

Honorable Secretary, Ministry of Agriculture

Director General, Department of External Resources; Director General,

Department of National Planning

Excellencies,

Distinguished colleagues,

Ladies and Gentlemen.

I am pleased to be here in Colombo with you today, at this Country Strategy and Programme Evaluation Workshop, co-organised by the Government of Sri Lanka and IFAD's Independent Office of Evaluation, in close collaboration with IFAD's Asia and Pacific Division (APR).

IFAD and Sri Lanka have had a strong, strategic partnership over the last four decades. Since 1978, IFAD has supported 18 projects in Sri Lanka with a total value of US\$ 576 million. Sri Lanka has of course changed significantly over that period and made great progress: the country has overcome major internal setbacks both political (civil war) and natural (Tsunami and floods in 2017) and is now on a steady trajectory for economic growth. The Government's vision to make Sri Lanka a hub in the Indian oceanic region and its commitment to development is evident through the strong investments that have been made over the years to strengthen infrastructure, social sectors and services.

While the progress is commendable, more than 80% of Sri Lanka's population lives in rural areas (the largest share in South Asia), and while the agriculture sector makes a relatively small contribution to the country's GDP (under 9%), more than 40% of the country's land is agricultural. There is therefore a large potential for the country to diversify and expand its agriculture production for exports and high-value commodities. The enabling environment in the country with a largely market oriented economy and active private sector can further contribute to the country's untapped potential in the agriculture sector.

But Sri Lanka is also highly prone to weather related disasters including drought and flash floods. It is estimated that around 19 million people in Sri Lanka are living in areas that could be threatened by these climate related shocks. This vulnerability to climate predominately affects the smallholder farmers and re-emphasizes the urgency and the need to invest in climate-smart agriculture.

As has been noted in the evaluation, IFAD and the Government have been successful in supporting smallholders in improving their livelihoods and connecting them to markets, working through public-private producer partnerships. A strong focus of the programme has also been on climate

resilience, and many lessons are reflected in the current and upcoming portfolio.

IFAD is committed to providing tailored financial, technical and operational support to the Government of Sri Lanka as it transforms its economy, and in support of the objectives of Agenda 2030 and the Sustainable Development Goals.

For instance, to complement financing of investment projects and programmes, IFAD plans to devote greater attention to knowledge sharing from its global experiences, policy dialogue, south-south and triangular cooperation, and transparency and results measurement to inform evidence-based policy and sound investment decisions. These are all areas that have been identified in the evaluation as relatively weaker performing and areas that will be a focus for IFAD's engagement in Sri Lanka going forward.

We are also strengthening our expertise and support through the lending portfolio on areas that are increasingly important and relevant to the Sri Lankan context including women's empowerment and gender equality, youth inclusion, private sector engagement, climate change and nutrition.

I was pleased to see some of the positive results that the evaluation has

captured on these elements but am also cognizant that we need to collectively do more to achieve Agenda 2030.

IFAD is also aiming to strengthen its partnership with the government and other actors to become an assembler of development finance in Sri Lanka. While IFAD has developed a strong and meaningful partnership with the Government, we recognize that there is space for us to do more with other partners. The evaluation notes that while the Government's contribution through domestic co-financing has been steady and is a strong sign of their commitment to agriculture development, international co-financing has been declining. We recognize that IFAD needs to continue engaging with other development partners to crowd in investments in agriculture and leverage the strong public private producer partnerships model which has been pioneered in Sri Lanka.

Another important dimension of the evolving business model relates to IFAD's organizational decentralization through which it is consolidating and strengthening its presence in Sri Lanka through its South Asia hub in Delhi, to further enhance the proximity of our assistance and strengthen dialogue not only with the country but also more generally in the region. I am confident that this will address some of the areas that have been highlighted in the evaluation including IFAD's weaker performance.

I am pleased to note that the evaluation reaffirms the relevance of IFAD and the Government's ongoing work in the country and provides substantial direction in the development of the new country strategy . I am re-assured to see that the Government and IFAD have jointly agreed to them and have developed an extensive action plan to address them through the agreement at completion point both through the ongoing portfolio and the future country strategy.

Key priorities for us going forward will be to strengthen climate resilience for smallholders, strengthen engagement with the private sector to ensure great market linkages and value addition, improve our targeting and geographic prioritization and strengthen our non-lending activities in the country.

Before I conclude, I would like to mention that, for us, the work of our Independent Office of Evaluation – or IOE -- is essential. I personally look forward to the rich discussion that is expected from today's workshop which will help us to reflect on the key challenges, priorities and way forward. Therefore, I would like to thank Mr. Oscar Garcia and his team for this evaluation and for bringing us together to discuss the future strategic direction of our engagement.

Finally, let me take the opportunity to thank the Government of Sri Lanka and in particular all our partners from the Department of External Resources, the Department of National Planning, Presidential Secretariat, Ministry of Plantation and Industries, Ministry of Agriculture, Central Bank of Sri Lanka as well as our smallholder farmers for their hospitality and continued support to IFAD and to promoting sustainable rural development in the country and beyond. I also wish to thank all our development partners for their collaborative support as we collectively work to contribute to the country's agricultural and rural development priorities. Thank You.