



Sri Lanka: Food Security and Livelihood Recovery Emergency Assistance Project

| | | | | | | | | | | | | | |
|---|---|---|--|--|-------------------|---|--|----------------------------|---------------------|--|--|------------|---------------------|
| Project Name | Food Security and Livelihood Recovery Emergency Assistance Project | | | | | | | | | | | | |
| Project Number | 56175-001 | | | | | | | | | | | | |
| Country / Economy | Sri Lanka | | | | | | | | | | | | |
| Project Status | Active | | | | | | | | | | | | |
| Project Type / Modality of Assistance | Grant Loan | | | | | | | | | | | | |
| Source of Funding / Amount | <table border="1"> <tr> <td>Grant 0805-SRI: Supporting Basic Needs and Livelihood Development of the Poor and Vulnerable during Livelihood and Food Security Crisis</td> <td></td> </tr> <tr> <td>Japan Fund for Prosperous and Resilient Asia and the Pacific</td> <td>US\$ 3.00 million</td> </tr> <tr> <td>Loan 4205-SRI: Food Security and Livelihood Recovery Emergency Assistance Project</td> <td></td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 200.00 million</td> </tr> <tr> <td>Loan: Food Security and Livelihood Recovery Emergency Assistance Project</td> <td></td> </tr> <tr> <td>World Bank</td> <td>US\$ 275.00 million</td> </tr> </table> | Grant 0805-SRI: Supporting Basic Needs and Livelihood Development of the Poor and Vulnerable during Livelihood and Food Security Crisis | | Japan Fund for Prosperous and Resilient Asia and the Pacific | US\$ 3.00 million | Loan 4205-SRI: Food Security and Livelihood Recovery Emergency Assistance Project | | Ordinary capital resources | US\$ 200.00 million | Loan: Food Security and Livelihood Recovery Emergency Assistance Project | | World Bank | US\$ 275.00 million |
| Grant 0805-SRI: Supporting Basic Needs and Livelihood Development of the Poor and Vulnerable during Livelihood and Food Security Crisis | | | | | | | | | | | | | |
| Japan Fund for Prosperous and Resilient Asia and the Pacific | US\$ 3.00 million | | | | | | | | | | | | |
| Loan 4205-SRI: Food Security and Livelihood Recovery Emergency Assistance Project | | | | | | | | | | | | | |
| Ordinary capital resources | US\$ 200.00 million | | | | | | | | | | | | |
| Loan: Food Security and Livelihood Recovery Emergency Assistance Project | | | | | | | | | | | | | |
| World Bank | US\$ 275.00 million | | | | | | | | | | | | |
| Strategic Agendas | Environmentally sustainable growth Inclusive economic growth | | | | | | | | | | | | |
| Drivers of Change | Gender Equity and Mainstreaming Governance and capacity development Knowledge solutions Partnerships Private sector development | | | | | | | | | | | | |
| Sector / Subsector | Agriculture, natural resources and rural development / Agricultural policy, institutional and capacity development Public sector management / Social protection initiatives | | | | | | | | | | | | |
| Gender Equity and Mainstreaming | Effective gender mainstreaming | | | | | | | | | | | | |
| Description | The Government of Sri Lanka requested emergency assistance in May 2022 in response to a food insecurity crisis in the country to ensure access to food and protect livelihoods for the poor and vulnerable. From May 2022 to date, food security and livelihoods have continued to deteriorate, and the emergency is expected to worsen through 2022 and into 2023. Against this background of a national emergency, the project aims to improve food security and protect the livelihoods of the poor and vulnerable nationwide, especially women and children, by expanding direct financial support to compensate for food price increases, supporting livelihood development activities to counteract food shortages and income losses, and enhancing social protection systems to ensure that the project reaches its intended beneficiaries and to strengthen responsiveness to future emergencies. | | | | | | | | | | | | |
| Project Rationale and Linkage to Country/Regional Strategy | <p>Food price inflation reached 58.0% year-on-year in May 2022 and soared to 75.8% in June 2022. During the month of June 2022 alone, significant increases have been recorded in food prices (7.25%). The food insecurity emergency has been caused by the convergence of multiple factors. A sharp rise in food and fuel prices globally beginning in March 2022 (caused by the Russian Federation's invasion of Ukraine) has aggravated rising prices of imported basic food items and locally produced food commodities in Sri Lanka that began in 2021 and has increased the cost of living and reduced access to nutritious food, especially for the poor and vulnerable. The spike in food and fuel prices has coincided with ongoing struggles to recover from the coronavirus disease (COVID-19) pandemic, which left a significant portion of the population with reduced incomes and savings due to employment losses and disruptions. Fuel shortages and daily power cuts since March 2022 have been triggering further disruptions in daily lives, livelihoods, and domestic supply chains, particularly related to agricultural products, contributing additionally to income losses, food price hikes, and food shortages. As a result, about 38% of households or 6.3 million people (3.3 million women and girls) are facing moderate or severe food insecurity, with 65,600 people considered as severely food insecure.</p> <p>Household expenditure on food has jumped sharply to around 75.0%, compared to 35.1% in 2019. Households have coped with rising food prices and income losses by reducing their food consumption and/or purchasing cheaper but less nutritious food. About 95.0% of households are eating less preferred or less expensive food, 83.0% limiting the portion size of meals, and 66.0% reducing the number of meals per day. The prolonged increase in food prices, which started to rise in 2021 and are expected to increase further in 2022-2023, is aggravating malnutrition among vulnerable households, with detrimental impacts on health, especially of children. Even before the pandemic, low-nutrition diets among children were prevalent, resulting in high child undernutrition rates, with significant prevalence among children under five years of age of stunting (17.3%), wasting (15.0%), and underweight (20.5%).</p> <p>Since the start of the pandemic, household economies have come under severe strain and their emotional, psychological, and social well-being has diminished. Consequently, gender-based and domestic violence and high-risk child protection incidents (e.g., sexual assault, physical abuse, and child negligence) have increased significantly, with growing numbers of women and children requiring protection and services. Many cases of domestic violence and child protection remain unreported, due to lack of effective outreach and support mechanisms.</p> <p>A worsening agricultural crisis also contributes to the livelihood, food, and nutrition insecurity. The crisis is affecting 2.2 million people who engage with agriculture (27.1% of the employed population). Until the 2020-2021 cultivation season, chemical fertilizers were heavily subsidized in Sri Lanka, leading to excessive application of fertilizers, soil degradation, and groundwater pollution. The government banned imports of chemical fertilizers and pesticides in May 2021 without adequate preparation and farmer training, resulting in rice and maize production losses of 50%-60% in 2021-2022. Although the ban was lifted in November 2021, shortages and high prices of fuel, fertilizers, and other agricultural inputs have negatively impacted crop yields in 2022 and increased import requirements, especially of rice (Sri Lanka was previously self-sufficient in rice). Exorbitant costs of agricultural inputs and lower yields have forced farmers to move out of the sector in search of employment and other livelihood opportunities. Lack of timely supply of fertilizers and other agricultural inputs would result in lower crop yields in 2023, further exacerbating food insecurity.</p> | | | | | | | | | | | | |
| Impact | Adverse effects of food insecurity mitigated (Prime Minister's statement on the roadmap to revive the economy) | | | | | | | | | | | | |
| Project Outcome | | | | | | | | | | | | | |

| | |
|---|--|
| Description of Outcome | Food security and livelihoods of the poor and vulnerable, especially women and children, improved |
| Progress Toward Outcome | |
| Implementation Progress | |
| Description of Project Outputs | Scaled-up and broadened direct financial support for the poor and vulnerable provided Livelihood development activities of the poor and vulnerable better supported Social protection systems enhanced |
| Status of Implementation Progress (Outputs, Activities, and Issues) | |
| Geographical Location | Nation-wide |

| | |
|--------------------------|---|
| Safeguard Categories | |
| Environment | C |
| Involuntary Resettlement | C |
| Indigenous Peoples | C |

| | |
|---|---|
| Summary of Environmental and Social Aspects | |
| Environmental Aspects | The project activities will have no or very minimal environmental impacts. No civil works are anticipated. |
| Involuntary Resettlement | The project activities will not involve civil works nor trigger land acquisition or involuntary resettlement. |
| Indigenous Peoples | The scope of the project is nationwide and does not specifically target indigenous peoples. Indigenous peoples may participate in and benefit from the project activities. The project will not directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples, or affect the territories or natural or cultural resources that indigenous peoples own, use, occupy, or claim as their ancestral domain. |

| | |
|--|--|
| Stakeholder Communication, Participation, and Consultation | |
| During Project Design | |
| During Project Implementation | |

| | |
|------------------------|---|
| Business Opportunities | |
| Consulting Services | All consultants will be recruited according to ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time). Two small consulting firm contracts and three individual consultant contracts will be financed by the JFPR grant. The consulting firms will be engaged using single source selection method and the individual consultants will be engaged using individual consultant selection method. All consulting service contracts will be subject to ADB's prior review. |
| Procurement | Three goods (IT equipment) contracts and two IT product and service contracts (additional module development for the Samurdhi Customer Relationship Management system and second phase development of the GeoGoviya platform) are expected to be financed by ADB. The open competitive bidding (OCB) method will be used for ADB-financed goods contracts. All contracts to be procured using the OCB method will be internationally advertised, except one contract (automated teller machines) which will be nationally advertised. Due to the proprietary nature and the continuation of previous and/or ongoing contracts, the IT product and service contracts will be procured using the direct contracting method. All goods and IT product and service contracts will be subject to ADB's prior review. |

| | |
|----------------------------|--|
| Responsible ADB Officer | Maruyama, Asako |
| Responsible ADB Department | South Asia Department |
| Responsible ADB Division | Human and Social Development Division, SARD |
| Executing Agencies | Ministry of Finance The Secretariat Building Colombo 01 Sri Lanka |

| | |
|---------------------|----------------------------|
| Timetable | |
| Concept Clearance | - |
| Fact Finding | 24 Jun 2022 to 08 Jul 2022 |
| MRM | 21 Jul 2022 |
| Approval | - |
| Last Review Mission | - |
| Last PDS Update | 30 Aug 2022 |

| | |
|-------------------------|---|
| Project Page | https://www.adb.org/projects/56175-001/main |
| Request for Information | http://www.adb.org/forms/request-information-form?subject=56175-001 |
| Date Generated | 31 August 2022 |

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.