

CSPE Workshop - Director, Asia and the Pacific Division

- Addressees: ...
- Indeed, it is extremely encouraging to see such enthusiasm and dedication to finding solutions for rural transformation and poverty reduction in Sri Lanka, it is our main goal in IFAD to help smallholder farmers adopt sustainable, climate-resilient, nutrition-based and efficient agricultural practices.
- Thanks to the IOE team for completing the second country strategy and program evaluation. Today, many innovative ideas have been examined to enhance the effectiveness of IFAD's participation in Sri Lanka, and I can assure you that the country management team, with the support of the Asia-Pacific Division, incorporate these ideas and strive to make them a success.
- The next COSOP will provide more guidance on what the country programme intends to focus in terms of sectoral and thematic areas, geographical areas, targeting group and types of investments. More reflection and research will be undertaken to address the geographical disparities and "poverty pockets" as well as to improve the synergy and demonstrable impact of the country programme. Key priorities in the Sri Lankan context, such as climate resilience, nutrition and youth, are in line with IFAD's focus areas and will be incorporated. IFAD will support the Government investing in climate resilient infrastructure and improved and innovative technologies.
- Given the low and decreasing poverty rate in Sri Lanka, the target group should inevitably be inclusive of those rural households marginally above the national poverty line but vulnerable to natural disaster and other shocks. But to ensure outreach to the intended beneficiaries and to safeguard against elite capture, the strategy will be accompanied by plausible screening mechanism for selection that cap the support provided to individual households.
- Improving the rural finance approach is of critical importance. In collaboration with the Government, Central Bank of Sri Lanka (CBSL) and other development partners, we will critically analyse and reflect on the bottlenecks for the target group in the rural finance sector and opportunities for its support and investment to leverage more systemic improvement. Specifically, how best to facilitate the development of new financial products (not limited to credits) that meet the needs of the target group, how

to address the issue of guarantors of defaulted loans, or how to strengthen financial literacy of the borrowers and enable them to manage their household finance better.

- The country strategy and programme evaluation highlighted the need to ensure that sufficient attention is devoted to non-lending activities such as knowledge management, partnership building and country level policy engagement. I can assure you that IFAD has doubled its efforts and is increasingly focusing on strengthening non-lending activities in order to achieve greater impact beyond the project objectives.
- Non-lending activities complement successful project implementation and help IFAD adopt a more flexible approach to implementation – one that pursues changes based on evidence. The IFAD Strategic Frameworks position non-lending activities at the heart of IFAD's work as a way of maximizing impact.
- The significance and need to develop knowledge management activities and outputs beyond the scope of the project has been identified in the CSPE. I assure you that the IFAD11 cycle is increasing efforts and has recognised the importance in cross-learning and knowledge management, and to build capacity to generate, manage, use and share knowledge. This will result in a more integrated approach to knowledge management across the organization in order to strengthen the synergies between knowledge management, M&E, SSTC, research and policy engagement.
- The Country Evaluation has also stressed the significance of country level policy engagement (CLPE) and the lack thereof. I can guarantee that IFAD identifies CLPE to be a key instrument as a way of expanding development impact as projects alone cannot realise rural transformation, and this will be reflected in the development of the new COSOP. Policy engagement addresses bottlenecks and contributes to knowledge management, and therefore the Asia-Pacific Division will ensure that efforts will be made to research, and engage in national policy formation to complement project implementation and enable broader rural transformation.
- We acknowledge the importance of building programmes on sound analytical work that have a clear scaling up strategy. We will ensure a clear and coherent pathway in the upcoming project design and the updated COSOP so to enable the development of effective partnerships and the progression from achieving just project/programme objectives to informing national policy.

- With regard to partnership building, while it is recognised that good partnerships have been established with Government agencies, these will continue to be strengthened and the IFAD country team will work closely with Government entities to identify country needs and develop policy engagement.
- Together with the government, we will explore opportunities for public-project support for risk-sharing and cost-sharing to leverage private-sector investment and innovations which are less likely to occur without public investment. While significant steps have been taken in ongoing initiatives to leverage private sector investment and this has noticeably improved market linkages, further opportunities will be pursued to build on the 4P model to increase risk and cost sharing thereby reducing the burden on smallholder farmers
- Furthermore, collaboration with development partners, NGOs, research entities will be pursued. During our time here, we have already seen this develop with the new project concept and this will be maintained in the new COSOP. IFAD will continue to promote synergy among development partners so that singular efforts will be made more effective and sustainable. We will do more to reach out to other development partners, increase in-country visibility and presence and inputs in development partners' forum and its working groups.
- Regional and global engagement efforts are also instrumental in this regard to influence overall debates, policies and resource allocations at in support of a more enabling environment for investments in inclusive rural transformation. We will develop ways to better track and engage with regional activities, as ultimately, these will amplify the impact of the Fund's operations and increase the sustainability of results.
- Based on the Fund's comparative advantages, a new corporate approach to SSTC is being rolled out and will serve as the basis for this work during IFAD11. The approach focuses on promoting both technical cooperation activities and investment promotion activities among developing countries. With respect to the latter, IFAD is exploring partnerships with a number of financial institutions in these countries in order to leverage agricultural investment.
- At the institutional level, IFAD has taken the important and necessary step of decentralization in order to bring its teams closer to the countries it is supporting. A number of IOE recommendations have also pointed to the need for closer proximity to

borrowing countries in order to provide closer operational support. With more technical and operational staff based in sub-regional hubs, it is expected that performance on non-lending activities will improve.

- Ladies and Gentlemen, I conclude by assuring you that We at Asia Pacific Division, including the Sri Lanka Country Management team, will make every effort to incorporate the findings from the CSPE and today's workshop, to have a greater impact in knowledge management, policy engagement and partnership building which will complement project efforts and increase IFAD involvement in Sri Lanka beyond the usual. With this, I thank the Government of Sri Lanka, the IOE, and the IFAD country management team for continued dedication and determination in their endeavours to facilitate sustainable rural transformation in Sri Lanka.