

Maize and other value-added products are an integral part of the programme, once again drawing extensively from the knowledge and experience gained under Output 1. Knowledge products of green and sustainable farming practices and on nutrition produced under Output 2 would be extensively used to train household in sustainable farming practices. Women will be trained on nature-based home production and additional income generating activities and the access to relevant inputs will be addressed. Lessons learnt and synergies from previous EU interventions in the area will be applied.

The project's interconnected outputs foster a dynamic ecosystem of learning, innovation, and collaboration around sustainable agriculture. This ecosystem brings together diverse stakeholders to collectively work towards common goals of promoting sustainable food production and consumption practices. By strengthening public services in these areas, the project aims to embed and amplify these sustainable practices within local communities.

Implementation is envisaged by indirect management with an international organisation (Outputs 1 and 2) as well as grants (Output 3) - with EU Delegation– Sri Lanka government policy dialogue and implementation steering and oversight.

2 RATIONALE

2.1 Context

In early 2022, Sri Lanka plunged into a multifaceted crisis spanning politics, economics, and finance, primarily ignited by an unsustainable debt burden and a shortfall in foreign currency reserves, culminating in an external debt default in May 2022. The crisis was compounded by inadequate imports of critical commodities such as fuel, fertilizers, and medicines. Moreover, global factors including the escalation of international commodity prices, fuelled by Russia's aggression against Ukraine, and severe disruptions in the supply chain exacerbated the situation. These events collectively exacerbated challenges within the country's agriculture sector, significantly impacting the nation's food and nutrition security.

Agriculture serves as the cornerstone of Sri Lanka's economy, playing a pivotal role in providing livelihoods and sustenance for its populace. With approximately 82% of the total population residing in rural areas, agriculture acts as a crucial buffer for the rural poor against economic uncertainties, environmental challenges, and climate-related shocks. Small-scale farmers, constituting nearly half of the impoverished rural population, heavily rely on agriculture for their livelihoods. Their resilience in the face of adverse conditions underscores the significance of agriculture as a lifeline for vulnerable communities. Sri Lanka's vulnerability to extreme weather events is a pressing concern, consistently ranking among the top ten countries at risk according to the Global Climate Risk Index. In this context, the resilience and adaptability of the agricultural sector are paramount, as it not only sustains livelihoods but also contributes to the country's overall food security and economic stability amidst environmental and climate uncertainties.

Prior to the crisis, the EU's approach to support Sri Lanka's agriculture development was based on supporting policy development as well as investments in agriculture modernisation. Due to the various crisis (decades long civil war, Tsunami in 2004, Easter bombing in 2019, corona virus 2020-21, and debt default in 2022) which culminated in the 2022 economic and political crisis, the EU had to shift the focus of support to address very basic needs. In agriculture, that included access and management of agriculture inputs. Now, the emphasis is slowly returning to support Sri Lanka's agricultural sector transition through sustained, policy-oriented development cooperation. Direct support, complementing government services, is however still required. Additional effective and systematic interventions are imperative to address the ongoing food security challenges and facilitate the shift towards low-carbon and environmentally sustainable food systems.

Aligned with the Multi-annual Indicative Program (MIP) for Sri Lanka 2021-2027 and the principles of the EU's Green Deal, the Action encompasses promotion of sustainable farming, safeguarding biodiversity and ensure sustainable resource utilization, including the advancement of circular economy practices. Furthermore, the Action aligns seamlessly with the EU Strategy for Cooperation in the Indo-Pacific, EU Gender Action Plan III, and CLIP Sri Lanka, contributing significantly to the objectives of the Global Gateway partnership.

The Action's approach is harmonized with the Paris Agreement and the 2030 Agenda for Sustainable Development, reinforcing the government of Sri Lanka's commitment to meeting international obligations, including those established at COP. However, it's crucial to acknowledge the prevailing financial challenges in Sri Lanka, which