

- **CPM Comments**

- Personally speaking, since October last year, when Sri Lanka's portfolio was handed over to me, this evaluation has been one of the important resources that provided me with a wealth of information and strategic guidance on what has worked, what has not, and where we must focus our future non-lending and lending interventions. So, I take this opportunity and thank the IOE for the excellent work done.
- I specifically see imminent opportunities from this year onward to incorporate the evaluation findings and recommendations; namely:
 - the new project that is being conceptualized this month,
 - the Grant of the South Asian Association for Regional Cooperation (SAARC) on climate resilience that includes Sri Lanka among other countries of South Asia (planned to launch in May),
 - the Mid Term Review of the Smallholders Tea and Rubber Revitalization Program (STaRR) in June/July,
 - the Supervision of the Smallholder Agribusiness Partnerships Program (SAPP) in September/October; and
 - the IFAD Strategy Results Review in November.
- With regard to sharpening the strategic focus and coherence of the country program for a stronger and more sustainable impact, we will work with the government to promote the involvement of external groups such as universities, research institutes for national rural statistics, development partners and NGOs.
- We will work closely with government agencies to identify and prioritize vulnerable geographical areas with respect to climate shocks, gender inequality, youth unemployment and nutrition-sensitivity; and assessing

the possible effects of ethnic division on the livelihoods of smallholder farmers.

- The new project, now known as the Smallholders Agribusiness and Resilience Program (SAR) planned through the IFAD-11 allocation provides opportunity to address climate and conflict resilience, in addition to small-scale producers' commercialization. The focus will be on the arid areas of Sri Lanka where we have recently been thin.
- We will work with the government to strengthen partnerships with development partners to mobilize harmonized resources for complementary investments, thereby optimizing project targeting, coverage and benefits.
- Each entity has specific comparative advantages to Sri Lanka and here we see our central role in harmonization and synchronization for the agriculture and rural development sectors.
- We have already launched dialogue with the ADB, WFP, UNOPS, WB and AFD. For example, the SAPP is currently exchanging implementation approach for community mobilization with the WFP project. We will include more partners and reinforce this dialogue in joint actions on the ground.
- We will bring to Sri Lanka targeting expertise for project design, mid-term review and supervision which will work closely with government agencies to obtain domain-specific information to ensure that vulnerable groups of smallholders will effectively benefit from IFAD's initiatives.
- Development partners (such as the World Food Program) have effective targeting tools that we want to link to refine our targeting and eliminate elite capture.

- We will make sure that the SAARC regional grant on strengthening smart agriculture provides opportunities for the Government to better target and introduce smart climate practices and technological solutions. It will launch by mid-2019.
- On focusing on country strategy and program to play a more catalytic role in rural transformation with strengthened partnerships, we realize that our past and ongoing supported projects offer huge potential for the intensification of strategic work and future investments, for example, on value chain development, private-public-producer partnership (4P model), marketing and microcredit.
- The ongoing SAPP and STaRR programs are now seeking support to develop knowledge management products to increase the visibility of IFAD's cooperation with Sri Lanka. A present example will be the receipt for change which is now planned between the SAPP, IFAD, WFP and the Italian Embassy.
- To maximize partnerships, we will enhance and complement partnerships with the private sector by taking advantage of the significant initiatives that have been materialized under ongoing investments to mobilize private sector resources. This has improved market linkages, thereby new opportunities will be pursued based on the 4P model to increase the sharing of risks and costs, thus reducing the burden on small farmers.
- At the MTR of the SAPP programme (June 2020), IFAD will evaluate the method of assessing additionality and liaise with experts to develop transparent and more structured assessment mechanisms.

- On the review of the Rural Finance Support Approach, to better target and explore innovation opportunities, we recently completed a mission to support implementation (January 2019) for rural finance initiatives under SAPP and STaRR. The mission included meetings with commercial banks, microfinance associations, private business partners, cooperatives and other civil society organizations. It resulted in several recommendations in the short and medium term.
- The capacity of ongoing projects at the central and district levels to facilitate the creation of a rural finance component will be critically appraised during the STaRR MTR and SAPP supervision mission scheduled for 2019.
- The initial concept of securing funds via or outside the national banking sector should always be pursued; Ran Dalu and DFCC's Sanasa Development Bank provide examples of specific microfinance products available to small-scale tea producers.
- With regard to the youth loan program, in addition to the ongoing process with PFIs, IFAD will review a detailed RFP that is not part of current PFIs and addressed to a civil society organization or an NGO with a financial subsidiary to carry out a "credit plus", a program that includes training, start-up assistance and other support measures for a selected group of young people with the capacity to start their own business. The youth loan is in place with the Central Bank of Sri Lanka (CBSL) under IFAD's direct line of credit. We will support youth loan integration into the working capital of the CBSL. We will propose increasing the upper age limit of youth from 35 to 40 years.
- Ladies and gentlemen, I conclude by underlining that this country evaluation has provided the country's management team with valuable

insights into the way forward that we intend to integrate into our future commitments, for both lending and non-lending initiatives. With this note, I thank the Government of Sri Lanka, IFAD-IOE, in particular Oscar Garcia and Fumiko Nakai, and a special thanks to IFAD's Senior Management, Donal Brown and Nigel Brett, who have supported IFAD portfolio in Sri Lanka and allocated the necessary resources for the implementation of a fine-tuned portfolio that will expectantly incorporate this evaluation recommendations.