



GLOBAL FUND FOR
CORAL REEFS

ANNUAL NARRATIVE REPORT:

Sri Lanka Coral Reef Initiative

July – December 2024

Programme Overview

Programme Title & Project Number		Programme Duration	
Programme Title: Sri Lanka Coral Reef Initiative		Start Date: July 2024	
Programme Number: [Refer to GATEWAY]		End Date: December 2030	
Programme webpage: [If applicable]			
Programme Location		Co-recipient Organisation/s and Implementing Partners	
Country/ies: Sri Lanka		Implementing Partner/s: Sarvodaya Shramadana Movement (Sarvodaya), Environmental Foundation Limited (EFL) and Blue Resources Trust (BRT)	
Priority Coral Reef Site/s: Bar Reef Sanctuary and Associated Seascape; Kayernkeni Sanctuary and Associated Seascape; Pigeon Island Marine National Park and Associated Seascape]			
Total Approved Budget			
Total GFCR Budget: USD 6 Million (USD 1,524,484 for first phase of 18 months)			
[Convening Agent]: International Union for Conservation of Nature			
[UNCDF Blue Bridge, if applicable]:			
[Other Co-recipients, if applicable]:			

Programme Description

Sri Lanka Coral Reef Initiative – SLCRI is designed to protect three priority seascapes of Sri Lanka associated with climate ‘refugia’ coral reefs through multi-sector and multi-stakeholder participation and private sector friendly investments. SLCRI interventions are aligned with all four GFCR outcome areas and expect to generate a transformational shift in the way coral friendly approaches are adopted and upscaled in Sri Lanka. SLCRI programme includes activities for enabling policy environment, implementation of effective co-management mechanism, niche capacity development, and innovative and blended financing models. Such financing approaches comprise conservation trust funds, private sector-led sustainable tourism-based business models and other bankable projects facilitated through a coral positive business support facility, and coral reef research and restoration-based business initiatives. Such ecosystem friendly, coral-positive businesses, will uplift coral dependent communities and coral related economic sectors ensuring the coral reef ecosystems are protected and restored, sustaining their extractive and non-extractive uses.

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I. Executive Summary

1. Programme Progress Update

The Sri Lanka Coral Reef Initiative (SLCRI) has initiated making progress toward strengthening the protection of coral-associated priority seascapes and transforming the livelihoods of coral reef-dependent communities. The idea of taking larger seascapes as the planning units, preparing collaborative management plans, their collaborative management for building the resilience of coral reefs and associated communities have been well accepted and institutionalized during the reporting period as the paradigm shift in this initiative. The Project Management Unit (PMU) has been established within IUCN, which serves as the convening agent and lead implementing partner for SLCRI. Furthermore, the National Steering Committee (NSC) has been formed, and approval has been obtained from the NSC to proceed with activities in the three identified priority seascapes: Pigeon Island Marine National Park and Associated Seascape (PIMNPAS), Kayankerni Sanctuary and Associated Seascape (KSAS), and Bar Reef Sanctuary and Associated Seascape (BRSAS).

A contract has been signed with the key implementing partner, Sarvodaya Shramadana Movement. Sarvodaya plays a dual role in the project: (1) facilitating key government implementation partners in establishing co-management committees and community conservation groups, and (2) leading community involvement and capacity building at the local level for the implementation of the SLCRI including conducting feasibility study on Coral Positive business opportunities and establishment of coral positive business in priority implementing sites. The SLCRI has established two regional offices within the CC&CRMD and one in the Sarvodaya regional office.

With consent from the three government implementing partners at the level of their Director Generals to the ground level field officers, Initial discussions with stakeholders from these three seascapes have been conducted to establish collaborative-management committees, which will play a key role in developing and implementing management plans for each seascape. During the first six months of the program, key stakeholders were identified and engaged to form co-management committees (CMCs). Furthermore, SLCRI field officers are establishing a good rapport with local communities within each seascape, already identifying key groups from the communities who are attempting to conserve their own satellite reef patches, who will be engaged to form community conservation groups (CCGs) at the local level. These CCGs will actively contribute to the management and conservation efforts in future Locally Managed Marine Areas (LMMAs) within each of the priority seascapes, ensuring inclusive community participation and ownership of the conservation process.

Co-management Plans and Governance: The establishment of the CMCs is progressing, with each seascape committee being designed to include a diverse representation of stakeholders, including local communities, government agencies, and non-governmental organizations. This collaborative approach is integral to ensuring sustainable and effective management of the coral reefs in the identified seascapes.

CORALL (Conservation of Reefs for All lives and Livelihoods) Conservation Trust Fund (CCTF): Work on establishing the CCTF has also commenced. Environmental Foundation Limited (EFL), an SLCRI implementing partner, has taken the lead in initiating this process. The CCTF is critical for ensuring long-term coral reef conservation and will be managed by a board of trustees comprising credible non-governmental entities. The Sarvodaya Shramadana Movement has been involved as an implementing partner and has initiated work in the seascapes through their respective district offices. They have already

started identifying community-level stakeholders to establish CCGs in close collaboration with field associates of SLCRI.

Coral Restoration: The PMU has conducted a comprehensive desk review and round table discussions to evaluate past and ongoing coral restoration activities in Sri Lanka. Additionally, discussions have taken place with the Department of Wildlife Conservation (DWC) regarding the development of a national policy and guidelines for coral restoration. As a result, national guidelines and strategic frameworks for coral restoration are being developed in order to ensure that future restoration activities follow best practices, are scientifically sound, and are aligned with national conservation priorities. Several universities and research-oriented institutes as well as non-governmental organisations have already been identified for the national dialogue to establish this strategic framework and action plan. This framework will guide restoration efforts in the priority seascapes and provide a solid foundation for scaling up coral restoration nationwide.

2. Milestones and Adaptations

SLCRI is currently in the first six months of implementation and has not yet achieved or planned to achieve specific milestones during this period. However, SLCRI has established a strong foundation to achieve all milestones set for the first phase. Specifically, SLCRI has laid the groundwork for key milestones in Output 1.1 (Establishing CMCs), Output 1.2 (CORALL Conservation Trust Fund), and Output 3.1 (National Policy Framework on Coral Restoration).

Sri Lanka faced two national elections in the latter part of 2024, which overlapped with the first six months of SLCRI implementation. The entire administration system underwent changes, including shifts in key government positions and administrative structures. As a result of these changes, the implementation of SLCRI was significantly delayed during 2024.

Despite these challenges, SLCRI was able to establish the National Steering Committee and secure the support of key implementing partners and stakeholders, including three government line agencies, the Department of Wildlife Conservation, the Coast Conservation and Coastal Resource Management Department, and the Department of Fisheries and Aquatic Resources, together with the Ministry of Environment. In addition, a series of one-on-one discussions with stakeholders at both national and seascape levels played a crucial role in navigating SLCRI through this turbulent period.

3. 2025 Outlook

SLCRI plans to complete the first phase of implementation by achieving all milestones within timeframe, with key milestones targeted for full operationalization or achievement in Q1 of 2025:

- **Output 1.1:** Three co-management plans will be operationalized at Pigeon Island, Kayankerni, and Bar Reef seascapes. Co-management plans for these three seascapes will be developed and implemented through co-management committees.
- **Output 2.1:** Reef-positive livelihoods and business opportunities will be implemented at Pigeon Island, Kayankerni, and Bar Reef seascapes. At least three reef-positive business opportunities will be identified and initiated in these seascapes.
- **Output 3.1:** Conditions for scientific coral reef restoration will be enabled in Sri Lanka. A national working group will be established to prepare a National Policy Framework and Strategic Guidelines for Coral Restoration.



II. Programme Progress Overview

1. Progress Toward Outcomes and Outputs (Maximum 2 pages)

Outcome 1; Strengthened protection of coral associated priority seascapes in Sri Lanka

Output 1.1: Three co-management plans are operationalised at Pigeon Island, Kayankerni and Bar Reef seascapes.

Initial steps have been taken to establish the co-management plans for PIMNPAS, KSAS, and BRSAS. SLCRI's implementing partner, the Coast Conservation and Coastal Resource Management Department (CC&CRMD), has agreed to gazette SLCRI seascapes as Special Management Areas (SMAs) under the legal provisions of the Department of CC&CRM. Inaugural workshops have been conducted at three seascapes all ground arrangements done to establish the Co-management Committees (CMCs). The CMCs including composition for all three escapes have been identified and will performed from the March 2025. Awaiting official recognition of CMCs by respective government agencies, Coast Conservation and Coastal resources department in BRSAS, Department of Wildlife Conservation in PIMNPAS and Department of Fisheries and Aquatic Resources in KSAS. This will be happening in the next National Steering Committee to be held in late March 2025. Community conservation groups have been identified for all seascapes, including six for the Bar Reef, three for the Kayankerni Seascape, and three for the Pigeon Islands Seascape. An LMMA has been identified for each seascape.

Output 1.2 – Feasibility of innovative financing mechanisms for coral reef conservation are established to strengthen the operationalization of three management plans in Pigeon Island, Kayankerni and Bar Reef seascapes.

SLCRI implementing partner Environmental Foundation Limited (EFL) has started initial work to establish seascape-specific CORALL Conservation Trust Funds. The contract has been awarded, and progress review meetings are being held regularly to assess the development of the project.

The CORALL Conservation Trust Fund (CTF) will support the activities identified in the co-management plans of three seascapes in Sri Lanka, focusing on coral reef conservation and community livelihoods. The fund, initially endowed with USD 315,000, will provide financing through grants and low-interest loans for community-based income-generating activities. It aims to establish flexible governance and ensure transparent fund management, with a focus on sustainability and resilience-building. The CTF will explore diverse financing mechanisms, such as biodiversity credits and impact investments, and will be governed by trustees from various sectors, ensuring accountability, collaboration, and long-term growth for reef conservation. The guideline¹ has been prepared to facilitate indicial preparation of CTF.

Output 1.3 – A mechanism for measuring management effectiveness established in three priority seascapes in Sri Lanka.

Initial steps have been taken to establish the co-management plans for PIMNPAS, KSAS, and BRSAS. SLCRI's implementing partner, the Department of Coast Conservation and Coastal Resource Management

¹ Annex 8 A. Guideline for establishment of CTF

(CC&CRM), has agreed to gazette SLCRI seascapes as SMAs under the legal provisions of the Department of CC&CRM. Inaugural workshops have been conducted at the seascape level to establish the CMCs. As an implementing partner Sarvodaya Sharamadana Movement is working on this along with three government partners as per the contract signed between IUCN and Sarvodaya Sharamadana Movement.

Outcome 2: Transformed livelihoods of coral reef-dependent communities through coral-positive entrepreneurship with enhanced recovery from shocks in coral associated priority seascapes in Sri Lanka.

SLCRI's implementing partner, Sarvodaya Shramadana Movement, has started initial work with guidance from the PMU of SLCRI. However, full implementation will take place in 2025. A guideline² has been prepared for the feasibility study on Coral Positive business and shared with the Sarvodaya study team.

Outcome 3: Improved research and development capabilities in coral reef restoration in Sri Lanka.

The PMU of SLCRI has conducted a comprehensive desk review to assess both past and ongoing coral restoration efforts in Sri Lanka. In addition, round table discussions have been held with those agencies. Very importantly the discussion and agreement reached with the Department of Wildlife Conservation (DWC) to support the development of national policies and guidelines for coral restoration. Consequently, the development of national guidelines and strategic frameworks is underway, ensuring that future restoration initiatives adhere to best practices, are scientifically rigorous, and are aligned with the country's broader conservation goals.

2. Grants, Investment, Revenue Mobilised (Maximum 1.5 pages):

1) Grants and Investments:

IUCN has initiated discussions with Sampath Bank PLC to develop a concept note and proposal for establishing a coral conservation program at the seascape level for the Erumaitivu-Kakkativu seascape, located in the northern part of Sri Lanka. Initial discussions with Sri Lanka Hotel associations, private sector agencies through the Chamber of commerce have been identified.

2) Revenue and Sustainability:

SLCRI has held discussions with representatives from Ocean Pick and Pegasus Capital to seek support for the Barramundi Mariculture project in Trincomalee, backed by an investment from GFCR's investment arm, Pegasus Capital. This project is located near the PIMNPAS of SLCRI, and it is expected to contribute to the Conservation Trust Fund (CTF) as one of the revenue generation streams supporting the CTF.

3) Challenges and Next Steps:

SLCRI is in its early stage of implementation. There is not any success story of blended finance and impact investment mechanism or case studies to follow in Sri Lankan context. . However, based on the findings of the feasibility study on Coral Positive Businesses and input from the Business Development Consultant, new businesses will be identified and implemented in Q2 and Q3 of 2025. Additionally, a Coral Positive Business Support Facility will be established to support SLCRI's coral-positive investments.

Next steps

² Annex 8 B; Guideline for Feasibility Study of on coral friendly livelihoods

An innovative business expert will be hired in Q1 2025 to build a strong, innovative finance platform for SLCRI. The implementing partner, Sarvodaya Shramadana Movement, has two financial arms: (1) a development bank and (2) a social enterprise development section. These arms can integrate with SLCRI to develop innovative financing mechanisms. Preliminary discussions were held with Global Ocean Accounting Partnership (GOAP) to get their technical assistance for the Phase I of the SLCRI in the area of developing a framework for blended financing and reef insurance (parametric insurance) based on their contributions in Belize, Indonesia and Maldives. Similarly, discussions were held with Centre for Smart Future (CFS) for technical assistance on building on sustainable financing initiatives led by banking and financing sectors.

3. Challenges and Lessons Learned:

The Sri Lanka Coral Reef Initiative (SLCRI) has encountered several challenges during its implementation phase. Despite initial agreements on co-management, the establishment of a unified management plan and committee for the three seascapes has been hindered by varying levels of commitment among the involved government agencies. Some agencies exhibit flexibility, while others remain hesitant to advance, complicating collaborative efforts.

Additionally, the concept of blended financing remains underexplored within the country. For instance, Ocean Pick, a company funded by the Global Fund for Coral Reefs (GFCR) for its mariculture program, has yet to engage in discussions regarding their contributions to the Conservation Trust Fund.

The political instability in Sri Lanka during the latter part of 2024, marked by two national elections and significant changes in the political and administrative structure, may further complicate the implementation of SLCRI, creating uncertainty in decision-making and project continuity.

These challenges underscore the need for enhanced stakeholder engagement and capacity building to effectively implement co-management strategies and blended financing mechanisms for coral conservation in Sri Lanka.

5. Emerging Risks

All project-related risks have been identified in the SLCRI project proposal and are closely monitored by the PMU. Financing coral-positive businesses through blended finance is a novel concept in Sri Lanka, with no established success stories to serve as a blueprint for such innovative models. The lack of local examples of effective coral conservation investments makes it challenging to attract private sector participation. Moreover, the ongoing effects of the 2021-2023 economic crisis have left the private sector hesitant to engage in new and untested investment approaches like blended finance. While the GFCR grant funds and the Coral Positive Business Support Facility aim to de-risk investments, there is still a significant risk in securing private sector investors. Without a proven track record, businesses may remain reluctant to take on the uncertainties associated with these novel financing structures, potentially limiting the success of coral-positive investments in the region. This risk is further compounded by the economic challenges and a lack of familiarity with impact investment models.

III. Solutions

1. Overview of Progress and Composition of Solution Portfolio

CORALL (Conservation of Reefs for All lives and Livelihoods) Conservation Trust Fund (CCTF)

The SLCRI's CCTF aim to sustainably manage coral reefs through co-management mechanisms and blended financing. These funds will support effective MPA management, enforcement, and conservation efforts. The CCTF is Managed by designated agency and CCTF will be capitalized through government, private sector, and international contributions. With expected growth in funding, CCTF will also promote sustainable livelihoods and small businesses. Challenges include securing funding, stakeholder buy-in and navigating regulatory frameworks. The model is designed to be self-sustaining and adaptable.

EFL, the SLCRI implementing partner, is currently taking leading role in a contract, reviewing the national legal framework and studying existing Conservation Trust Funds to develop and suggest suitable operational mechanisms for the SLCRI CCTF to ensure sustainability of the SLCRI in Sri Lanka.

Based on preliminary findings, it is feasible to establish a Conservation Trust Fund (CTF) in Sri Lanka as a charitable trust under the provisions of the Trust Ordinance No 9 of 1947 and subsequent amendments. While the initial design proposed three separate CTFs for each seascape, SLCRI plans to establish a single CTF to reduce overhead and operational costs while maximizing effectiveness. Additionally, SLCRI is exploring potential agencies to assist in the establishment of the CTF. IUCN is also in discussions with its head office about the possibility of acting as the Secretariat for the CTF under SLCRI's framework. SLCRI has been prepared preliminary guidelines to facilitate feasibility study (please refer annex 8A).

Coral Positive Business Support Facility

The Coral Positive Business Support Facility (CPBSF) will lead the promotion of reef-positive business ventures in priority seascapes, including sustainable ecotourism, mariculture, aquaculture, agriculture, fisheries, and waste management. It will also address coral reef stressors from land-based activities. CPBSF aims to provide alternative livelihoods for coastal communities, aligning economic activities with coral reef conservation. By fostering private sector involvement revenue from ecotourism, sustainable aquaculture and other ventures will generate income for communities and support marine ecosystem conservation. The feasibility study on Coral Positive Business has already been undertaken by the implementing partner, Sarvodaya Shramadana Movement. In addition, three Coral Positive Business concepts have been identified and are currently in the concept development phase with stakeholders, particularly in the CMCs of each site. These three concepts will be developed into proposals and operationalized during the first quarter of 2025: (1) Creating Symbiotic Tourism: A Business Model Linking Star-Class Hotels and Local Communities in the KSAS³ (2) Waste Management and Recycling in the BRSAS. An initial discussion was held with a local business operator who was involved in a USAID-funded project focused on marine plastic pollution control. The operation was discontinued in the latter part of 2024 due to the discontinuation of the project. It is expected that the same business model will be used to establish a coral-positive business aimed at pollution control. (3) Eco-Tourism and Pollution Control in the PIMNPAS. This concept was developed to control pollution around Pigeon Island Park and also aims to develop ecotourism opportunities.

³ Annex E ; Solution Case Study

Research and Restoration-based Business Initiatives

The Research and Restoration-based Business Initiatives (RRBI) for reef resilience have not yet commenced during the reporting period. But discussions with implementing partners and at CMCs are planned for Q1 and Q2 of 2025.

2. Support and Financing

SLCRI has not implemented these two mechanisms to report under this section.

3. Challenges and lessons learned

The solutions have not been implemented on the ground, and as a result, SLCRI has limited experience on the challenges faced and the lessons learned. However, initial stakeholder consultations and discussions with implementing partners indicate that successful Conservation Trust Funds (CTF) have not been tested or implemented in the Sri Lankan context. Additionally, innovative financial mechanisms such as blended financing and impact investment are not well known within Sri Lanka's conservation, development, and private sector investors. Therefore, early capacity building and trust development are essential to progress toward the implementation stages.

4. Objectives and Milestones for 2025

SLCRI is planning to complete the feasibility study for CTF during Q2, 2025 and facilitate the establishment of CTF in the latter part of 2025. The feasibility study on coral-positive business is progressing and is expected to be completed in Q1 of 2025. The following activities are expected to be initiated in 2025.

Solution 01

Activity 1.2.1: Establish the enabling environment for innovative and sustainable financing in each priority seascape. – Completion of activity in Q1 & Q2 of 2025.

Activity 1.2.2: Conduct feasibility studies and implement reef-positive innovative financial mechanisms for coral reef conservation in three priority seascapes. – Completion of feasibility study in Q2 of 2025.

Activity 1.2.3: Establish and operationalize a seascape-level CORALL conservation trust fund with identified management arrangements. – Establishment of CTF in Q4 of 2025.

Solution 02

Activity 2.1.1: Conduct feasibility studies on coral-friendly livelihoods and women's and youth involvement in coral reef-related enterprises, to identify gaps, development potentials, and propose recommendations. – Completion of feasibility studies in Q1 and Q2 of 2025.

Activity 2.1.2: Establish a Coral Positive Business Support Facility (CPBSF) to provide essential support for various livelihood opportunities for coral-dependent communities in three priority seascapes. – Establishment of the CPBSF in Q1 of 2025.

Activity 2.1.3: Implement coral-friendly businesses and reef-related enterprises under the guidance of the CPBSF, enhancing the livelihoods of coral-dependent communities in three priority seascapes. – Initiate (incubate) one coral-positive business in each seascape.

Solution 03

The following activities will be initiated in Q1 and Q2 of 2025, and their completion will pave the way for the establishment of Solution 03: Research and Restoration-based Business Initiatives (RRBI) for reef resilience. However, the implementation of this activity will be carried out after the completion of activities 3.1.1 and 3.2.1.

Activity 3.1.1: Development of a National Policy Frameworks and Strategic Guidelines for Coral Restoration-

Activity 3.2.1: Feasibility studies on appropriate coral restoration technologies for each priority seascape.

Activity 3.3.1: Designing and implementation of a practical restoration plan, based on robust business models for coral reef restoration and maintenance appropriate for each priority seascape with inputs from the CPBSF.

IV. Facilities and Conservation Trust Funds

1. Design Overview:

Coral Positive Business Support Facility (CPBSF) is Technical Assistance facility which has been identified under the SLCRI to incubate coral positive business and livelihoods. The Coral Positive Business Support Facility (CPBSF) will lead in identifying, designing, and promoting reef-positive business ventures in selected seascapes, aiming to attract commercial investment. It will support sustainable tourism, mariculture, fisheries, and waste management, providing technical assistance and de-risking private sector investments. The CPBSF will also engage coastal communities, promoting environmentally responsible practices and contributing to the Coral Conservation Trust Funds (CCTFs) for sustainable seascape management and coral reef conservation.

The SLCRI program introduces the CORALL Conservation Trust Funds (CCTFs) to promote sustainable coral reef management in Sri Lanka. The CCTF will be partially financed by income-generating activities in each seascape, with businesses contributing substantial of their net revenue on a monthly or quarterly basis. Initially, contributions will be voluntary but will become mandatory through regulation, potentially via a user fee. The CCTF will fund co-management efforts, enhance law enforcement, and support conservation, increasing coral reef resilience and preventing extinction through collaborative and innovative financing. The CCTF will also promote sustainable tourism, fishing, and aquaculture by ensuring the long-term provision of ecosystem services on which these enterprises depend. Additionally, it will support the use of Management Effectiveness Tracking Tool (METT) and Green Listing of MPAs. The CCTF may function as a revolving loan fund for sustainable livelihoods and reef-positive businesses within local fishing communities, providing concessional loans to prevent unsustainable activities. The CCTF will be established under the legal provisions of the Charitable Fund, and a secretariat will be set up to operate the CTF. An initial endowment of \$315,000 USD has been allocated to establish the CTF; however, funding mechanisms will be introduced to sustain the CTF in the long run.

The initial activities carried out for these two mechanisms are discussed in the previous section. SLCRI's progress is not presented in detail in this section, as it is limited to six months of implementation. However, the feasibility study will be conducted in Q1 2025, and the CTF will be established in the Q2/Q3 2025 period, in consultation with the SLCRI National Steering Committee and the Co-management Committees of each seascape.

2. Progress and Challenges:

The initial activities carried out for these two mechanisms are discussed in the previous section. SLCRI's progress is not presented in detail in this section, as it is limited to six months of implementation.

Challenges in implementing the CCTF include securing sustained funding, gaining stakeholder buy-in, managing complex financial regulations, and ensuring alignment with Sri Lanka's socio-economic and environmental context. The Department of Wildlife Conservation already charges a user fee from visitors to Bar Reef Sanctuary and Pigeon Island National Park, making it difficult to allocate part of this fee to the CTF to strict government financial regulations. Additionally, promoting behavioral change and raising awareness about the CTF may be challenging. The private sector also faces significant tax burdens and increased service costs due to the country's ongoing economic crisis. Overcoming these obstacles requires



effective governance, collaboration, an evidence-based approach, and a commitment to long-term sustainability.

V. Enabling Environment

1. Policies at National and Sub-National Levels

The National Steering Committee (NSC) of SLCRI has been established, chaired by the Secretary of the Ministry of Environment. The NSC includes representatives from key government agencies relevant to coastal conservation, such as the Department of Wildlife Conservation, the Department of Coast Conservation and Coastal Zone Management, and the Department of Fisheries and Aquatic Resources. The NSC of SLCRI has agreed to undertake the following responsibilities:

1. Coordinate the implementation of the SLCRI program at the national level.
2. Support communication of SLCRI program-related activities to all stakeholders, including the government, private sector, NGOs, and local communities.
3. Facilitate the mainstreaming of relevant project findings and recommendations into national policy.
4. Promote national dialogues and the sharing of lessons learned to improve practices and policies in coastal zone management and development.

PMU has initiated discussion with Department of Wildlife Conservation (DWC) and Conservation and Coastal Resources Management Department (CC&CRMD) to establish national working group to preparation of coral restoration guideline. ⁴

2. Other Enabling Environment Factors (Maximum 0.5 page):

After the establishment of the NSC, inaugural meetings for the CMCs were held in the respective seascapes, with the district secretaries serving as chairs. Regional representatives from key government agencies, along with representatives from NGOs and CBOs, participated in the establishment of the CMCs.

⁴ Annex H 3 ; Terms of Reference for the National Working Group for Development of Guidelines for Coral Restoration.

VI. Gender Equity and Social Inclusion (GESI)

1. Gender Roles and Risks:

The SLCRI PMU was established with a well-balanced gender composition, as follows: SLCRI Project Manager – Male; PMU Project Associate – Female; Communication Support Consultant – Female; Project Associate for Bar Reef – Male; Project Associate for Kayankerny – Female; Project Associate for Pigeon Island – Male. Additionally, both men and women were well-represented in the participation of the NSC and at the inauguration of the seascape-level CMCs. In addition, the representatives from all implementing partners consist of both female and male members.

National Committee	Male	Female
National Steering Committee	16	6

2. Programme Actions and Outcomes:

During the district-level inception meetings, we had a comparatively limited number of female participants, as outlined below. This is a general trend in the project areas, and SLCRI has identified the challenges based on this participation trend. These insights will be incorporated into future meetings and stakeholder engagement efforts. This is expected to change at the local level engagement.

Event	Male	Female	Total
Bar reef inception meeting	53	09	62
Kayenkerni inception meeting	58	06	64
Pigeon Island inception meeting	43	07	50

3. Lessons Learned & Future Direction:

It would not be possible to make significant changes in women's participation in government sectors, as officers are invited to join the CMC, and the relevant officials in those positions are the ones who attend. However, we have identified that women's participation in CCGs can be enhanced through capacity-building programs, which are planned to take place in the first quarter of 2025.

SLCRI will follow the Gender Action Plan outlined in Annex 09 of the SLCRI project proposal, which includes the gender analysis and, the IUCN Gender Equality and Women's Empowerment Policy.

VII. Partnerships

1. Partner Contributions (Maximum 1 page):

SLCRI main government implementing partners Department of Wildlife Conservation (DWC), Coast Conservation and Coastal Resources Management Department (CC&CRMD) and Department of Fisheries and Aquatic Resources (DFAR) are established and operationalized under three strong legislative acts. Therefore, it is crucial to develop a mechanism for establishing a co-management framework that enables these departments to work together effectively. The PMU has held several discussions with the three government implementing partners to set up the National Steering Committee (NSC) and CMCs at the seascape level. The three government partners of SLCRI will represent the National Steering Committee as well as the CMCs across all three seascapes.

DWC is responsible for managing marine protected areas and species under the FFPA. DWC will implement management interventions, facilitate research, and lead the CMC for the PIMNPAS. CC&CRMD oversees the preparation and implementation of the Coast Conservation and Coastal Zone Management Plan and has the authority to declare SMAs. CC&CRMD will lead the co-management process, design and manage LMMAs, and take the lead role in the BRSAS. DFAR will manage fishery areas in priority seascapes and promote sustainable fisheries and livelihood initiatives. DFAR will lead the CMC for the Seascape.

The Sarvodaya Shramadana Movement is responsible for facilitating the establishment of CMCs and CCGs. They also focus on capacity building and supporting livelihood enhancement in all three seascapes. Additionally, Sarvodaya is tasked with implementing disaster risk reduction mechanisms in each priority seascape to improve preparedness and response to natural hazards affecting communities. They will also establish social safety net systems to support reef-dependent communities.

Sarvodaya is playing a role as an implementing partner of the project with a long-term vision. This movement possesses multi-cultural and religious acceptance across the entire country. It also has strong networks with the microcredit facility system, which operates as a profit-making entity within the same organization, with a grassroots-level presence. As an internationally recognized non-governmental organization, Sarvodaya can develop coral positive business proposals in relevant areas and secure funding and grants for the project sites. Dialogues in these directions will be more focused in the remaining phases of the project.

Environmental Foundation (Guarantee) Ltd. is responsible for reviewing the design and establishment of Conservation Trust Funds (CTFs) in Sri Lanka. This includes setting up and operationalizing three CCTFs in the three priority seascapes.

BRT conducted part of the baseline survey for Kayankerni and Pigeon Island during the project preparatory phase and will undertake the monitoring survey at the end of the first implementation phase.

2. Fostering Collaboration Among Partners (Maximum 1 page):

Fostering collaboration among SLCRI's project implementation partners is key to ensuring the success of co-management and conservation efforts across the three priority seascapes. The three main government partners identified as key implementing agencies of SLCRI, based on their mandates, are the Department of Wildlife Conservation (DWC), the Coast Conservation and Coastal Resources Management Department (CC&CRMD), and the Department of Fisheries and Aquatic Resources (DFAR). The DWC is the mandated agency for protected area management, the CC&CRMD is responsible for managing coastal resources within the defined Coastal Zone, and the DFAR oversees fishing activities within the specified area. Each of these agencies operates under strong legislative and management frameworks, ensuring they have the authority to manage specific aspects of coastal resource management while working together to achieve the overall project objectives. To facilitate effective collaboration, the PMU has initiated discussions with these partners, along with relevant government agencies, to establish the National Steering Committee (NSC) for national-level project management and Co-management Committees (CMCs) at the seascape level.

Each key department will lead the implementation of activities within their respective areas of jurisdiction, while respecting the co-management principles across the entire seascape. The DWC will oversee the Pigeon Island National Park and Associated Seascape (PINPAS), the CC&CRMD will lead efforts in the Bar Reef Sanctuary and Associated Seascape (BRSAS), and the DFAR will manage the Kayankerni Marine Sanctuary and Associated Seascape (KMSAS).

The Sarvodaya Shramadana Movement plays a crucial role by facilitating the three government departments in implementing activities across all seascapes. Additionally, Environmental Foundation (Guarantee) Ltd. contributes by reviewing and operationalizing Conservation Trust Funds (CTFs) within the seascapes. Through continuous collaboration and mutual support among the implementing partners, SLCRI ensures that efforts are aligned, and that each seascape receives the necessary support to achieve long-term sustainability.

VIII. Monitoring and Evaluation (M&E)

1. Overview of M&E Activities

SLCRI programme aims to achieve results relevant to all four GFCR outcomes in Sri Lanka. Its delivery will be closely monitored through the monitoring and evaluation results framework developed by SLCRI, using the format provided by GFCR. In addition, SLCRI intends to adopt the Management Effectiveness Tracking Tool (METT) in each protected area across the three seascapes as a continuous means of ensuring effective management in marine protected areas.

SLCRI has developed ten mandatory fund indicators, along with a set of sector indicators, to monitor the progress of implementation. Additionally, SLCRI has developed one sector indicator based on coral reef fish richness. This sector indicator will help monitor progress toward improving coral reef ecosystem health and reducing human pressures.

All ten sector indicators have been uploaded to the MERMAID database. SLCRI has entered data into MERMAID as three separate projects, each representing one of the seascapes, as follows:

1. Bar Reef Seascape
2. Kayankerni Seascape
3. Pigeon Island Seascape

Biophysical data for the BRSAS has not yet been completed due to the unavailability of the data collection season, which did not overlap with the project inception and the Bar Reef survey window. However, the remaining coral live cover and fish biomass-related data collection for the BRSAS will be completed and entered MERMAID by the end of March 2025.

The Department of Wildlife Conservation has already established baseline data for the three seascapes for METT assessment, with financial and technical support from the OCCP project. SLCRI will use these three METT assessments as baselines for future monitoring in the respective seascapes.

2. Entities Responsible for M&E

IUCN Sri Lanka is responsible for SLCRI M&E data collection and for maintaining SLCRI data in MERMAID. IUCN has an internal team to collect and validate SLCRI M&E data, which is collected from different sources and teams. The team members are:

- Sandun Perera, Programme Coordinator, IUCN Sri Lanka
- Naalin Perera, Senior Programme Officer, Coastal and Marine, IUCN Sri Lanka
- Kapila Gunarathne, Project Manager, SLCRI
- Dehen Nanayakkara, Field Project Associate, SLCRI
- Ravindu Ranasinghe, Junior Consultant, SLCRI
- Chaminda Karunaratna, Coral Reef Expert, IUCN
- Arjan Rajasuriya, Senior Coral Reef Expert, SLCRI

3. Key Achievements and Insights

SLCRI M&E baseline, 2024 annual report and targets for the first implementation and the end of the project period have been updated in MERMAID.

4. Challenges and Lessons Learned

The SLCRI programme has selected three seascapes: one on the western coast (BRSAS) and two on the eastern coast (KSAS and PIMNPAS). Data collection for these seascapes is influenced by the monsoon seasons and shifts in other inter-monsoonal wind directions. There are only a few months available for data collection in each seascape, particularly for assessing benthic cover and fish biomass. Therefore, careful planning is required for data collection across the three seascapes. However, recent climate change-driven weather fluctuations are impacting the planned data collection, necessitating the development of adaptive data collection mechanisms to respond to these changing environmental factors.

4. Next Steps and Timeline

- **Completion of baseline data in MERMAID and gap filling in targets:** March 2025
- **Data collection for first phase implementation:**
 - KSAS and PIMNPAS: August – September 2025
 - BRSAS: February – March 2026
- **Completion of first phase reporting in MERMAID:** March 2026

IX. Programme Management

1. Decisions and Resolutions by Governance Body:

SLCRI National Steering Committee

The SLCRI National Steering Committee (NSC) was established under the chairmanship of the Secretary, Ministry of Environment, to secure national-level technical support, collaboration and coordination.

Following the first meeting, the members of the NSC agreed on the following responsibilities:

1. Coordinate the implementation of the SLCRI programme at the national level.
2. Support communication of SLCRI programme-related activities to all stakeholders, including the government, private sector, NGOs, and local communities.
3. Facilitate the “mainstreaming” of relevant project findings and recommendations into national policy.
4. Promote national dialogues and the sharing of lessons learned to improve practices and policies in coastal zone management and development.

Composition of the NSC:

1. Ministry of Environment, chair of the NSC.
2. Key implementing partners, including the Department of Wildlife Conservation, Department of Coast Conservation and Coastal Resource Management, Department of Fisheries and Aquatic Resources, Sarvodaya Sramadana Movement, Blue Resource Trust, and Environmental Foundation Limited.
3. All other key government agencies responsible for coral conservation and the sustainable use of marine and coastal resources.
4. All other implementing partners and selected experts in the coastal and marine sector.
5. The IUCN Sri Lanka Country Office provides logistics for the meetings and serves as the secretariat for the NSC, with the responsibility of convening quarterly meetings.

Co-management committees (CMCs)

Co-Management Committees (CMCs) have been established in each seascape to facilitate planning and decision-making at the seascape level. Inception meetings for each seascape have been completed, chaired by the District Secretary of the respective districts. These meetings were attended by national and regional representatives from all implementing partners, as well as by representatives from local-level NGOs and CBOs. Co-management plans and fully operationalized CMCs will be established during the first and second quarters of 2025. The tentative composition of the CMC for each site includes 20 government agencies, 15 community conservation groups, 5 NGOs, and 5 private sector representatives from each seascape. The boundaries and composition may be adjusted based on area-specific conditions and the perceptions of the CMC members. Discussions and agreements on the constitution and regulations of the CMC will take place in the coming quarter.

2. Work Plan & Budgetary Adjustments:

The SLCRI implementation phase began in July 2024, after a six-month delay, and this annual report covers only six months of progress. Sri Lanka has faced two national elections, followed by a drastic change in the administration and political structure of the country. SLCRI had to anticipate considerable delays, especially from government implementation partners, in adjusting to new changes, particularly between

the two election periods. SLCRI is currently following the original work plan submitted with the project proposal.

Additionally, a request was sent to GFCR secretariate for a budget revision, without changing the total budget for the first phase.

3. Operational Adjustments:

IUCN Sri Lanka served as the Convening Agent for SLCRI. Three government departments, including DWC, CC&CRMD, and DFAR, are key implementing partners with their mandates in coral conservation under their respective legal frameworks. Initially, all government partners agreed to directly receive funds from SLCRI and collaborate in implementation. However, during the political and administrative changes that occurred in 2024, they decided to collaborate in SLCRI implementation using their own resources (as per co-financing agreements) and requested to facilitate activities directly, without transferring funds to the respective departments. SLCRI negotiated with the NGO implementing partner, Sarvodaya, which agreed to receive funds from SLCRI to facilitate government agencies in the implementation of seascape-level activities. These changes in budgetary allocation were included in a budget adjustment, which was submitted to GFCR during the last reporting period.

4. Operational Challenges & Mitigation:

Following two national elections that overlapped with the first six months of SLCRI implementation, Sri Lanka experienced a drastic change in administration and political structure, including changes in key personnel familiar with and involved in SLCRI.

IUCN management and the PMU worked closely and continuously with all government implementing partners to ensure the smooth implementation of SLCRI. The first National Committee meeting was successfully conducted in September 2024, amidst the two national elections, and consent was obtained from key government partners before the changes in government. SLCRI successfully adapted to these changes and continued to work with the new administration structures, managing the anticipated delays.

5. Replenishment

SLCRI has just completed the first six months of implementation and is not yet ready for immediate replenishment. However, we plan to accelerate delayed activities during the 1st and 2nd quarters of 2025 and aim to meet target milestones by the end of 2025. We expect to achieve 70%–80% of the implementation of the first phase targets by November/December 2025 and to initiate the development of the second phase proposal during the same period. We anticipate receiving the next replenishment by March 2026.

X. 2025 Objectives

1. 2025 Objectives

Key milestones of the year 2025

SLCRI has recognized three key milestones for the year 2025. Among them, all arrangements for implementing the first milestone have been set up, with Sarvodaya and EFL as the implementing partners of the project under the project grants. The development of a sustainable financial mechanism is underway and is currently in the conceptual design stage.

Main milestones for the year 2025 are as follows:

1. **Strengthened protection of coral-associated seascapes in Sri Lanka**
 - a) Three co-management plans are operational at BRSAS, KSAS, and PIMNPAS.
 - b) The CORALL (Conservation of Reefs for All lives and Livelihoods) Conservation Trust Fund (CCTF) and blended finance mechanisms for coral reef conservation are established to strengthen the operationalization of the three co-management plans in these seascapes.
 - c) Macro and replicable site-level innovative financing mechanisms are explored and piloted for coral reef and community resilience in the three priority seascapes in Sri Lanka.
 - d) A mechanism for measuring effectiveness is established in the three priority seascapes in Sri Lanka.
2. **Transformed livelihoods of coral reef-dependent communities through coral-positive entrepreneurship, with enhanced recovery from shocks in coral-associated priority seascapes in Sri Lanka.**
 - i) Reef-positive livelihoods and business opportunities are implemented at BRSAS, KSAS, and PIMNPAS.
 - ii) A Regional Cooperation Mechanism (RCM) is established to promote coral-friendly businesses and share best practices between Sri Lanka and the Maldives.
 - iii) The recovery of coral reef-dependent communities from major shocks is enhanced in coral-associated priority seascapes in Sri Lanka.
3. **Improved research and development capacities in coral reef restoration in Sri Lanka.**
 - i) Conditions for scientific coral reef restoration are enabled in Sri Lanka.
 - ii) Restoration technologies are developed and piloted in coral-associated seascapes in Sri Lanka.
 - iii) Degraded coral reefs are restored in three seascapes.

Three new policies will be developed under each of the milestones mentioned above, while the Coastal Resources Management policy will also be strengthened by focusing on one coastal ecosystem at a time. This approach will help establish a sustainable technical, financial, and service supply system during the first phase of the project. The following policies will be introduced:

- National Policy Frameworks and Strategic Guidelines for Coral Restoration.
- CORALL (Conservation of Reef for All Line Life and Livelihood) Conservation Trust Funds (CCTFs) Guidelines
- Special Area Management Guidelines for Seascape level coral management and conservation

The CCTFs will serve as the main financial mechanism in Sri Lanka, with adjustments made to meet the specific needs of each project and site.

Strategies and approach to achieve the set outcomes:

SLCRI has established a well-functioning NSC at the outset of the project. CMCs have been established in three seascapes based on identified geographical areas. The CMCs is to take overall responsibility for continuing the SMA concept on the ground with a sustainable financial mechanism, the CCTFs. Local-level sites will be identified as Locally Managed Marine Areas (LMMA), where CCGs will be recognized as decision-makers at their respective local sites. This approach operates in both a top-down and bottom-up manner, which is currently lacking in most environmental resource management projects.

SLCRI is a program that manages financing and co-management as a tool that can be replicated elsewhere in the country. During the project's mobilization process, specialists from sectors such as tourism, fisheries, and others are engaged to ensure the sustainability of the project with a self-financing mechanism established at each site throughout the remaining period in 2025.

XI. Communication, Visibility and Knowledge Management

1. Strategic Role of communications:

The communication plan for the Sri Lanka Coral Reef Initiative (SLCRI) outlines a comprehensive strategy to raise awareness and drive action towards coral reef conservation. Key objectives focus on promoting the importance of coral reefs at both national and seascapes levels, emphasizing their ecological and economic significance and relationship with coral ecology and its economic services nationally and locally.

The plan's messaging highlights the threats to coral reefs from climate change and human activities while showcasing their role in protecting coastlines and supporting livelihoods through adaptation and resilience building. A

Multi-faceted media engagement strategy incorporates TV, radio, documentaries, and social media to reach diverse audiences. The plan also includes targeted educational programs, workshops, and events to foster collaboration among stakeholders, alongside a robust monitoring and evaluation framework to track success.

2. Alignment with programme goals:

The SLCRI communication plan is outlined with two main objectives. The first objective is focuses on maintaining a healthy communication mechanism among project partners and key stakeholders to ensure the smooth implementation of project activities and facilitate day-to-day operations. The second, broader objective aims to raise awareness among local communities and other key stakeholders about the importance of coral reefs, marine ecosystems, coastal ecosystems, and the need for their conservation. SLCRI has been successful in managing communication related to project activities among stakeholders. However, communication efforts targeting the larger group of stakeholders and the wider public have yet to fully commence.

3. Effectiveness and Future Planning:

The establishment of the National Steering Committee and the Co-Management Committee inception meetings were fostered with strong community partnerships and enabled effective communication of the SLCRI program among project stakeholders. One-on-one discussions with key implementing partners were highly effective in facilitating early communication related to the program. The SLCRI PMU is planning to fully implement the SLCRI communication plan outlined in Annex VII of the SLCRI project document during Q1 and Q2 of 2025.

4. Knowledge Sharing:

SLCRI, in collaboration with the IUCN Coastal and Marine Programme, participated in the Indian Ocean Rim Association (IORA) Day event organized by the Ministry of the Environment on March 10, 2024, at Gall Face Green. The event was well-attended by children, youth, the general public, government officials, and experts. SLCRI used this opportunity to promote its programs and educate children and youth about coral reefs and other marine ecosystems.



1. Annex A – Results Framework

GUIDANCE

Submit the programme's results framework as a separate Excel document, following the GFCR results framework format. Ensure it includes baselines and targets for all GFCR indicators and sub-indicators. For any clarifications, please contact **Gabriel Grimsditch** at UNEP gabriel.grimsditch@un.org



2. Annex B – Programme Milestones by Activities

GUIDANCE

Use the table below to list deliverables and milestones for each programme activity. **Refer to the 2023 Annual Report or original programme proposal for newer programmes to complete this table.** Concisely document status, challenges, and lessons learned to provide actionable insights for programme improvement. For each programme activity, provide the following:

1. **Deliverable or Milestone:**
 - A **deliverable** is a tangible output (e.g., report, feasibility study).
 - A **milestone** marks a significant step in programme implementation (e.g., launching a financial mechanism, completing a training).
2. **Target Date of Completion:**
 - Indicate the **original target date** from the programme workplan and budget.
 - Provide **revised dates**, where applicable.
3. **Status:**
 - Categorize as **on-track**, **achieved**, **delayed**, or **revised**.
4. **Supporting Text:**
 - Explain **progress**, **delays**, and their **implications** (e.g., knock-on effects for other activities).
 - Highlight key **lessons learned**, **adjustments** made, and strategies for **resolution**.

Format: Programme Milestones by Activities Table

Deliverable or Milestone	Target Date of Completion	Status	Supporting Text
Outcome 1 – Outcome 1: Strengthened protection of coral associated priority seascapes in Sri Lanka.			
Output 1.1 – Three co-management plans are operationalized at Bar Reef, Kayankerni and Pigeon Island seascapes.			
Activity 1.1.1 – Preparation and implementation of youth and gender-inclusive co-management plans through establishing Co-Management Committees (CMCs) for each priority seascape and demarcation of management zone boundaries including Locally Managed Marine Areas (LMMAs).			
Bar Reef, Kayankerni and Pigeon Island seascapes are legalised as Special Management Areas	June 2025	In progress and Contract awarded to Sarvodaya	Coast Conservation and Coastal Resources Management has been taking leading role in identifying three seascapes as Special Management Areas under the provision of Special Management Area (SMA) concept of Coastal Zone Management Act No. 57 of 1981 amendment act No. 49 of 2011. Other two agencies agreed to adapt the legal provisions of CC&CRM Act. Three key government partners are taking lead in three sites individual though they are working all three sites under their jurisdiction boundaries under co-



			management concept, Bar Reef by CC&CRMD, Pigeon Island by DWC and Kalamkarni by DFAR.
Activity 1.1.2 –Establishment of a sub-committee of the national Forum for Ecosystem Management and Advocacy (FEMA) for each seascape and building its capacity.			
Three FEMA sub-committees established for each seascape	June 2025	in progress	FEMA members are being identified This is one outcome of the establishment of Co-Management Committees in Three sites. Initially one National Forum for Ecosystem Management and advocacy (FEMA will be established under IUNC and regional level FEMA will be established in parallel to establishment of CMC.
Activity 1.1.3 –: Establishing/empowering gender-inclusive Community Conservation Groups (CCGs) comprising local youth under each seascape CMC to support law enforcement authorities in (a) stopping destructive fishing practices including blast fishing, and (b) implementation of regulations to protect coral reefs and their resources.			
At least one LMMA has been identified and managed through the CMCs in each seascape.	May 2025	In progress	3 LMMA sites have been identified for each seascape, and one will be established before June. Community Conservation Group (CCGs) for each site have already been identified. Capacity building program have been scheduled for March 2025
Activity 1.1.4: Conducting capacity building programs for members of CMCs, CCGs and other stakeholders with an emphasis on women and youth in each seascape.			
Three capacity building programmes conducted.	April 2025	On going	Three CCG and CMC capacity building programs have scheduled to be held on 25 th , 26 th and 27 th of March. Another 3 have scheduled to be held at the end of the April 2025. 3 CMCs will be established in the early May 2025.
Output 1.2: CORALL Conservation Trust Funds and blended financing for coral reef conservation are established to strengthen the operationalization of three co-management plans in Bar Reef, Kayankarni and Pigeon Island seascapes.			
Activity 1.2.1 – Legal and institutional review and a feasibility study on establishing Conservation Trust Funds (CTFs) for coral reef conservation in three priority seascapes and identification of management arrangements to enable CTF establishment.			
CTF feasibility study report	April 2025	On going 70% of the work has completed	Contract has been awarded to Environmental Foundation Limited (EFL). More than 70% of the work have been completed. Expecting to receive final deliverable in April 2025.
Activity 1.2.2 – Activity 1.2.2: Establishment and operationalisation of a seascape level CORALL CTF with identified management arrangements.			



Conservation Trust Fund Established	June 2025	on going	Based on the finding of the EFL legal review (activity 1.2.1) CTF will be established under the SLCRI project in cooperating all three sites. [Supporting Text]
Activity 1.2.3 – Upscaling of above modalities into other coral associated seascapes such as Hikkaduwa Marine National Park, Silavatturai-Arippu-Vankalai coral reef cluster and Vidattaltivu Nature Reserve.			
SLCRI upscale into to other coral reef areas	Phase 02 activity		[Supporting Text]
Output 1.3 – Macro and replicable site level innovative financing mechanisms are explored and piloted for coral reefs and community resilience in three priority seascapes in Sri Lanka.			
Activity 1.3.1: Feasibility studies on innovative financing mechanisms such as bio-credits, blue bonds, and Debt for Nature Swaps (DNNS) for each priority seascape.			
Feasibility study report	July 2025	To be done	Concept note has been prepared for consultant for Business and Finance
Activity 1.3.2: Adoption and piloting of at least one innovative financing mechanism for coral reefs and community resilience in Bar Reef, Kayankerni and Pigeon Island seascapes.			
Three pilot innovative financing mechanisms established at each seascape.	June 2025	To be done	[Supporting Text]
Output 1.4: A Mechanism for measuring management effectiveness established in three priority seascapes in Sri Lanka.			
Activity 1.4.1: Building the capacity of CMCs and CCGs to adopt the management effectiveness tracking tool (METT) in each seascape.			
Three capacity building workshops conducted	November 2025	To be done	DWC and SLCRI has agreed to do this at the end of the Year 2025.
Outcome 2: Transformed livelihoods of coral reef-dependent communities through coral-positive entrepreneurship with enhanced recovery from shocks in coral associated priority seascapes in Sri Lanka.			
Output 2.1: Reef positive livelihoods and business opportunities are implemented at Bar Reef, Kayankerni and Pigeon Island seascapes.			
Activity 2.1.1: Feasibility studies on coral friendly livelihoods and women's and youth involvement in coral reef related enterprises, to identify gaps and development potentials and propose recommendations.			



Feasibility study report on coral friendly livelihoods	April 2025	On going	Contract has been awarded to Sarvodaya as a implementing partner and will carried out feasibility study before end of April 2025.
Activity 2.1.2 –Establishment of a Coral Positive Business Support Facility (CPBSF) to provide necessary support on different livelihood opportunities and business development for coral-dependent communities in three priority seascapes.			
Three CPBSF established at each seascape	November 2025	Planned	Concept paper has been prepared along with ToR. Hiring a consultant for Coral Positive Business and innovative Finance is in the process
Activity 2.1.3: Implementation of coral friendly business and reef related enterprises under the guidance of the CPBSF, enhancing livelihoods of coral-dependent communities in three priority seascapes.			
Three coral friendly business established at each seascape	November 2025	On going	Three coral positive businesses have been recognized, Waste Management in Bar Reef, two Community engaged Eco-Tourism business in Pigeon Island and Kayankerni Seascapes
Output 2.2 – Output 2.2: Regional Cooperation Mechanism (RCM) established to promote coral friendly businesses and share best practices between Sri Lanka and Maldives.			
Activity 2.2.1: Identification of stakeholders for the RCM, its establishment and coordination through the CPBSF.			
Visit to Maldives has been recognised to learn lesson and exchange experiences gain over the years from implementing CPBs and	Oct 2025	Planned	Discussion with GFCR and IUCN regional network are being carried out
Activity 2.2.2: Assessment of best practices for coral-friendly tourism in Maldives and identification of learning opportunities for Sri Lanka.			
[Deliverable or Milestone]	October 2025,	To be done	
Activity 2.2.3: Implementation of appropriate nature-based tourism and/or eco-tourism ventures uniquely identified for each priority seascape with staff exchange programs, training, and collaborative tourism ventures through the RCM.			
At least one ecofriendly tourism venture will be identified in each seascape.	August 2025	Planned	This activity will be performed once the CPBSF consultant assigned
Outcome 3: Improved research and development capabilities in coral reef restoration in Sri Lanka.			



Output 3.1: Conditions for scientific coral reef restoration enabled in Sri Lanka.			
Activity 3.1.1: Development of a National Policy Framework and Strategic Guidelines for Coral Restoration in Sri Lanka.			
National guidelines for Coral Restoration introduced and applied under three seascapes	July 2025	Planned	[Supporting Text] Senior consultant has been appointed and concept paper prepared. National dialogues in coral restoration being progressed.
Output 3.2: Restoration technologies developed and piloted in coral associated seascapes in Sri Lanka.			
Activity 3.2.1: Feasibility studies on appropriate coral restoration technologies for each priority seascape.			
Preparation of three feasibility study reports on coral restoration technologies are available, one each for the three priority seascapes.	August 2025	Planned	Activity has scheduled to commence on May 2025.
Activity 3.2.2: Adoption and piloting of (a) appropriate strategies for implementation of recommended reef restoration techniques, and (b) novel techniques in coral restoration including coral propagation in Bar Reef, Kayankerni and Pigeon Island seascapes.			
Establishing of at least three reef positive businesses in place one each at Bar Reef, Kayankerni and Pigeon Island seascapes.	June 2025	Planned	Activity has schedule to initiate in June 2025 after National Workshop.
Output 3.3: Degraded coral reefs restored in Bar Reef, Kayankerni and Pigeon Island seascapes with private sector partnerships and upscaled into other similar seascapes.			
Activity 3.3.1: Design and implementation of practical restoration plans, based on robust business models for coral reef restoration and maintenance appropriate for each priority seascape with inputs from the CPBSF.			
Preparation of three reports on strategies recommended for reef restoration and novel techniques in coral	August 2025	Planned	This will be designed based on the Feasibility study and outcome of National dialogue



propagation in three seascapes. [Deliverable or Milestone]			
Activity 3.3.2: Building the capacity of CCGs and local communities in each priority seascape on coral restoration and monitoring with the involvement of seascape-specific FEMA sub-committee and using best practices in citizen sciences.			
Conducting three capacity building programs for CMCs and CCGs in three seascapes	October 2025	Planned	This activity has included into the ongoing contracts with Sarvodaya
Activity 3.3.3: Adoption of similar restoration and monitoring plans, and their implementation with capacity-built CCGs in other coral associated seascapes such as Silavatturai-Arippu-Vankalai coral reef cluster, Vidattaltivu Nature Reserve and Hikkaduwa Marine National Park.			
Based on the coral restoration guidelines there will be two National and Regional level lesson learn and experience sharing workshops will be designed and conducted.	November 2025	Planned	This will be planned with the support of FEMA and a national coral reef consultant.

3. Annex C– Dashboard Intake Form

GUIDANCE

The Dashboard Intake Form is a critical input for the GFCR dashboard, which monitors and analyzes the status of all programmes. This dashboard enables real-time tracking and provides actionable insights into programme progress. Ensuring the accuracy and completeness of the data from the start is essential for maintaining a reliable overview of programme performance. Programmes will update this form at the annual and mid-annual reporting stages. Previously completed Dashboard Intake Forms will be shared by the GFCR with the Convening Agent.

- Ensure all data fields are completed comprehensively with accurate and verified information. Cross-check entries against programme records and reporting materials for consistency.
- Use the workbook to provide detailed data that complements the high-level analysis presented in the narrative report.
- For clarifications or guidance, contact Rammahi Al Rammahi, Junior Programme Consultant, at rammahi.al.rammahi@uncdf.org

1. Review and Validate Existing Data: The excel file is pre-filled using data from earlier reporting periods.

- Ensure the pre-filled sections are accurate and consistent with current programme activities and achievements.
- Validate all data fields to ensure alignment with the narrative report.

2. Add Updates to Key Sections: Ensure all relevant new information is added.

- **Solutions:** Add new solutions implemented during this period, along with associated metrics and progress.
- **Facilities:** Record additional facilities such as Technical Assistance Facilities, Special Purpose Vehicles/Entities, Financing Facilities, and Conservation Trust Funds established, including relevant details.
- **Policy Work:** Include updates on new or ongoing policy activities, agreements, and milestones achieved.
- **Partners:** Document new partners engaged during this period, specifying their roles and contributions.

4. Annex D – Risk Log

GUIDANCE

Use the Risk Log below to provide a summary of risks identified using [GFCR's Risk Management System](#), including:

- **Updates on Risks:** Assess any changes to previously identified risks, including increases or decreases in severity or likelihood.
- **New Risks:** Identify and describe any new risks that have emerged during the reporting period.
- **Responses & Mitigation:** Summarize responses to these risks in the reporting period and outline future mitigation strategies.
- **Grievance Management:** Document any programme-related grievances reported by internal or external stakeholders. Include details of how these grievances were resolved or are being managed. Describe the management structure within the implementation team and procedures followed (or planned) for handling grievances related to programme implementation.

Format: Risk Log

Event / Risk	Cause	Impact/s	Risk Category	Risk Level	Mitigation / Management Measures	Remarks
Political insecurity	Unstable Governments and official structures	Low impact of the project implementation	Contextual risk	Low	Closely monitor political and administrative changes and update all key implementing partners accordingly.	Change from Medium to low after two elections and stable government
Natural disasters and Climate shocks (short term)	Climate vulnerability and poverty	Some SLCRI community members may be impacted and engage in destructive resource extraction after the climate shock.	Contextual risk	Medium	The social safety net system will be established by the SLCRI.	
Lack of will and support to formulation of a co-management	Siloed working arrangements of key	Unplanned coastal resource management and conservation,	Programmatic risk	Low	Establishment of co-management committees with all key implementing	Risk level changed from medium to low after all key implementing partners agreed to the



platform as a new management mechanism	government agencies and disputes with coastal communities.	leading to destruction and degradation.			partners, supported strongly by the Community Conservation Groups.	co-management platform and the declaration of the seascape under the legal provisions of CC&CRMD.
The lack of motivation for private sector investment in coral-positive interventions	The private sector may hesitate or lack the capacity to invest in coral-positive businesses due to the economic condition.	Lack of adequate financing for SLCRI implementation.	Programmatic Risk	Medium	SLCRI is expected to de-risk private sector financing and provide incentives for private sector engagement.	Risk level changed from low to medium due to the current economic situation in the country.
Progress of the blended financing mechanisms due to the lack of familiarity with the potential and challenges in upscaling	Limited knowledge and trust among potential investors.	Lack of adequate financing for SLCRI Blended financing mechanisms.	Programmatic Risk	Medium	Highlight the approach's cost-efficiency, align with government initiatives, involve key agencies in planning, and engage PCA to mobilize private funds from developed countries for coral reef investment in Sri Lanka.	Risk level remained unchanged; however, SLCRI closely monitors the risk due to the importance.

5. Annex E – Solution Case Study Template

Casestudy - Creating Symbiotic Tourism: A Business Model Linking Star-Class Hotels and Local Communities

SLCRI is in the early phase of implementation, and this report covers only two quarters. Therefore, this case study will not cover the full implementation, and there are several gaps that will be filled by Q2 2025.

Background

The Kayankerni Seascape, located between Panichankerni and Kalkuda in the Batticaloa District in Sri Lanka, spans 789 km² and is home to a diverse array of coral reefs, seagrasses, and fish species. The area is particularly known for the Kayankerni coral reef, located in Thennadi Bay, which has faced significant environmental challenges, including coral mining in the 1960s-70s and multiple coral bleaching events in 2016 and 2019-2020. Despite these setbacks, the reef is showing signs of recovery, with new coral recruitment and a live coral cover of 35.8% as of 2023.

However, the coral reef and its associated ecosystems face numerous threats, such as destructive fishing practices, pollution from land-based activities, and nutrient influx from nearby lagoons. Management of the Kayankerni Sanctuary is currently under the jurisdiction of the Wildlife Department, but no formal management systems or physical presence of officers are in place.

The local community in the Kayankerni area, comprising around 1,347 individuals, primarily relies on fishing and agriculture for their livelihoods. While tourism has yet to fully develop, the growing tourism industry in nearby Passikudah presents opportunities for economic growth. The area also has a history of ornamental fish collection, although this practice has decreased over the past three decades.

To ensure sustainable livelihoods and improved community-based management, waste management systems. Additionally, the coral restoration efforts, and capacity-building economy in the region, supporting both the local resources.

The Sri Lanka Coral Reef Initiative (SLCRI) has sustainable tourism while simultaneously The initiative focuses on integrating local the tourism sector by facilitating partnerships Passikudah region. The model connects hotel



environmental health, there is a need for sustainable tourism development, and better introduction of sustainable fishing practices, initiatives are essential to fostering a resilient community and the protection of its natural

developed a model aimed at promoting addressing coral reef conservation challenges. communities specially fisher communities into with star-class hotels located in the nearby guests with locally operated tourism activities,



such as snorkelling, diving, mangrove excursions, local food and cultural experiences, and traditional fishing experiences. This mutually beneficial approach not only helps promote coral conservation and sustainable practices but also boosts the local economy.

Size of demand for tourist

In Pasikudah, the cost of diving and snorkelling activities varies depending on the service provider and package chosen. A single dive typically costs around \$45, including equipment and boat hire, while dive packages range from \$190 for five dives to \$350 for ten dives. Beginners can opt for an introductory dive at approximately \$75, or a resort course with pool and open-sea training for \$150.

Snorkelling is more affordable, with guided tours ranging from \$20 to \$42 per person, depending on the provider and location. Prices may vary based on the season and specific inclusions.

The Star-Class Hotels and Fisher Community Partnership

Star-class hotels in Pasikudah, which experience high seasonality in tourist visits, play a central role in driving the success of this model. By partnering with local communities, these hotels offer guests a more diversified experience, extending the tourism season and increasing occupancy rates during off-peak periods. In return, the hotels promote local tourism activities through their marketing channels, ensuring that visitors are aware of these sustainable and immersive experiences.

In Pasikudah, several **star-class hotels** offer their own diving and snorkelling packages, providing tourists with guided underwater experiences. Additionally, nearly **100 local youngsters**, trained and licensed in diving and snorkelling, independently conduct these activities with proper expertise. These local operators also occasionally organize **eco-tourism activities**, such as lagoon tours and marine conservation experiences, upon prior request from tourists. However, due to **inadequate facilities**, they lack a permanent setup, making it challenging to establish a stable operation. Despite these limitations, their services contribute significantly to sustainable tourism and community-based economic development in the region.

Local community members are at the heart of the initiative. Through SLCRI, the project provides training and resources to help local operators meet the standards set by the star-class hotels. This training includes capacity-building in areas such as guiding, customer service, environmental awareness, and health and safety practices. As a result, residents become empowered to offer high-quality, authentic experiences while directly benefitting from tourism revenue.



By participating in this program, local communities gain access to new income streams, including from activities like snorkelling, diving, cultural tours, and fishing experiences. This income diversification reduces pressure on traditional fishing practices, thereby decreasing the strain on coral reefs and fish populations.

CORALL Conservation Trust Fund and Environmental Impact

A small portion of the income generated from these local tourism activities is earmarked for a Conservation Trust Fund dedicated to the preservation of the Kayankerni Seascape. This fund, managed under SLCRI, will support ongoing Kayankerni sanctuary management, coral restoration efforts, sustainable fishing practices, and waste management initiatives. By generating income for conservation through tourism, the model ensures that coral reef preservation and community development are tightly interlinked.

The involvement of the community in conservation initiatives not only helps protect the reef ecosystem but also promote a sense of ownership and responsibility among locals. This, in turn, helps to create long-term sustainability for both the coral reefs and local livelihoods.

Anticipated Benefits of the Symbiotic Tourism Model (Lessons Learned So Far)

- **For Local Fisher Communities:** Community members gain access to new income sources, which helps reduce the pressure on coral reefs and fisheries. This also allows local community members to develop new skills and build resilience in the face of extreme weather events and secure income off seasons.
- **For Star-Class Hotels:** Hotels benefit from attracting more visitors through diversified tourism offerings, reducing their dependency on seasonal peaks. By promoting local experiences, they can offer guests unique and immersive activities that add value to their stay, encouraging longer stays and repeat visits.
- **For the Coral Reefs:** The model promotes coral reef conservation by reducing the impact of overfishing and encouraging sustainable tourism practices. The revenue generated from tourism is reinvested into Conservation Trust Fund, degraded coral restoration activities, helping ensure the long-term health of the corals and other coastal ecosystem.

Conclusion

The symbiotic tourism business model linking star-class hotels and local communities in the Kayankerni Seascape represents a dynamic and sustainable approach to both tourism and coral reef conservation. By fostering partnerships that benefit both the local population and the corals and other coastal ecosystems, the model creates a positive cycle of economic growth, community development, and environmental stewardship.

Through training, capacity-building, and a shared commitment to sustainability, this initiative has the potential to serve as a blueprint for similar coral reef-dependent communities around the world.

Pictures



Coastal mangrove excursions carried out by the local fishing community in Kayankerni – This is one of the few occasions for the fishing community engage in coastal



Excursions offered by one of the star-class hotels in Passikudha; currently, they do not offer any coastal or marine excursions.

6. Annex F – GESI Action Report

Strategies, protocols, and accountability mechanisms in place to mitigate identified GESI-related risks and adhere to "do no harm" principles

The following IUCN policies and procedures are in place and will be applicable to all SLCRI activities to ensure that GFGI minimizes GESI risks.

1. IUCN Gender Equality and Women's Empowerment Policy (2018)
2. Gender mainstreaming strategy for IUCN events (2019)
3. Policy and Procedure on the Selection of Implementing Partners and Grant Recipient (2020)
4. Energy and Waste Management Guidelines (2018)
5. Environmental and Social Management System (ESMS - 2016)

Format: GESI Action Report

Linked Programme Outcome	Objective	Action	Indicator	Milestone – 2024	Remarks
Outcome 1: Three co-management plans are operationalized at Pigeon Island, Kayankerni and Bar Reef seascapes	12 days allocated to SLCRI gender expert to ensure gender mainstream Community Conservation Groups	18 days have been allocated to the IUCN Programme Coordinator to quality control and ensure gender mainstreaming in preparation and operationalization of the co-management plan	% of women and men participating in project design and implementation meetings % of women and men reporting their ideas, needs and opinions were reflected in project design and implementation	Bar reef Seascape co-management committee establishment male 53 female 09; Kayankerni Seascape co-management committee establishment male 58 female 06; Pigeon Island Seascape co-management committee establishment male 43 female 07	This is an ongoing activity, and additional data will be added in Q1 and Q2 of 2025.



Outcome 1: Three co-management plans are operationalized at Pigeon Island, Kayankerni and Bar Reef seascapes	Strengthen the context-specific understanding of women's and men's dependencies on reefs, patterns of resource use, and inequities at the seascape level	12 days allocated to SLCRI gender expert to ensure gender mainstream Community Conservation Groups	Number of gender and youth inclusive CCGs established/ Number of gender and youth inclusive capacity building programmes conducted.	No milestone was reported in 2024	This activity is scheduled to begin in Q1 of 2025.
Outcome 2: Transformed livelihoods of coral reef-dependent communities through coral-positive entrepreneurship in coral associated seascapes in Sri Lanka.	Conducting feasibility studies on coral friendly livelihoods and women's and youth involvement in coral reef related enterprises, to identify gaps and development potentials and propose recommendations.	Three days are allocated to the SLCRI gender expert to ensure gender mainstreaming in the feasibility study and gender representation in the proposed livelihood options.	Number of gender and youth inclusive coral friendly livelihoods identified	No milestone was reported in 2024	This activity is scheduled to begin in Q1 of 2025.
	Disaster risk reduction mechanism established in each priority seascape to enhance the preparedness and response to natural hazards on communities.	Six days are allocated to the SLCRI gender expert to ensure gender mainstreaming in disaster risk reduction mechanism	% of women and men benefited from Disaster risk reduction mechanism established in each priority seascape	No milestone was reported in 2024	This activity is scheduled to begin in Q1 of 2025.



7. Annex G – Safeguards

Provide an update on any safeguard risks encountered by the programme. Also report on previous safeguard concerns and how they have been addressed. These may be specific to solutions or for the programme as a whole. Safeguards cover social and environmental risks. The Social and Environmental Checklist has been provided as a guide to complete this Annex. For responses with a “Yes” expand on the mitigation measure.

CHECKLIST POTENTIAL SOCIAL AND ENVIRONMENTAL RISKS	
Principles 1: Human Rights	
1. Could the Project lead to adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of vulnerable/marginalized groups?	No
2. Is there a likelihood that the Project would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups? ⁵	No
3. Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?	No
4. Is there a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them?	No
5. Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project?	No
6. Is there a risk that rights-holders do not have the capacity to claim their rights?	No
7. Have local communities or individuals (including local opinion leaders), given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?	No
8. Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and/or individuals?	No
Principle 2: Gender Equality and Women’s Empowerment	
1. Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls?	No
2. Would the Project potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
3. Have women’s groups/leaders raised gender equality concerns regarding the Project during the stakeholder engagement process and has this been included in the overall Project proposal and in the risk assessment?	No

⁵ Prohibited grounds of discrimination include race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to “women and men” or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender people and transsexuals.



4.	<p>Would the Project potentially limit women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services?</p> <p><i>For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</i></p>	No
Principle 3: Environmental Sustainability: Screening questions regarding environmental risks are encompassed by the specific Standard-related questions below		
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management		
1.1	<p>Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services?</p> <p><i>For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes</i></p>	No
1.2	<p>Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?</p>	No
1.3	<p>Does the Project involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)</p>	No
1.4	<p>Would Project activities pose risks to endangered species?</p>	No
1.5	<p>Would the Project pose a risk of introducing invasive alien species?</p>	No
1.6	<p>Does the Project involve harvesting of natural forests, plantation development, or reforestation?</p>	No
1.7	<p>Does the Project involve the production and/or harvesting of fish populations or other aquatic species?</p>	No
1.8	<p>Does the Project involve significant extraction, diversion or containment of surface or ground water?</p> <p><i>For example, construction of dams, reservoirs, river basin developments, groundwater extraction</i></p>	No
1.9	<p>Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)</p>	No
1.10	<p>Would the Project generate potential adverse transboundary or global environmental concerns?</p>	No
1.11	<p>Would the Project result in secondary or consequential development activities which could lead to adverse social and environmental effects, or would it generate cumulative impacts with other known existing or planned activities in the area?</p> <p><i>For example, a new road through forested lands will generate direct environmental and social impacts (e.g. felling of trees, earthworks, potential relocation of inhabitants). The new road may also facilitate encroachment on lands by illegal settlers or generate unplanned commercial development along the route, potentially in sensitive areas. These are indirect, secondary, or induced impacts that need to be considered. Also, if similar developments in the same forested area are planned, then cumulative impacts of multiple activities (even if not part of the same Project) need to be considered.</i></p>	No
Standard 2: Climate Change Mitigation and Adaptation		



2.1	Will the proposed Project result in significant ⁶ greenhouse gas emissions or may exacerbate climate change?	No
2.2	Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change?	No
2.3	Is the proposed Project likely to directly or indirectly increase social and environmental vulnerability to climate change now or in the future (also known as maladaptive practices)? <i>For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding</i>	No
Standard 3: Community Health, Safety and Working Conditions		
3.1	Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities?	No
3.2	Would the Project pose potential risks to community health and safety due to the transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No
3.3	Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)?	No
3.4	Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure)	No
3.5	Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?	No
3.6	Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)?	No
3.7	Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning?	No
3.8	Does the Project involve support for employment or livelihoods that may fail to comply with national and international labor standards (i.e. principles and standards of ILO fundamental conventions)?	No
3.9	Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?	No
Standard 4: Cultural Heritage		
4.1	Will the proposed Project result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: Projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.2	Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?	No

⁶ In regards to CO₂, 'significant emissions' corresponds generally to more than 25,000 tons per year (from both direct and indirect sources). [The Guidance Note on Climate Change Mitigation and Adaptation provides additional information on GHG emissions.]



Standard 5: Displacement and Resettlement	
5.1 Would the Project potentially involve temporary or permanent and full or partial physical displacement?	No
5.2 Would the Project possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)? May be within the proposed LMMAs	May be
5.3 Is there a risk that the Project would lead to forced evictions? ⁷	No
5.4 Would the proposed Project possibly affect land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples	
6.1 Are indigenous peoples present in the Project area (including Project area of influence)?	No
6.2 Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?	No
6.3 Would the proposed Project potentially affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)? <i>If the answer to the screening question 6.3 is “yes” the potential risk impacts are considered potentially severe and/or critical and the Project would be categorized as either Moderate or High Risk.</i>	No
6.4 Has there been an absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5 Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6 Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?	No
6.7 Would the Project adversely affect the development priorities of indigenous peoples as defined by them?	No
6.8 Would the Project potentially affect the physical and cultural survival of indigenous peoples?	No
6.9 Would the Project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No

⁷ Forced evictions include acts and/or omissions involving the coerced or involuntary displacement of individuals, groups, or communities from homes and/or lands and common property resources that were occupied or depended upon, thus eliminating the ability of an individual, group, or community to reside or work in a particular dwelling, residence, or location without the provision of, and access to, appropriate forms of legal or other protections.



Standard 7: Pollution Prevention and Resource Efficiency	
7.1 Would the Project potentially result in the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
7.2 Would the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)?	No
7.3 Will the proposed Project potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials? Does the Project propose use of chemicals or materials subject to international bans or phase-outs? <i>For example, DDT, PCBs and other chemicals listed in international conventions such as the Stockholm Conventions on Persistent Organic Pollutants or the Montreal Protocol</i>	No
7.4 Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health?	No
7.5 Does the Project include activities that require significant consumption of raw materials, energy, and/or water?	No

Annex H 1

Guideline for establishment of CORALL Conservation Trust Fund (CTF) in Sri Lanka,

Background

SLCRI is expected to lead to a paradigm shift in the management of coral reefs and associated ecosystems in Sri Lanka. Currently, the government agencies implement their actions according to their mandates in a somewhat siloed manner. Therefore, there are many challenges to achieve conservation objectives effectively or managing these resources sustainably. SLCRI identified larger seascapes as the unit of planning and the unit of management within which there are areas under protection/management by various government agencies as well as areas not declared as such. These large seascapes encompass natural resources, their users and jurisdictions of the agencies that regulate them or have an interest to do so. The major issues in these seascapes were resource use conflicts, lack of law enforcement, together with common property nature of the resource, with which there is a lack of incentive/rationale for individual entities to engage in conservation. On top of everything, the challenges posed by climate change were imminent, threatening the sustainability of reefs, associated ecosystems, and the livelihoods of communities who dependent on those.

With the provisions of the Coast Conservation and Coastal Resources Management Act (CC&CRMA) it is expected to legally recognize these areas in harmony with the other legal instruments (including FFPO and FARA), prevail in the seascape in collaborative management (Co-management) by recognizing these seascapes as Special Management Areas (SMAs). In the process of recognizing these seascapes, Co-management Committees



will be established having representatives of all key stakeholders in the seascape. They will produce a Co-Management Plan for their seascape designated as a SMA in which existing challenges of management will be addressed, strengthening law enforcement by engaging other agencies such as Sri Lanka Navy and Sri Lanka Coast Guards (SLCG) and local community through Community Conservation Groups (CCGs). Enhanced surveillance and law enforcement in the seascape is expected to deter illegal activities, and the SMA will be seen as a resource base with better established property rights as against the current seemingly 'common property' nature of the resource. Bringing the seascape under better defined property rights (towards 'communal property rights') would incentivize the conservation rationale for individual stakeholders under the Co-management arrangements of the SMA.

These Co-Management Plans will have many new activities that are not supported by existing budget headings/allocations of government agencies or other stakeholder budgets. For instance, getting the SLCG to undertake surveillance in coral reef areas on behalf of/in assisting DWC will have to be funded with new modalities. Therefore, SLCRI initiative is expected to generate such funding by facilitating a blended funding approach through three main solutions, they include CORALL Conservation Trust Fund (CTF), the Coral Positive Business Facility, and the Innovative Financing mechanism – sustainable blue economy. CTF to operate as conservation financing institution/modality.

What is expected from EFL

EFL to review the policy, legal and institutional aspects in establishing a CTF (not three CTFs) for supporting the activities identified in respective Co-management plans of the three seascapes within Sri Lanka's legal, governance and administrative setting. Propose the composition of trustees and trust management modality for discussion with IUCN and to prepare and institutionalize the Trust Deed for the CTF. Produce guidelines for CTF based on applicable best practices to Sri Lanka from elsewhere and to train the party expected to manage CTF.

There are specific deliverables in the signed agreement with respect to the above areas covering report of legal review, a feasibility report on establishing CTF, Trust Deed, Manual for CTF guidelines and training of CTF operator.

What is expected to cover under CTF

- CTF funds are meant to fund activities identified under Co-Management Plans of the three seascapes of SLCRI with the provision of expanding the list of seascapes that come under SLCRI within its programme period (2030).
- The respective Co-management Committee will request for funds based on their Co-management Plans.
- CTF has USD 315,000 as the endowment from the Global Fund for Coral Reefs (GFCR) and it will be initially earmarked for the three seascapes proportionately.
- CTF also will have a small component to be used as a revolving loan fund for CCGs comes under each seascape that will also be part of the Co-management plans. These are low interest loans given to the needy community for engagement in income generating activities that supports the co-management of the Seascape.
- When additional seascapes are designated under SLCRI, they are also to be supported by CTF. Provisions to be incorporated into the Trust Deed for such inclusion of revision of proportion of funds to be considered for each seascape from that point onwards.



- Identify the proposed Trustees (how many and who), the fund management entity, and governance mechanism for efficient use of funds for the purpose – towards building resilience of reefs and associated communities in selected seascapes with sufficient flexibility and to have good governance with accountability of the fund.
- Trustees should be able to invest/reinvest the CTF funds in income generating activities to grow the fund, with some allocation for fund management. All profits/surplus generated to be ploughed back to the CTF.
- Trust should have the ex officio members of MoE, DWC, CCD and DFAR but should not be biased by Gov agency dominance. It should be managed by an agency mandated for conservation with the highest level of integrity and reputation for such fund management. Ensure flexibility without having to go through government procedures, but with closer ties with the government agencies responsible for conservation.
- CTF should be able to raise funds from international and local donors to expand the fund. Such donations are to be made tax exempted. It is important to consider the operator of the CTF falls under that category.
- All entities operating in the seascape for a profit/surplus have to make a share of their profit/surplus to the CTF for better management of the SMA that they are dependent on. Review relevant laws to make possible this element.
- Allow for diverse financing mechanisms including endowments, sinking funds, and flow-through funds together with new generation of mechanisms such as Payments for Ecosystem Services, insurance mechanisms, biodiversity credits, blended finance, and impact investment allowing opportunity for growth and expansion.
- Periodic Auditing, monitoring and evaluation of the CTF by an independent party and making those reports available to the ministries of Finance and Environment or their appointees.
- CTF should continue sustainably beyond the project period.
- Among other provisions in the Trust Deed, a conflict resolution mechanism and the fund dissolution mechanisms to be outlined.

Annex H 2

Guideline for Feasibility Study of on coral friendly livelihoods and women's and youth involvement in coral reef related enterprises

Main activity

Output 2.1: Reef positive livelihoods and business opportunities are implemented at Bar Reef, Kayankerni and Pigeon Island seascapes.



Sarvodaya reporting area

Conduct feasibility studies on coral friendly livelihoods and women's and youth involvement in coral reef related enterprises, to identify gaps and development potentials and propose recommendations - Pigeon Island and Bar Reef only.

Objective

To carry out a successful feasibility studies focusing on coral-positive businesses in Pigeon Island and Bar Reef, it's important to develop business cases and a set of guidelines that directly link community engagement (Including youth and women from the respective areas) with contribution to coral reef conservation (coral positive) while ensuring profitability and sustainability. The study should identify viable coral positive enterprises, assess gaps, supply chain, value chain and propose business models that enhance livelihoods and contribute to the conservation of these ecosystems.

Specific objectives

To Identify the list of coral positive business from each seascape

To identify at least two coral positive business from each seascape to immediate investment under the coral positive SLCRI coral positive business component

To Identify Technical Assistance required for each seascape under the Coral Positive Business Support Facility (CPBSF)

Considerations under each feasibility study

1. Engage Local Communities, Especially Women and Youth

- Create inclusive methods for community consultations (focus groups, interviews, participatory workshops) to gather input from all demographics, including marginalized groups.
- Ensure the study actively involves women and youth from the local community, as they often have unique perspectives and can be key drivers of change in sustainable business initiatives.
- Ensure that the proposed coral positive business options are catering to wider community rather than to a single family.

2. Explore Coral-Friendly Livelihood Opportunities

- Identify and evaluate potential coral-friendly business opportunities, such as:
 - Eco-tourism ventures (e.g., guided snorkel or dive tours, coral restoration experiences, local culture experience, home stay).
 - Sustainable fisheries or aquaculture businesses



- coastal-based education and awareness services, such as local guides or educational centres.
- Business cases of small-scale waste management initiatives
- Assess each opportunity for potential profitability, scalability, and sustainability.

3. Link Profitability with Conservation Goals

- Ensure that business models are designed to generate revenue while also supporting coral conservation (e.g., businesses that fund reef restoration activities or Conservation Trust Fund).
- Investigate how businesses can reinvest a portion of their earnings into conservation efforts or community development projects.

4. Conduct Market Research and Business Viability Analysis

- Perform a detailed market analysis to assess demand for coral-positive business and services, both locally and globally.
- Examine customer behaviour, pricing models, competition, and existing markets.
- Analyse costs, revenue potential, and financial sustainability for each business idea.
- Conduct comprehensive study on supply chain and value chain for selected priority coral positive businesses.

5. Develop Impact Investment Strategies

- Incorporate the concept of impact investing, where investors seek both social/environmental returns (such as coral conservation) and financial returns.
- Identify potential investors, including conservation-focused funds, eco-tourism grants, and corporate social responsibility (CSR) initiatives, who could be interested in supporting coral-positive enterprises.

6. Develop a Financial Model and Funding Mechanisms

- Create a financial model that includes start-up costs, operational costs, and long-term revenue projections.
- Explore various funding mechanisms for coral-positive businesses, such as microfinance, government grants, philanthropic funding, or crowdfunding.
- Identify local or international organizations that can offer financial or technical support to sustainable business initiatives.

7. Foster Public-Private Partnerships (PPPs)



- Explore partnerships between local communities, government agencies, financial institutes, NGOs, and private enterprises to support coral-positive businesses.
- Look for opportunities to leverage resources, expertise, and networks to scale business models effectively.

8. Examine the Regulatory and Policy Framework

- Assess local and national legal/policies related to (coral positive) business establishment and implementation, such as protected area regulations (if applicable), sustainable fisheries laws, and eco-tourism policies.
- Understand how local regulations may impact the development of coral-positive businesses and identify potential barriers to entry.

9. Assess Environmental and Social Sustainability

- Evaluate the environmental and social impact of each proposed business, ensuring that it not contributes to ay environment damage or conflict with social context.
- Ensure that business operations minimize harm to ecosystems, such as avoiding over-harvesting, pollution, and disturbance to marine life.

10. Capacity Building and Training for Local Communities

- Develop training programs (in line with the proposed coral positive business) to build capacity within the local community, especially for women and youth, to enable them to participate in or lead coral reef-related enterprises.
- Outline the training module for local stakeholders in sustainable business practices and tourism management (in line with proposed businesses).

11. Incorporate Technology and Innovation

- Explore the role of technology in supporting proposed business models (e.g., digital platforms for eco-tourism, marketing tools)

12. Develop a Monitoring and Evaluation Framework

- Develop a mechanism to monitor the success of coral-positive businesses and community livelihoods.
- Create Key Performance Indicators (KPIs) for both business success and conservation outcomes.
- Develop adaptive management approaches (draft) to refine business strategies over time based on results and feedback from stakeholders – this will further develop under the CPBSF.



Annex H 3

Terms of Reference for the National Working Group for Development of Guidelines for Coral Restoration

I. Introduction

The Sri Lanka Coral Reef Initiative (SLCRI) is a national program aimed at restoring and conserving coral reef ecosystems that are vital for marine biodiversity conservation, climate resilience, and the livelihoods of coastal communities in Sri Lanka. The initiative is supported by the Global Fund for Coral Reefs (GFCR) and aims to drive a collaborative approach involving government agencies, private sector partners, local communities, research agencies, and international organizations to promote coral restoration and conservation.

To advance SLCRI's goals, a National Working Group for Coral Restoration (NWGCR) will be established. The NWGCR will focus on creating a comprehensive and scientifically informed national policy framework and guidelines for coral reef restoration in Sri Lanka.

NWGCR – National Working Group for Coral Restoration

II. Purpose and Objective

The purpose of the NWGCR is to support the development of national policy directions, and strategic guidelines that will facilitate the successful restoration and conservation of coral reefs in Sri Lanka. The group will work to ensure that restoration practices are aligned with national strategies, international standards, and emerging best practices. The key objectives of the working group are to:

1. Develop National Policy directions for coral reef restoration in Sri Lanka, aligning it with national and global conservation commitments.
2. Prepare Strategic Guidelines for sustainable, scientific, and community-driven coral restoration practices.
3. Recommend Integration of Coral Restoration into National Policy framework by mainstreaming findings and recommendations from the SLCRI project into broader national and regional policies.
4. Develop a Monitoring and Evaluate the Progress of policy implementation and refine approaches based on emerging scientific evidence and local knowledge.

III. Composition of the National Working Group

The NWGCR will consist of representatives from a diverse group of stakeholders to ensure broad expertise and representation across sectors. The working group will include:

1. Key Government Agencies:



- Department of Wildlife Conservation (DWC)
 - Coast Conservation and Coastal Resource Management Department (CC&CRMD)
 - Biodiversity Division of the Ministry of Environment
 - Department of Fisheries and Aquatic Resources (DFAR)
 - National Aquatic Resources Research and Development Agency (NARA)
 - Sri Lanka Navy
 - Other relevant government agencies responsible for coastal and marine resource management.
2. Scientific and Academic Experts:
- Representatives from universities and research institutions involved in coral reef related subjects.
 - Individual experts on coral reef related subjects.
3. National NGOs:
- Blue Resource Trust (BRT)
 - Ocean Resources Conservation Association (ORCA)
4. Private Sector Representatives:
- INSEE cement
 - Sampath Bank PLC
 - Tokyo cement

Secretariat:

- IUCN Sri Lanka Country Office will provide the secretariat for the NWGCR and coordinate logistics for meetings, documentation, and communication among members.

IV. Roles and Responsibilities of the National Working Group

The NWGCR will be responsible for the following:

1. Policy Directions:
 - Collaborate to develop a comprehensive national policy directions for coral reef restoration in Sri Lanka.
 - Ensure that the policy directions aligns with both national environmental goals and international conservation standards.
 - Establish clear guidelines for stakeholder involvement, monitoring, and evaluation of restoration projects.
2. Guideline Formulation:



- Develop strategic guidelines for the implementation of scientific, community-based, and sustainable coral restoration practices across Sri Lanka.
- Address key considerations such as stakeholder roles, monitoring methodologies, financial mechanisms, and the integration of technology.
- 3. Develop mechanism for Monitoring, Evaluation, and Adaptive Management:
 - Bring provisions to oversee the monitoring and evaluation of ongoing restoration activities and ensure that lessons learned inform future policy and restoration practices.
 - Provide for regularly assess the progress of the restoration efforts and adapt strategies based on scientific evidence and community feedback.

V. Meetings and Reporting

1. Frequency of Meetings:
 - The NWGCR will meet monthly or as needed, based on the requirements of the coral restoration guideline development process.
2. Reporting:
 - The working group will submit progress reports to the SLCRI, National Steering Committee (NSC) on the status of policy development, stakeholder consultations, and other related activities.
 - The secretariat (IUCN Sri Lanka) will ensure that meeting minutes and documentation are shared with all members.
3. Deliverable:
 - The draft National guidelines for Coral Restoration in Sri Lanka.

VI. Duration

- The duration of the NWGCR will align with the SLCRI implementation timeline, expected to run from March 2025 to September 2025, with the potential for continued engagement beyond 2025 as the initiative expands.