presents a key opportunity for the UN Sri Lanka SDG Fund. With a focus on SDG 16[5], this pillar adopts a comprehensive approach with an emphasis on addressing the structural factors that have been drivers of conflict, with the aim of resolving injustice which in turn would maintain public support for peace. It also serves to directly support much of the new National Policy Framework. The interventions under this pillar aim to support further strengthening of state and independent institutions to fully embed a democratic culture, the rule of law and that promotes equal and transparent access to services and opportunities. Directly complementing this support, the pillar will also engage with civil society organisations to strengthen community led mechanisms and voices. This pillar will engage both women and youth to ensure their participation and representation in decision making processes. Key areas of work for this pillar will include but not be limited to: a) Access to justice initiatives such as working to review the bail system and remand cases, improve active case management, develop improved court efficiencies, introduce modern and cost-efficient sentencing options; b) Violence and illicit crime reduction interventions including, but not limited to, community safety programming, developing early warning mechanisms, enhanced maritime border control, port security, and protection of natural resources for coastal communities; c) building inclusive and just state institutions with engagements on security sector development with particular reference to the police and prison services including addressing barriers to entry, retention and promotion for women and minority groups and establishing and enforcing an institutional culture of professionalism and integrity; d) support to victims of crime (including GBV, child exploitation and victims of trafficking), enhanced victim and suspect interviewing skills for investigators, measures to encourage victims of crime to report crime, measures to encourage victims of crime to give evidence in court, advocacy for victims; and e) rule of law and human rights based approaches to preventing violent extremism and countering terrorism.[6]

4. The **Resettlement and Durable Solutions** pillar is currently operational under the JPP. It focuses on the operationalisation of the National Policy on Durable Solutions for all conflict affected

persons. It combines providing immediate impact initiatives that address the critical socio-economic needs of newly resettled communities with technical support to the Government to put in place policies and systems that will continue to facilitate the return and reintegration of all forms of returnees. Support will be provided to temporary shelter and community infrastructure development; livelihood support through cooperatives; economic empowerment of women and youth; advocacy on land release and return; and awareness and technical support on mine clearance/ mine risk education.

Results Focus

<u>Theory of Change</u>

IF Sri Lanka has access to strategically targeted, harmonized and sustainable international assistance,

THEN it will be better able to move forward on its objectives and commitments towards sustaining peace through processes that are comprehensive, principled, and human rights based,

THUS, enabling Sri Lankan society to have restored confidence in State institutions, thereby preventing violations and abuses from happening again and contributing to long term peace and prosperity.

<u>Results framework</u>

Outcome 1: Dealing with the past - Government and other actors contribute towards a credible, victim-centric process of accountability, truth-seeking, reparations for past violations and guarantees of non-recurrence in line with international standards and obligations.

Output 1.1 The UN in Sri Lanka provides strategic, coherent, timely and targeted support to advance both established and eventual emerging transitional justice mechanisms.

Output 1.2 The UN in Sri Lanka will promote gender equality in securing peace dividends by enhancing protection of women and girls' human rights, physical and mental health and security; enhancing Women's participation in decision-making processes, socio-economic recovery processes and responses related to conflict prevention

Outcome Two: Social Cohesion/Reconciliation- Positive relationships and mutual understanding between and among different groups contribute to peaceful co-existence and a sense of belonging in Sri Lanka.

Output 2.1 The UN in Sri Lanka provides strategic, coherent, timely and targeted support to strengthen reconciliation and social cohesion.

Output 2.2. The UN in Sri Lanka will promote gender equality in securing peace dividends by enhancing protection of women and girls' human rights, physical and mental health and security; enhancing women's participation in decision-making processes, socio-economic recovery processes and responses related to conflict prevention.

Outcome Three: Governance and SDG 16 - State institutions effectively, efficiently, equitably and transparently respond to the priorities of the population.

Output 3.1 The UN in Sri Lanka provides strategic, coherent, timely and targeted support to enhance the state institutions to effectively, efficiently, equitably and transparently respond to the priorities of the

population and for civil society groups to actively engage in oversight of the development of public policy and practice.

Outcome Four: Resettlement- The State prioritizes sustainable return, resettlement, and/or local integration of conflict-displaced persons (IDPs, IDP returnees, and refugee returnees) in a safe and dignified manner to rebuild lives and communities.

Output 4.1 The UN in Sri Lanka provides strategic, coherent, timely and targeted support towards the resettlement process in the Northern Province and Eastern Province with an emphasis on ensuring durable solutions and promoting confidence in the process.

————

[1] https://www.un.org/peacebuilding/content/report-secretary-general-peacebuilding-and-sustaining-peace

[2] In direct support of the Resolution, the Government and the UN developed the Peacebuilding Priority Plan (PPP) that was launched by the President and the UN Secretary General in 2016. The plan identifies strategic peacebuilding priorities organized in four pillars, namely: transitional justice, reconciliation, good governance, and resettlement and durable solutions. The total cost of the PPP is estimated at USD130million, and up to 2020 the UN and development partners have contributed USD30million. Implementation of the PPP is governed by the Peacebuilding Board which is co-chaired by the Foreign Secretary, Secretary-General of the Secretariat for the Coordination of Reconciliation Mechanisms (SCRM) and UN Resident Coordinator and includes representation from the presidential secretariat, thirteen line ministries, development partners (EU and Japan), and civil society organisations.

[3] The JPP, launched in 2019, runs through to 2022 and is currently supported by the United States, the United Kingdom, Canada, and Australia. Full details here: http://mptf.undp.org/factsheet/fund/LKP00.

[4] Once the SDG Fund is operational that MPTFO will arrange for the JPP to be moved to the fund as a joint programme under the Peace window rather than standalone as is now the case. It is intended there will be one governance structure for the window and the JPP, to be developed in consultation with the donors, taking account of any bureaucratic and financial obstacles to avoid disruption of activities. For example the JPP governance level could initially run parallel with the window governance structure in back to back meetings, until the scope of the window is fully clarified and the JPP review completed in relation to consultations with government

[5] Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

> 16.1 Significantly reduce all forms of violence and related death rates everywhere
>
> 16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children
>
> 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all
>
> 16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
>
> 16.5 Substantially reduce corruption and bribery in all their forms
>
> 16.6 Develop effective, accountable and transparent institutions at all levels
>
> 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels
>
> 16.8 Broaden and strengthen the participation of developing countries in the institutions of global governance
>
> 16.9 By 2030, provide legal identity for all, including birth registration
>
> 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements
>
> 16.a Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime
>
> 16.b Promote and enforce non-discriminatory laws and policies for sustainable development

[6] Any support to non-UN security forces would be subject to the requirements of the UN Human Rights Due Diligence Policy (HRDDP).

Sri Lanka SDG Fund: Resilience Window

Introduction

Resilience is the ability of a system, community or society exposed to hazards to resist, absorb, accommodate to and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions.[1] In a development context there is also the expectation that building resilience over time should also address deficiencies in the structures to achieve the goals of the 2030 Agenda and SDG targets, that is to build back better.

As a disaster-prone country, Sri Lanka experiences cyclical humanitarian emergencies and disasters. Humanitarian assistance is designed to save lives and alleviate suffering during and in the immediate aftermath of emergencies. Development assistance, on the other hand, responds to ongoing structural issues, particularly systemic poverty, that may hinder economic, institutional, and social development in society and assists in building capacity to ensure resilient communities and robust and sustainable development. Humanitarian and development assistance are interconnected and often both contain humanitarian and development components.

The UNSDF 2018-2022 priorities focus on areas of development where the UN system can provide support to the Government in realising national targets to realise the SDGs and the 2030 Agenda. This includes a commitment to 'leaving no one behind' and 'reaching those furthest behind first' and makes specific references to people affected by humanitarian emergencies and those who may be "unaccounted for" within legal and administrative frameworks, and therefore face multiple levels of discrimination. These global agendas create a common framework under which both humanitarian and development actors can work together to ensure the safety, dignity and ability to thrive for the most vulnerable and at-risk populations.

Scope of the window

Due to the interdependent nature of challenges like climate change and environmental degradation, conflict, pandemics and population growth, multidimensional responses are called for, mixing humanitarian short-term assistance with early recovery interventions and longer-term development investments. This approach and understanding guides the actions of the UNCT in implementation of the UNSDF for 2018-2022, as it seeks to build these stronger linkages between humanitarian, economic and development interventions, including through resources made available in this Fund window.

UN Sri Lanka's work with Government on **Climate Change** is guided by UNSDF Strategic Outcome 4: Enhancing Resilience to Climate Change and Disasters and Strengthening Environmental Management. Building climate resilience is a continuing and long-term process that will require Sri Lanka to strengthen the peoples' adaptive capacity, as well as institutional and regulatory frameworks for climate adaptation. Addressing the impact of climate change is critical to addressing inequalities and vulnerabilities, as well as sustaining peace. Ensuring equitable access to natural resources, in light of existing land, population and climate pressures, will help reduce conflict risk. Improved natural resource and infrastructure management will require more effective oversight and enforcement mechanisms, which increasingly involve the public and civil society. Reducing climate and disaster risk will require addressing overlapping

institutional mandates through coherent policy and strategy making, filling capacity gaps, and integrating environmental, climate and disaster considerations into development planning.

The UNSDF has been developed with consideration for the impacts of extreme weather events as well as climate change, including droughts, floods and increasingly unpredictable weather patterns, on Sri Lanka's agricultural sector. Since 2015 a National Emergency has not been declared in Sri Lanka but a range of medium to small-scale natural disasters have been occurring on a frequent basis impacting hundreds of thousands of people in districts across the country. This has been mainly due to heavy rains leading to landslides and floods or sometimes drought due to extended dry spells. The Monsoons in 2016 and 2017 had wide-scale impact and led to loss of life and livelihood, damage to housing and temporary displacement.

The low level of productivity and yields of agricultural production, as practiced by the majority of farmers in Sri Lanka, reduces the country's overall resilience and adaptive capacities for change. With a population expected to grow to 24 million by 2050 and with rising wealth leading to changing sustainable management of natural resource such as land, forests, wildlife, and fish stocks and of the fragile ecosystem of Sri Lanka is becoming increasingly challenging. Furthermore, the people of Sri Lanka are expressing concerns over the risks associated with human settlements in flood-prone areas, reclamation of wetlands, availability and quality of drinking water and proper management of solid and liquid waste.

Despite the several innovative attempts and initiatives of both the Government, and Non-Government sector, the mainstreaming of Climate Change Adaptation (CCA) & Disaster Risk Reduction (DRR) into national and sub national level development planning as well as the national budgeting and financing processes in Sri Lanka has been weakened due to Government entities being unable/unwilling to breakdown their siloed approaches, preferring to preserve their institutional mandates and budgets. Over the past two years, WFP and UNICEF worked together to strengthen resilience to disasters in Sri Lanka by improving real-time information management systems and strengthening the capacity of government officials, communities and children on disaster preparedness, risk reduction and disaster response in nine out of 25 of the most vulnerable districts in Sri Lanka at both institutional and community levels. Based on this experience there is recognition that a more holistic approach to disaster risk management is needed, thus introducing a focus on strengthening capacities to reduce, mitigate and manage disaster risk while continuing to strengthen inclusive preparedness and response systems.

In addition to the cyclical threat of sudden and slow-onset disasters, Sri Lanka is now dealing with the threat posed by the COVID-19 pandemic. A compound disaster, be it a flood or drought, during the ongoing COVID-19 crisis would put national systems under even greater pressure, and any response would be hampered by mobility restrictions, access challenges, safety considerations and limited resources.

In a similar manner, UNSDF Strategic Outcome 3 focuses on **Human security and socio-economic resilience**, especially the vulnerable and marginalised groups of children, youth, women, elderly and disabled, so they benefit equitably from dynamic and responsive social protection systems. Sri Lanka's development progress has dramatically improved and maintained progress in many key social development indicators, as reflected in increased life expectancy, reduced infant and maternal mortality rates, increased school enrolment, achievement of gender parity in schools, and the country's reduced poverty rate. However, social progress and economic growth have not been even and inclusive, and inequalities and inequities have grown. Increasing urbanization and the demographic transition facing Sri Lanka do not only accelerate the growth of inequities, but also bring forward other issues which must be

addressed more effectively, such as gender inequality, food and nutrition insecurity, and violence against children and women in families, communities and institutions. The deprivations and discrimination facing Sri Lanka's most vulnerable citizens are multi-layered and include such factors as age, ethnicity, geographic location and gender.

Thus under UNSDF Strategic Outcome 3, while continuing to support improvements in access to and quality of basic services such as health, education and water and sanitation, the UNCT has focused on food security and nutrition, more robust and expansive social protection systems, employability of youth, employment generation and resilient livelihoods, and gender equality especially violence against women. In this effort work has focused on building system resilience and responsiveness to sudden onset emergencies and potential economic shocks.

A current example of this approach to 'resilience' in tackling a multidimensional challenge is support in preventing the spread of COVID-19 and mitigating its social-economic impact: the immediate emergency response to cope with the health and socio-economic systems impact, undertaking assessments and providing support to strengthen health systems capacities, and assessments and investments to address socio-economic impacts of the pandemic over the medium term.

In Sri Lanka, over 75 per cent of all businesses are SMEs, contributing to approximately 52 per cent of the country's GDP and 45 per cent of total employment. Most significantly they are an important source of employment for women and youth. In response to COVID-19, in March 2020, the Government of Sri Lanka established a Rupees 50 billion Re-financing Facility to offer a number of concessions including working capital loans and debt moratoriums. These facilities are expected to provide support for MSMEs including in ensuring business continuity and preserving jobs.

In the absence of such urgent responses, the COVID-19 pandemic threatens to create a wave of 'new poor' in Sri Lanka, with many Sri Lankan households one incident away from slipping back into more serious levels of need prior to the COVID-19 pandemic. Also, COVID-19's social distancing measures, which places households at greater risk of engaging in negative coping strategies during the COVID-19 outbreak that could have serious long-term effects on household welfare. Ensuring adequate health systems capacity is a key pillar of community-level resilience to COVID-19, while governments also need to safeguard the livelihoods of those affected by the economic impact of the pandemic.

Expansion of social protection measures and basic services provision can benefit households who face an unexpected loss of income or employment and can help them address short-term vulnerability and to 'build back better'. Protecting jobs and mitigating the crisis' impact on small and medium-sized enterprises also recognizes that the economic dislocation of COVID-19 poses structural challenges for Sri Lanka's economy and labour market that may remain even after the immediate threat has passed. In addition, Sri Lanka's lockdown and social distancing has impacted families as existing social constructs such as discrimination, abuse, and inequality are further exacerbated in times of crises, requiring targeted measures to protect those most at risk. Many of the most vulnerable groups in Sri Lanka will face the double burden of crisis from the COVID-19 and Climate Change impacts.

Results focus of the window

The **theory of change** for the resilience window:

IF, the government and partners in Sri Lanka benefit from increased and better coordinated international support for Climate Change and Disaster Risk Reduction including emergency support to response to frequent natural and other shocks,

IF Climate and Disaster Risk is mainstreamed/integrated into planning and decision making across sectors, both at the regional and national level with proper coordination/feedback mechanisms

IF Emergency preparedness and response capacities are strengthened in the legal, regulatory and institutional arrangements, to cope also with multiple emergencies

IF Increased investments in risk reduction are made in mitigation and adaptation practices in vulnerable sectors/areas such as social protection and competitiveness of the private sector, especially SMEs, , is strengthened

THEN, there is increasingly sustainable management of natural resources, diversification of livelihoods, and dynamic and responsive social protection systems.

Climate change impact and vulnerability risks will be reduced due to adaptation measures/practices (like agriculture techniques, forecasting systems etc.)

Human induced climate change will be reduced due to mitigation measures/practices (like reduction in Greenhouse gases etc.)

Preparedness for response and recovery for disasters (competitiveness, planning, buffer of resources, pooled funds etc.) will be enhanced

Response and recovery will be improved with substantial reduction of disaster risks and losses in (1) lives, (2) livelihoods (3) health and (4) economic, physical, social, cultural and environmental assets of persons, businesses especially SMEs, and communities

Climate resilient pathways (Blue-green economy) for sustainable development will be followed

THUS, people in Sri Lanka, especially the most vulnerable and marginalized will be more resilient to climate change and natural disasters.

The overall **results framework** for the window:

Goal
People in Sri Lanka, especially the most vulnerable and marginalized are more resilient to climate change and natural disasters, benefit from increasingly sustainable management of natural resources and diversification of livelihoods, and benefit equitably from dynamic and responsive social protection systems.
Result one: The UN in Sri Lanka provides strategic, timely and targeted support to strengthen Government climate change adaptation and disaster preparedness practices and investments, including economic and business preparedness and resilience, and to reduce the risks to those who are most vulnerable, especially from a gender perspective, by enhancing local capacities, building inclusive

partnerships, and connecting immediate responses to early recovery and longer-term sustainable development solutions.
Result two: The UN in Sri Lanka provides targeted support for improving and expanding social protection systems that enable vulnerable communities to reduce insecurities and benefit from sustainable development interventions.
Result three: The UN in Sri Lanka through the Humanitarian Country Team provides targeted support for urgent humanitarian needs that enables vulnerable and marginalized communities to recover from the immediate impacts of the emergency.

This window has been designed to harness assistance from multiple partners for strategic, coherent and sustainable support to three priority results:

1. **Mainstreaming Climate and Disaster Risk** calls for a comprehensive integration of Climate and Disaster Risk Management at the national and sub-national levels through greater emphasis on risk-sensitive planning approaches to promote resilience, by investing in effective and innovative delivery of public services to achieve sustainable and inclusive economies that leave no-one behind and safeguards the country SDG targets from impacts of shocks and disasters.

A. **Reducing risk and building resilience at the household, community, private sector and SME, workplace and societal levels. Proposals include**:

i. **Enhancing** the role of the Comprehensive Disaster Management Programme (CDMP) and National Disaster Management Centre (NDMC) as part of a wider disaster risk management approach to resilience and the increased impacts of Climate Change. This will ensure closer alignment and coherence with initiatives on Climate Risk Management, particularly in relation to institutional strengthening and policy dialogue, improved linkages between national and provincial planning, as well as promoting more harmonised capacity building and technical support to Government to increase impact.

ii. **Advocating** for the elevation of Climate Change higher up the Government's priorities including mainstreaming of DRR & CCA into development planning processes, supported by regular analysis and other knowledge products, and more integrated approaches across institutions. In support of the Government's priorities the programme will support development of a comprehensive multi stakeholder programmatic framework and accompanying funding mechanism.

iii. **Stimulating** alignment of private sector engagement at the national and sub-national levels to explore Climate Risk innovation, new technologies and financing.

iv. Strengthening the competitiveness of the private sector, focusing on SMEs, to increase economic resilience in times of crisis.

v. **Wider recognition** of children as agents of change for climate action will be promoted by continuing to strengthen their capacity as 'change agents' and active participants in preparing for a changing climate.

vi. **Strengthening local government** capacity to effectively develop risk analysis, considering exposure and vulnerability to various climate-related hazards, and multi-sectoral impact analysis, as well as risk-informed theories of change for strategic planning and budgeting for local development, utilizing information products and tools to support timely planning for climate variabilities and to reduce disaster impacts.

vii. **Strengthening sectoral** capacities to respond with solutions to identified climate and disaster risks, including building back better, depending on local requirements. Water management,

agricultural and fisheries production, environmental conservation and livelihoods development, health and sanitation, and education elements will be prioritised.

viii. **Strengthening social protection** systems to be more disaster-responsive at the household level, including developing national disaster insurance schemes to help address the intermediate needs of disaster-affected populations, and digitalization and expansion of current social protection programmes vertically and horizontally as an adaptive social protection system that boost employment, support livelihoods, and improve the provision of social services.

B. **Gender lens to climate crisis and building climate resilience.** Paying specific attention to reducing women's vulnerability to disasters and climate change through a comprehensive risk-sensitive approach and vulnerability assessment is vital. In addition, given how environmental degradation, scarcity of resources and disasters affects women and girls disproportionately, specific interventions to reduce their vulnerability through an integrated approach that looks at protection, sanitation and health will be addressed. Immediate interventions will provide technical support to mainstream SRHR climate resilience into health sector frameworks and disaster risk management and response plans, to engage in mapping relevant Sexual and Gender Based Violence (SGBV) prevention and response actors/ services providers in emergency areas and develop standard operating procedures for addressing SGBV in emergency affected areas including referral and reporting mechanisms, information sharing, coordination and monitoring/evaluation.

2. **Strengthening emergency preparedness and response capacities**. Through better institutionalization and integration of emergency preparedness processes and systems into Public Administration systems at all levels (national and sub-national); by enhancing social protection mechanisms through measures such as scaling up cash transfers, food security, and safety nets, and in particular focus on relieving the burden on women and children.

3. **Strengthening Resilience in Emergency situations:** This result will ensure a strengthened humanitarian response - linking available emergency funding to timely response interventions and mitigation measures to improve resilience readiness. The Humanitarian Community through the UN Humanitarian Country Team works closely to support government led responses and frequently mobilizes available in-country relief supplies for distribution to support a range of service including emergency shelter, non-food items, water, sanitation and hygiene and health services to meet immediate needs. This funding window will support the highest-priority projects of the best-placed responders[2] through an inclusive and transparent process that supports priorities that are either set out in a Strategic Response Plan / Humanitarian Response Plan or where a strong case for exceptional funding can be made. Given the high vulnerability of the country to medium scale natural disasters and the unique operational challenges that COVID-19 poses for natural disaster response, an emergency fund of this kind is even more necessary to ensure timely and effective response.

_____

[1] United Nations Office for Disaster Risk Reduction, UNISDR Terminology and Disaster Risk Reduction. Geneva, 2009

[2] Including UN Agencies and international and national NGOs

Sri Lanka SDG Fund: Data, planning, and financing strategies for the SDGs window

Introduction

Sri Lanka has made strategic institutional investments to localise the Sustainable Development Goals (SDGs) since 2016. These include the passing of a Sustainable Development Act in 2017, the rolling out of a parliamentary select committee on Sustainable Development, and the creation of a Sustainable Development Council to develop a policy and strategy. A Presidential Expert Committee on Sustainable Development formulated a Vision 2030. The establishment of a Ministry of Sustainable Development was designed to coordinate implementation, with a National Steering Committee co-chaired by the Ministry of National Polices and Economic Affairs (responsible for the Vision 2025 document). A report on 'status of SDG indicators in Sri Lanka 2017' was prepared by the Department of Census and Statistics (DCS) and the UN, with an updated version published in December 2017.

The Government of Sri Lanka presented its Voluntary National Review (VNR) report at the ECOSOC High Level Political Forum in July 2018. A parallel Peoples' Report was prepared by civil society. The VNR highlighted the efforts made by the government to strengthen the policy framework to enable implementation of the 2030 Agenda as well as achievements, challenges, and gaps. The political uncertainties over the period 2018/2019 increasingly affected institutional capacities to take forward an SDG focused development path, both at the policy and implementation levels.

The new government's policies are set out in the December 2019 National Policy Framework, which is based on the manifesto used in the presidential elections of November 2019, recently reinforced at the opening of Parliament and being carried forward for parliamentary elections scheduled for April, but now postponed to August due to the corona virus.

The President stated: ''What the world needs today is to be able to achieve sustainable development goals while safeguarding the benefits of the industrial revolution and maximizing the use of information and communication technologies…..These are the 17 sustainable development goals of the United Nations. We have prepared a clear policy and a programme of action to achieve these targets with the participation of the people.'' ('A Vision for a Resurgent, Prosperous Country', page ii.). According to the NPF, the cabinet ministries will be organised to achieve the SDGs by 2030 including development of a systematic plan to achieve the SDGs. The government is also likely to review the previous administration's institutional set-up for mainstreaming SDGs into national planning and programming.

At present, however, Sri Lanka is facing a challenging macroeconomic landscape. The immediate post-conflict high growth momentum of over 8% has decelerated. A volatile global environment, structurally weak competitiveness and frequent natural disasters have impacted Sri Lanka's growth, poverty reduction, government budget and the external balance of payments. The current corona virus pandemic has further accentuated risks and constraints to sustainable development.

Amidst these challenges Sri Lanka has achieved the Upper Middle-Income Country (UMIC) status in 2019 and was able to achieve many of the MDGs ahead of time. However, persistent structural rigidities expose the country to three types of traps which are generally common to Middle Income Countries (MIC) and are particularly relevant for Sri Lanka – middle income trap, inequality trap and imbalance trap. These traps significantly undermine country's ability to achieve the SDGs and ensure adequate financing for implementation of national development strategies.

These policy and institutional developments provided the context for the approval in 2017 of the UN Sustainable Development Framework (UNSDF) 2018-2022 and its first years of implementation. A MAPS mission on behalf of the UN system in Sri Lanka produced a report in 2018, which made proposals for integrated support to the Government on SDG mainstreaming and alignment through five accelerators.

More recently UNDP finalised a report by the Stockholm Institute which identified priority SDG targets as accelerators. UNDP has also supported work to develop an SDG Solutions Platform including a progress tracker developed as a UNCT initiative, that now covers all the goals but is still be to institutionalised in the government. Similarly, UNDP has supported the National Planning Department to align planning and budgeting to the SD concept as well as goals and targets through a pilot for the agriculture sector. UNICEF has supported budget analysis from the perspective of children and recently supported preparation of a people's budget at the local level, UN Women has been supporting government on gender responsive budgeting (GRB), UNDP has been supporting the alignment and integration of national and provincial level planning with the SDGs with five provincial councils, later to be expanded to local authorities, and UNFPA supports development of the provincial-level costed youth action plan, which should help secure provincial budget for youth-focused programmes. UNFPA is currently supporting the development of the National Transfer Accounts (NTA) to improve understanding of how population growth and changing population age structure influence economic growth, gender and generational equity, public finances, and other important features of the macro-economy..

The UN has supported a Review of National Evaluation Systems and Capacities for Evaluating Progress towards the Sustainable Development Goals, including also support to the Sri Lanka Parliamentarians Forum for Evaluation and the Sri Lanka Evaluation Association. The UN Habitat supported a new National Urban Policy in line with the New Urban Agenda, 2030 Agenda and the revised National Housing Policy. The State of Sri Lankan Cities 2018 Report collated information, developed composite maps and databases to enable better planning and encourage future investment towards a better urban future and to address the urban dimension of climate change*.*

Scope of the window

The UNSDF responds to the need for a strategic focus on data, knowledge management and evidence-based policymaking and planning. Thus Strategic Outcome 1 is built on the premise that the improvement of data, knowledge management and evidence-based policy underpins all areas of development and is critical to improving SDG monitoring, governance including evidence based policy management, accessibility to information and data; and capacity enhancement that supports continued development and monitoring of national and sub-national development plans.

The UNSDF in Strategic Outcome 2 focuses on framing support for closing capacity gaps in governance institutions and strengthening processes to address inequalities and vulnerabilities through more accountable, evidence-based, and inclusive policies and services.

UNESCAP has completed an institutional and technical analysis to guide investments in improving statistical and date analysis capacities across government, which will necessitate considerable policy and technical support to implement. Various UN agencies are supporting improvements to data at population level (Census, Demographic and Health Survey, etc.) as well as at sectoral level. For example, the UN's data analysis tools such as Fill the Nutrient Gap, Nutrition Causal Analysis, and Cost of Diet are being leveraged to support the government on evidence-based decision making and responses for nutrition and

food security. UNFPA also supported DCS to conduct a women's wellbeing survey to assess the prevalence level of gender-based violence with funding support from Canada. There is a need to further improve capacity related to data, including data collection, analysis and dissemination, to ensure evidence-based policy making.

Historically, Sri Lanka has had limited success in the formulation of a National Development Plan – particularly in terms of costing and identifying viable sources of financing for national development. Previous attempts have often lacked sufficient institutional support within government, appropriate risk management or contingency measures, and they have not demonstrated clear links to development accelerators and the financing needed to achieve results.

Thus, Sri Lanka's planning, budgeting, implementation, monitoring, evaluation, and auditing systems remain fragmented, and hence, input based. Progressive alignment of plans and budgets with SDGs requires integrated results/outcome-based systems. It is also the basis for bringing about vertical accountability for leaving no one behind. Results based service delivery information systems are necessary to link planning and budgeting on the one hand and monitoring efficiency and effectiveness of implementation on the other hand to ensure lessons learned are fed back into the planning processes.

The government faces considerable challenges maintaining basic service provision and equitable access to services for all Sri Lankans. With a public debt burden of around 90% of GDP, debt service costs (around 5.5% of GDP) comprises the single largest expenditure item in the government budget – significantly constraining social and development spending. There is a clear relationship between social spending and public debt with the former showing a trend decline as the public-sector debt has built up.

There is currently no integrated national planning or financing strategy in place, and measures to attract private financing and financing for national development plan priorities are often separate which hinders the government's ability to ensure coherence and acceleration across financing mechanisms and collaboration across different parts of government needed to achieve the SDGs.

The VNR also notes that Sri Lanka lags in the field of science and technology. Access to science, technology and innovation as well as enhancing knowledge-sharing is a further area of means of implementation and partnership for supporting the country's SD agenda, including potential initiatives in the digitalisation of government.

To contribute effectively to long-term development planning and systematic reforms, the following entry points were identified in the MAPS report to support the government in mainstreaming SDGs:

i. **Prepare a systematic SDG action plan and adjust the related institutional arrangements for whole of government and whole of society approaches, including at sub-national level, to the SDGs**
ii. **Prepare updated baseline data for the SDG indicators and monitor progress against the SDGs, including using the SDG tracker and support to national statistical institutional capacities.**
iii. **Increase capacities in SDG based planning (NDP) and development finance (INFF), including SDG budget alignment and work at the sub-national level**
iv. **Promote best practices for innovation and use of science and technology, including South-South cooperation, for the government and other stakeholders, including on digitalisation.**
v. **Cooperates systematically with the private sector, civil society, youth, and research entities to strengthen their capacity to invest in the SDGs in an integrated manner.**

Results focus of the window

This window is timely given the openness of the new government to consider opportunities for supporting its national capacities relevant to realising SDG targets in a national and provincial planning context. To ensure advancement of gender equality and women's empowerment and to strengthen the positive role played by young people, Gender and Youth are integrated as cross cutting themes into all activities of this thematic area.

Theory of Change

IF the UNCT assists the government to effectively put in place the various elements of a forward-looking data and statistics capacity, an integrated national financing framework and an SDG framed National Development Plan and strengthens the supporting institutional apparatus for governance and coordination, legislative oversight and overall administration,

THEN the country will be in a better position to mobilize both public and private financing needed to address the triple traps (middle income, inequality, and imbalance), which could otherwise undermine achievement of the SDGs,

THUS, a comprehensive data and evidence-based estimate of funding requirements to achieve national priorities by implementing the National Development Plan will translate strong public commitments to achieving the SDGs into reality, to address inequalities and vulnerabilities through more accountable, evidence-based, inclusive and effective policies and services.

Results framework

UN Sri Lanka's thematic window on National Data, Planning, and Financing Strategies has been designed to allow for the pooling of resources from multiple partners for strategic, coherent, and sustainable support towards four priority results:

i. Enhanced statistical and data analysis and monitoring capacities,

Output1.1: preparation of updated and expanded coverage of baseline data for the SDG indicators and increase monitoring of progress against the SDGs, including using the SDG tracker

Output 1.2: enhancements to national statistical institutional capacities including legislative framework and coordination roles across all relevant national institutions

Output 1.3: preparation and implementation of the 2021 national census with analysis and timely dissemination of results

ii. Enhanced national planning capacities to address the structural changes needed to realise national SDG targets, especially in leaving no one behind in pursuing sustainable development and resilience that is regionally balanced.

Output 2.1: Strengthened government engagement and capacity to align SDG targets and financing in preparing the National Development Plan

Output 2.2: A comprehensive knowledge asset is created to understand prioritized development accelerators relating to poverty and inequality and risk assessment

iii. Strengthened financing strategies and capacities relevant to an upper middle-income country based on the Integrated National Financing Framework analysis planned with UN support.

Output 3.1 A thematic development financing assessment is carried out in addition to costing of identified accelerators and risk management measures to arrive at overall assessment of available resources and financing measures

Output 3.2 A comprehensive Integrated National Financing Framework completed and used to guide innovative financial strategies

iv. Promoting innovations in technology applications to improve the effectiveness of implementation of programmes and services, including through the digitalisation of government.

Output 4.1 Enhance capacities in government to develop a digital transformation roadmap and strategy and realise effective innovations in delivery of services to the people, including at the local level