



## FACT SHEET

# The Democratic Socialist Republic of Sri Lanka

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The **Democratic Socialist Republic of Sri Lanka** is an island in the Indian Ocean, located to the south of Indian Subcontinent and to the northeast of the Maldives. Its surface area is equivalent to 65,525 Sq.km and the area excluding the inland water is 62,336 sq. km. Sri Lanka with its tear-dropped shape is dominated by the astonishingly varied features of topography, making it one of the most scenic places in the world. Sri Jayawardenepura Kotte is its administration capital and on the other hand, Colombo is its commercial capital. The total population of Sri Lanka reviewed in 2017 is 20,924,823<sup>1</sup>. Lying in the equatorial and tropical zone, Sri Lanka is influenced by the monsoons, allowing four distinct seasons.

As represented in Figure 1, Sri Lanka's CO<sub>2</sub> emissions raised from 0.228 metric tons per capita (1960) to 0.788 metric tons per capita (2013) and regarding its GDP, as shown in Figure 2, it reached 81.322 Billion US \$ in 2016.

**Figure 1: CO<sub>2</sub> emissions (metric tons per capita) and Figure 2: GDP (current US\$)**

Figure 1

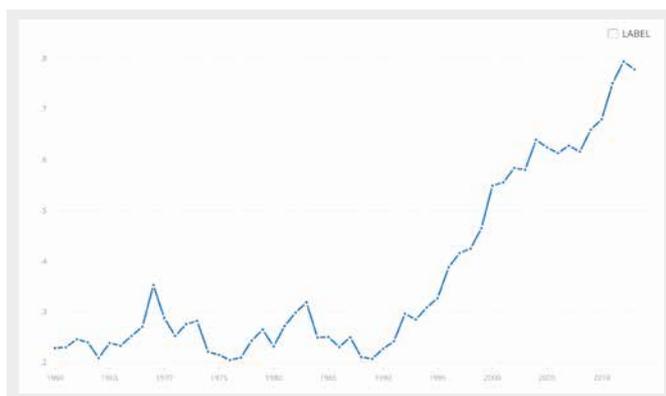
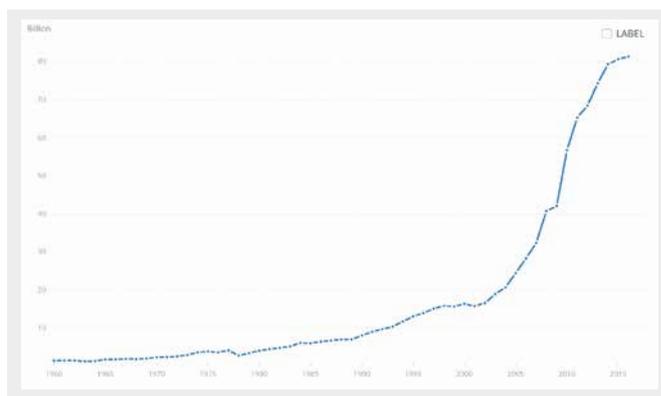


Figure 2



<sup>1</sup> Based on UN estimates; <http://www.worldometers.info/world-population/sri-lanka-population/>



Figure 3: Sri Lankan Map<sup>2</sup>



<sup>2</sup> <http://www.un.org/Depts/Cartographic/map/profile/srilanka.pdf>



While Sri Lanka proposed fair and ambitious mitigation approaches, it faces challenges to cover adaptation and loss and damage demands due to its significant climate and natural disasters impacts. Sectors such as health, food security (agriculture, livestock and fisheries), water and irrigation, coastal and marine, biodiversity, urban infrastructure and human settlement, and tourism and recreation are also identified to be crucial to be improved in order to develop Sri Lankan adaptation NDCs.

## B. NDC Funding Requirements and Gaps

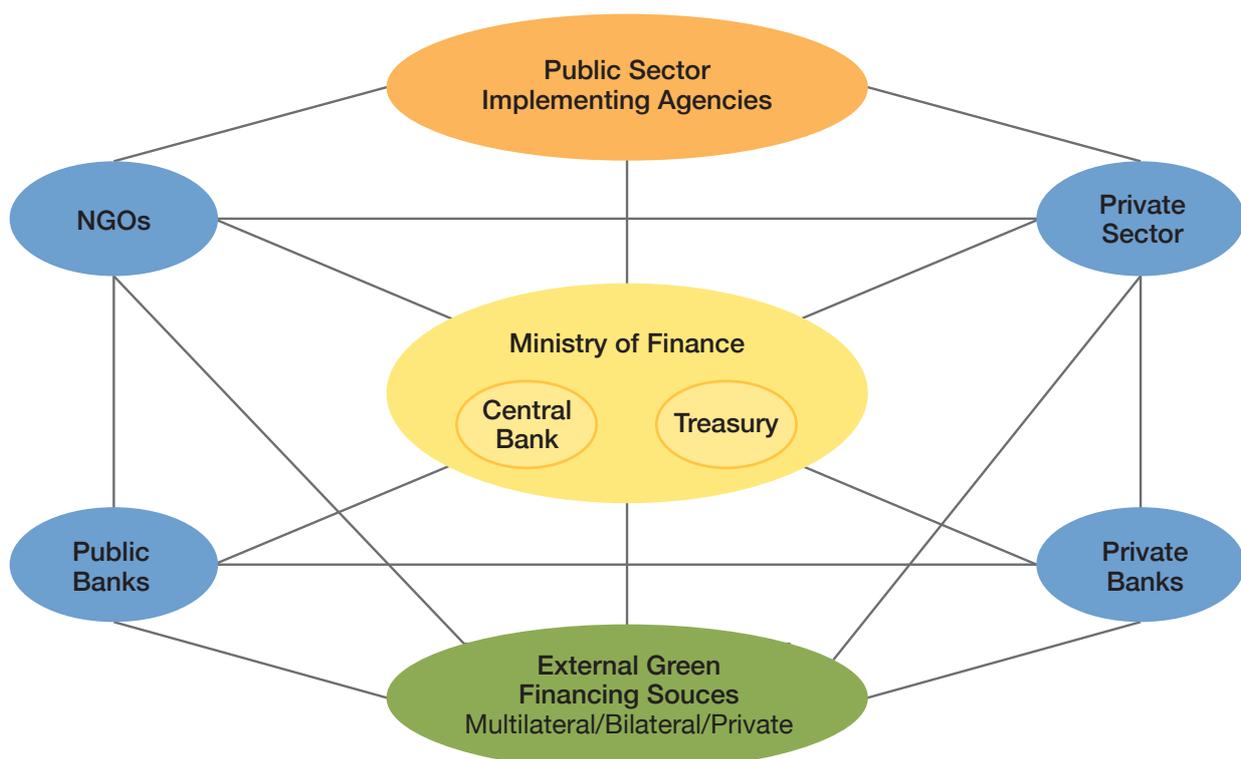
As the budget assessment for each NDC is still in progress, there is a lack of information on funding requirements and gaps. The total costs of implementing all sectors' NDCs have still not been estimated and the national capacity (unconditional) and external supports (conditional) are still to be identified in collaboration with all the agencies and affiliated institutions to each NDC. The readiness phase till 2020 is for allowing the country to prepare for the full-scale implementation of chosen NDCs. A host of groundwork and preparations need to be carried out to ensure successful implementation of NDCs to achieve the set GHG emission reduction targets by 2030. A Readiness Plan for the Implementation of the INDCs of Sri Lanka has been developed in consultation with relevant stakeholders, led by line ministries that covers the sectors identified in the NDCs of Sri Lanka. The sector specific line Ministries and other stakeholders have provided information and recommendations on the implementation of the NDCs, need of identifying policy gaps, institutional gaps, the need for improvements in human and technical capacity, as well as financial and technical support to implement the NDCs by 2020.

## 2. Climate Finance Stakeholder Mapping

### A. Mapping of National Institutions and Actors involved in Climate Financing

In Sri Lanka, there is no clear definition or collective understanding on what constitutes climate financing. There is no central depository of information on projects addressing climate change and the financing details. Commercial banks have still not been integrated adequately into financing the NDC sector, but have already entered the renewable energy financing market. However, projects financing climate co-benefits involves a wider range of stakeholders from across government agencies, the private sector, NGOs, international agencies and practitioners at the local level.

**Figure 4: Climate Financing Relationship Map**





The main focus for climate financing continues to be on external funds coming from multilateral, bilateral and private financing. For example, the Green Climate Fund has approved a USD 38.1 million grant to GOSL through UNDP for “Strengthening the resilience of smallholder farmers in the Dry Zone to climate variability and extreme events through an integrated approach to water management”. With co-financing of USD 14.0 million by GOSL, the total financing for the project will be USD 52.1 million.

## B. Role of Central Bank

The **Central Bank of Sri Lanka** as being identified as the “National Champion” in the process. The Central Bank’s 2017 Roadmap states that it will promote Green Financing through enhancing awareness to encourage enterprises to protect the environment, conserve resources and to achieve carbon neutrality. Banks will also be encouraged to provide financial facilities to green enterprises with the intention of protecting the environment. In line with the international appetite to promote green financing, the Central Bank has also joined the Sustainable Banking Network (SBN) of the International Finance Corporation (IFC), which is a knowledge and capacity building platform for financial regulators and banking associations of emerging markets on sustainable finance. As a member of the SBN, Central Bank would focus on sustainable banking practices to help banks to effectively manage environmental and social risks in the projects they finance and support businesses that are greener, climate friendly and socially inclusive.

Established in 1950 under the Monetary Law Act No.58 of 1949 (MLA), the Central Bank of Sri Lanka (CBSL) is the apex institution in the financial sector in Sri Lanka. With a view to encouraging and promoting the development of the productive resources of Sri Lanka, the CBSL is responsible for securing its core objectives of economic and price stability and financial system stability. The CBSL is also responsible for currency issue and management. In addition, the CBSL is the advisor on economic affairs as well as the banker to the Government of Sri Lanka (GOSL). On behalf of GOSL, the CBSL, as its agent, is responsible for four agency functions of (a) management of the Employees Provident Fund (b) management of the public debt of Sri Lanka (c) administration of the provisions of the Exchange Control Act, and (d) administration of foreign and government funded credit schemes for regional development.

The Central Bank of Sri Lanka undertakes the following four agency functions for the Government of Sri Lanka.

- i. Foreign Exchange Management
- ii. Public Debt Management
- iii. Regional Development
- iv. Management and Administration of the Employees' Provident Fund

Since inception, the Central Bank has been responsible for regulating the financial system of the country. Several key legislative enactments provide powers to the Central Bank to carry out its functions to achieve its primary objectives of economic and price stability and financial system stability. Under these powers, the Central Bank issues directions for the establishment and operations of all categories of financial institutions under its supervisory and regulatory purview. In addition, the Central Bank has been empowered to carry out certain agency functions under other legislative enactments.

- i. Legislative Enactments
- ii. Regulations, Directions, Rules, Guidelines, Circulars and Operating Instructions
- iii. Licensing, Registration, Appointment and Authorization Procedures



### 3. Enabling Policy Framework

Sri Lanka, a country highly vulnerable to adverse effects of climate change and very lower greenhouse gas, presents the NDCs to strengthen the global efforts of both mitigation and adaptation. In response to challenges posed by climate change, Sri Lanka has taken several positive steps by introducing national policies, strategies and actions in order to address climate change induced impacts, amongst which are the National Climate Change Policy of Sri Lanka, National Climate Change Adaptation Strategy for Sri Lanka in 2010, the Climate Change Vulnerability Profiles; Water, Health, Agriculture and Fisheries, Urban Development, Human Settlements and Economic Infrastructure in 2010, the Technology Needs Assessment and Technology Action Plans for Climate Change Adaptation and Mitigation in 2014, the National Action Plan for Haritha Lanka Programme in 2009 and Urban Transport Master Plan 2032 based on the National Transport Policy in 2009.

Further, National Adaptation Plan (NAP) for Climate Change Impacts in Sri Lanka has been developed, Nationally Appropriate Mitigation Action (NAMA) on Energy Generation and End Use Sectors is being implemented, and the NAMA on Transportation is being prepared. In addition to the aforementioned, the Long Term Electricity Generation Expansion Plan 2015-2032 and the National Solid Waste Management Strategy 2000, the Corporate Plan 2014-2018 by the Central Environmental Authority and various legal amendments made by government entities related to environment are being implemented. In addition, Forestry Sector Master Plan 1995-2020, National REDD+ Strategy are two important initiatives towards enhancing the forest cover in the country.

Following are some positive steps taken by Sri Lanka by introducing national policies, strategies and actions in order to address climate change induced impacts;

- National Climate Change Policy of Sri Lanka,
- National Climate Change Adaptation Strategy for Sri Lanka (NCCAS) in 2010,
- The Climate Change Vulnerability Profiles, Water, Health Agriculture and Fisheries, Urban Development, Human Settlements and Economic Infrastructure in 2010,
- The Technologies Needs Assessment and Technology Action Plan for Haritha Lanka Programme in 2009
- Urban Transport Master Plan 2032 based on the National Transport Policy in 2009.
- National Adaptation Plan (NAP) for Climate Change Impact in Sri Lanka developed
- Nationally Appropriate Mitigation Action (NAMA) on Energy Generation and End Use Sectors (implemented)
- NAMA on Transportation (prepared)
- The Long Term Electricity Generation Expansion Plan 2015-2032
- National Solid Waste Management Strategy 2000
- The Corporate Plan 2014-2018 (by the Central Environmental Authority and others)
- Forestry Sector Master Plan 1995-2020
- National REDD+ Strategy (to enhance the forest cover in the country)
- A separate dedicated institution titled the Climate Change Secretariat (CCS) was created in 2008.
- In order to implement NDCs, a National Climate Change Commission will be established.