

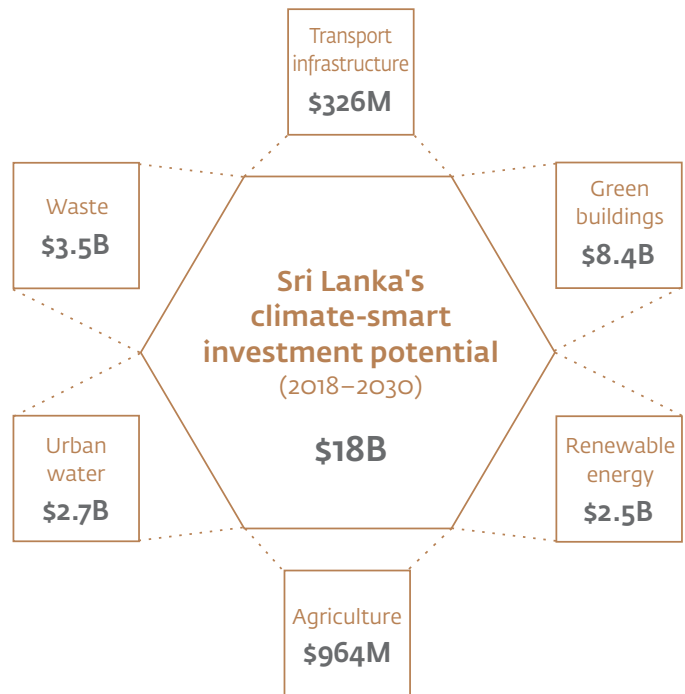
Climate Investment Opportunities in South Asia

Sri Lanka



Sri Lanka has come out of a 30-year civil war with a strong policy focus on reconstruction and growth and is transitioning towards an urban-based manufacturing and services-driven economy.

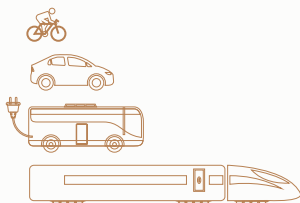
The government has emphasized the need for sustainable, resilient development, launching a Vision for a Sustainability Era initiative as part of its Sri Lanka 2030 goals, which seeks to tailor the UN Sustainable Development Goals to local needs and constraints. Sri Lanka’s Nationally Determined Contribution (NDC) to the Paris Agreement comprises four areas – mitigation; adaptation; loss and damage from extreme weather events; and implementation. In addition, the government introduced a “blue-green era” development strategy in 2016 to sustainably develop its marine resources and green its growth. Sri Lanka’s Vision 2025, which outlines the government’s plans for the economy to achieve upper-middle-income status, signals its intention to **empower the private sector and attract domestic and foreign investment** and aims to establish economic corridors, meet the demand for urban housing, and improve the public transport system by encouraging public private partnerships (PPPs). The government is implementing several reforms to encourage transparency and competitiveness for private sector-driven growth.



IFC estimates a total climate-smart investment opportunity of \$18 billion in Sri Lanka from 2018 to 2030:



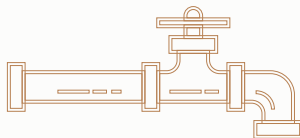
\$2.5 BILLION IN RENEWABLE ENERGY, reflecting the NDC targets for large-scale renewable energy installations as well as the country’s hydropower potential



\$326 MILLION IN TRANSPORT INFRASTRUCTURE, to catalyze a modal shift towards mass public transport



\$8.4 BILLION IN GREEN BUILDINGS, to meet the government’s policy objective of conservation and effective use of energy, as well as the country’s housing and commercial construction needs



\$2.7 BILLION IN CLIMATE-SMART URBAN WASTEWATER, to increase wastewater treatment to 64 percent and support the NDC prioritization of water and wastewater management



\$3.5 BILLION IN MUNICIPAL SOLID WASTE MANAGEMENT, in line with the NDC focus on solid waste management, bringing collection rates up to 80 percent



\$964 MILLION IN CLIMATE-SMART AGRICULTURE, for investments in improving productivity, innovative technology, and resilient seed varieties as per government priorities



Priorities for Sri Lanka to Attract More Climate-Smart Investment

The country's fiscal challenges and ambitious energy, transport, and waste management infrastructure plans, provide many opportunities for the private sector to meet investment needs, especially in urban development, industrial parks, and PPPs for large-scale project implementation. Opportunities for private investment will widen as Sri Lanka pursues deeper global economic integration through export-oriented production. Finalizing and implementing a national PPP framework, with standardized procurement processes will build investor confidence. Policy reform will be required to attract private capital to help the water and sanitation sector rehabilitate, extend service coverage, and increase operational efficiency and cost recovery. Launching and enforcing the implementation of the proposed Green Building Code and Evaluation System, supplemented by policy targets will further boost investment in green construction.

IFC Advisory and Investment Spotlights



COMMERCIAL BANK OF CEYLON PLC (2017)

In August 2017 IFC extended its long-term partnership with Sri Lanka's Commercial Bank of Ceylon, committing to a \$100 million own-account senior loan to help the bank increase its lending for renewable energy and energy-efficiency projects in the country. This is IFC's largest financing from its own account in the country. Issued over seven years, this financing will help reduce greenhouse-gas emissions, promote energy efficiency, and support the expansion of conventional and non-conventional renewable energy projects. The loan will also contribute between 7,500 and 23,250 new direct jobs, while its projects will save an estimated 165,040 tons of greenhouse-gas emissions annually. Earlier in the year, IFC extended its partnership with the bank through an advisory project to help develop its green finance business.



MAS CAPITAL PRIVATE LIMITED (2014)

In June 2014, IFC committed to providing a \$28 million own-account investment in MAS Capital Private Limited, Sri Lanka's largest export apparel manufacturer, to support the group's expansion and innovation plans. MAS Capital is Sri Lanka's largest private sector employer, with 42 facilities spread over 10 countries and a workforce exceeding 64,000. The group's operations span the entire value chain of the manufacturing process to the final product.

The project supports new investment for capacity expansions, sustainability projects, and product development, helping to improve the apparel sector's compliance with environmental standards and energy efficiency. The project will also create more employment opportunities for women in Sri Lanka.



ARPICO (2016)

In March 2016, IFC, with support from the government of Canada, committed to investing \$15 million in the Sri Lankan retail chain Richard Pieris Distributors Limited. The company's flagship brand, "Arpico" has been one of the most powerful local brands in Sri Lanka for more than 50 years, serving the community with a diverse range of products across many sectors such as manufacturing, plantations, financial services, exports, consumer goods, construction, logistics, educational services, and retail.

IFC's investment consists of a \$7.5 million loan from IFC's own account and a further \$7.5 million from the IFC-Canada Climate Change Program. The project will help the company expand its modern retail network, support job creation, and develop local supply chains. The financing will also be used to install solar panels on company store rooftops.

This investment will help create more than 800 direct new jobs and an even larger number of indirect jobs by 2020. It will also help the company adopt green building measures and promote climate-smart technologies. Rooftop solar photovoltaic installations funded through the project will help reduce greenhouse-gas emissions by 2,200 tons of carbon dioxide equivalent annually.

This factsheet summarizes details from the Climate Investment Opportunities in South Asia report, which covers Bangladesh, Bhutan, India, the Maldives, Nepal and Sri Lanka. <http://wurld.bg/PgpC30gS88e>



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