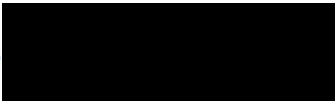


Programme Title	Responding to the economic crisis and its impact on children
Country/Region	Sri Lanka
Priority area/ strategic results	Nutrition
UN Agency	UNICEF
Implementing Partners	Ministry of Health
Programme Duration	Six months
Amount	USD 604,357 (AUD 860,000)
Proposed project submitted/report(s) to be submitted by	 <i>Signature of the representative</i> <i>Emma Brigham, Representative, a.i</i> UNICEF

1. BACKGROUND/ RATIONALE

Country Context

Sri Lanka is facing its worst economic and political crisis since independence. Sri Lanka defaulted on its debt on 12 April 2022 and has initiated a debt restructuring process which could easily take at least a year to negotiate. Headline inflation was 29.8 per cent in April, reflecting exchange rate depreciation, supply shortages and significant increases in fuel and food prices. There has been a reduction in purchasing power with food costs rising by 46.6 per cent and non-food costs by 22 per cent¹. This crisis is already devastating the most vulnerable and the next harvest (July/August) is predicted to be sub-optimal (40 to 50 per cent reduction in yield) resulting in a further deterioration of the situation. In addition, an IMF deal will lead to new austerity measures - even if social protection and assistance programmes are safeguarded – meaning this crisis will be borne by the most vulnerable for several years.

The current situation was precipitated by tax cuts in 2019 which widened fiscal deficits to 11.4 per cent of GDP (2021) and raised public debt to well above 100 per cent of GDP. The situation was compounded by the impact of the COVID-19 pandemic, and an overnight ban of chemical fertilizers in 2021 (since lifted) leading to a decline in agricultural production of up to 50 per cent. External debt repayments and a widening current

¹ Central Bank of Sri Lanka, April 2022

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account deficit have led to foreign exchange shortages with reserves of approximately USD 1 million (as of May 2022) against a projected foreign exchange debt service of USD 7 billion² in 2022.

In 2019, 14.3 per cent of the population in Sri Lanka lived below the poverty line (Rs. 6,966 per person per month) a figure that was expected to have worsened during COVID-19. Amidst the current economic crisis, the situation is deteriorating further, with a respected research institution indicating poverty could double in the next 24 months. Approximately 93 per cent of those below the poverty line are in the rural and estate sector.

In order to assess and identify the children most affected by the crisis, UNICEF has drawn on a number of sources, both qualitative and quantitative. UNICEF has undertaken five telephone survey rounds and one in-person survey since 2020 that have examined the impact of COVID-19 on households. The latest round, from which data has been generated in April 2022, provides a unique insight into how households are coping after a period of protracted crisis. For example, 11 per cent of Households surveyed reported that their income has stopped; 62 per cent that their income had reduced, and significantly 96 per cent of daily or weekly wage earners reported that their income had been negatively impacted. The survey further highlighted that 70 per cent of households reporting reduced food consumption. The availability and dissemination of such information to government and other stakeholders has been, and will continue to be, critical in informing government policies, strategies and actions.

Health and Nutrition Issues Affecting Children

In Sri Lanka, too many children have been deprived of their right to Nutrition for too long, ranking it the seventh most malnourished country in the world and the second most malnourished in South Asia for wasting among children under age five³. This leads to higher likelihood of morbidity, poor child development outcomes and mortality. The crisis, together with consecutive poor crop yields, has heightened food insecurity and reduced food consumption in quantity and quality, putting young children at greater risk and worsening already poor child malnutrition levels. Nationally 17.3 per cent of children under five are stunted, with one third (32 per cent) of these children from the estate sector. Poor nutrition implies one in four children are not thriving, two in five children aged 6-23 months are not fed the minimum acceptable diet and one in six babies are born with low birth weight, jeopardizing optimum growth.⁴ There is a lack of essential nutrient supplements and budget allocations for the vouchers for pregnant and lactating women and children under two years of age, as a specific vulnerable group, was constrained even before the crisis. Importantly, low maternal body mass index linked to low birth weight in babies contributes to intergenerational undernutrition.

² IMF 2021 Article iv consultation—Press Release; Staff Report

³ UNICEF, 'Humanitarian Action for Children: South Asia Region', 2022, p. 2, <www.unicef.org/media/112286/file/2022-HAC-South-Asia.pdf>.

⁴ Demographic Health Survey (DHS) 2016

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1. TARGETED LOCATIONS

Today, children in Sri Lanka are at the heart of the crisis. As families struggle to afford food and are not able to access key services given the lack of fuel and/or prohibitive costs, this economic crisis will become a crisis for children. In recent weeks, schooling has been severely interrupted, school meals are now negligible given food inflation and key social assistance programmes have been halted (e.g. food supplements and a pregnancy voucher). These challenges will make children more likely to drop out of school, to struggle with severe mental stress and to face a range of other child protection risks.

Given the high rates of low birthweight (16.1 per cent in 2018) and malnutrition among children under five years in Sri Lanka, it is important to maintain close monitoring of the nutritional status and support nutrition services for children across the country, particularly in the most marginalized districts (to be identified). All children will receive the micronutrient powders to prevent them from becoming malnourished, while children with severe acute malnutrition will receive ready-to-use therapeutic food.

2. OBJECTIVE

To prevent a worsening malnutrition situation among children under five years of age

3. EXPECTED RESULTS AND ACTIVITIES

Outcome: Increased capacity of the government to prevent a worsening situation of malnutrition

Output 1: 105,266 children below five years of age receive essential and lifesaving nutrition supplements and growth monitoring support to prevent malnutrition

- Procurement of micronutrient powders⁵ to support home level food fortification for 102,266 vulnerable children between the age of 6-18 months over a period of two months in marginalized districts (to be identified). Micronutrients are mixed with solid or semi solid food items before eating. Parents are educated by the Public Health Midwife at the clinic and at home on how to give it to their child. Iron deficiency anemia is very high among infants and young children (34 per cent), to address this, micronutrients need to be given to all children at 6, 12 and 18 months over a period of two months. These micronutrients help children avoid vitamin deficiencies that impair their growth and cognitive development. A lead time of two months is required for the procurement.

⁵ Multiple Micronutrients: one sachet of 1g of lipid encapsulated powder containing 15 micronutrients, including iron. It is mixed with solid or semi solid food items before eating. Parents are educated by the Public Health Midwife at the clinic and at home on how to give it to the child. Iron deficiency anemia is very high among infants and young children (34%), hence would be given to all children at 6, 12 and 18 months over a period of 2 months.

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- Procurement of ready-to-use therapeutic food (BP-100) to ensure that 3,000 children with Severe Acute Malnutrition (SAM) have improved access to treatment. Early treatment of children with SAM is life saving and ensures optimum growth if the treatment is fully delivered.

4. MONITORING, EVALUATION AND REPORTING

	<u>Achieved</u> Indicator Targets	Source of Verification	Key Assumptions and Risks in Achieving Outputs
Outcome 1¹¹ : Increased capacity of the government to prevent a worsening situation of malnutrition Indicator : Availability of lifesaving and essential nutrition supplies Baseline : Not adequately available Planned Target : Increased availability through this project		Ministry of Health records	Presented under the outputs
Output 1.1 : 105,266 children below five years of age receive essential and lifesaving nutrition supplements and growth monitoring support to prevent malnutrition Indicator 1.1.1 : Number of children provided with micronutrient powders Baseline : 0 Planned Target : 102,266 vulnerable children between the age of 6-18 months		Ministry of Health records	Assumptions: <ul style="list-style-type: none"> - Availability of nutrition supplies for procurement Risks: <ul style="list-style-type: none"> - Extreme price fluctuations of nutrition supplies that will affect project planning - Delays in receiving the nutrition supplies due

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<p>Indicator 1.1.2: Number of children with SAM that received ready-to-use therapeutic food (BP-100)</p> <p>Baseline: 0</p> <p>Planned Target: 3000 children with SAM</p>			<p>to the need for offshore procurement</p> <ul style="list-style-type: none"> - Challenges in distributing the nutrition supplies due to unavailability and high cost of fuel
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