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**Climate Change and Green Financing: Initiatives & Outlook in South Asia**

**Country Paper**

**SRI LANKA**

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## **1. Introduction**

Climate change is a phenomenon that is causing devastating effects to the entire world. Climate change can be referred to as long-term shifts in temperatures and weather patterns (United Nations, n.d.). Natural incidents could trigger climate change, however, since 1800s, human activities such as burning of fossil fuels which emit greenhouse gasses (GHGs) has been the main driver for climate change. As a result, it has been revealed that the global average temperature has increased by 1.8°F from 1901 to 2016 (U.S. Global Change Research Program, 2019).

### **1.1. Impact of Climate Change to Sri Lanka**

As a developing island nation, Sri Lanka is highly vulnerable to the adverse effects of climate change. Sri Lanka is among the countries that are most vulnerable to climate change-induced hazards. For example, in 2016, total population affected by floods, landslides, strong winds and lightning was 1.5 million (Disaster Management Centre, 2016). In 2017, total population affected by natural disasters increased to 3.4 million, in which drought-affected population being 2.4 million (Disaster Management Centre, 2017). According to a research conducted in 2016, it was revealed that many areas of Sri Lanka will experience future changes in temperature, rainfall, evaporation, and sea level rise, and it will affect a range of sectors, including agricultural production of important export crops (EconomyNext, 2016). In 2018, reportedly 126,000 people from 20 districts have been affected with 29 fatalities due to heavy rains, strong winds, lightning, and landslides (Global Water Partnership, 2018). Floods occurred by heavy rains in June 2021, took the lives of at least 17 people and affected more than 270,000 people (Reuters, 2021). Droughts, floods, and other extreme weather linked to climate change have heavily affected the agriculture sector in the country and a large number of farmers are heavily indebted and loss of livelihood. This has led the rural population, whose main livelihood is farming, migrating to urban areas of the country looking for employment, and data shows that approximately 20 per cent of the population has become internal migrants (Reuters, 2017). As an island nation, Sri Lanka possesses a coastline of about 1,600 km and many engage in the industry of fisheries. However, climate change has affected the availability of fish and people engaged in the industry struggle to make a living. Furthermore, it was reported that the air quality in the country deteriorated to

unhealthy levels in December 2022, affecting daily activities of thousands of people (EconomyNext, 2022).

As a result of such disasters, Sri Lanka has consistently been placed among the top ten countries at the risk of extreme weather events by the Global Climate Risk Index (GERMANWATCH, n.d.). In 2021, Sri Lanka was ranked 30<sup>th</sup> in the Global Climate Risk Index however, the country was ranked 4<sup>th</sup> in 2016, 2<sup>nd</sup> in 2017, 6<sup>th</sup> in 2018, indicating how vulnerable the country is to the effects of climate change. Furthermore, United Nations reported that recurring disasters in the country have caused damages of nearly USD 7 billion recorded between 1990 to 2018, however in reality, the damages are far greater when the unrecorded damages are factored as well (UN Office for Disaster Risk Reduction, 2019). Moreover, the World Bank states that natural disasters are costing the country Rs. 50 billion or around 0.4 percent of gross domestic product (GDP) in damages every year (EconomyNext, 2020). Therefore, it is undeniable that climate change has devastating effects on Sri Lanka, both economically and socially.

## **1.2. International Involvement in Facing Climate Change**

Having realized these climate-related issues and their consequences, Sri Lanka recognized the importance of taking immediate action to tackle climate change. According to research, the country could face a 1.2 per cent loss of annual GDP by 2050, if measures are not taken to address climate change (Asian Development Bank, 2014). In order to actively involve in the global efforts to battle climate change, Sri Lanka became a signatory in the United Nations Framework Convention on Climate Change (UNFCCC) and its two agreements, Kyoto Protocol, and the Paris Agreement. The country is also committed to achieving the 2030 Agenda, which comprises the Sustainable Development Goals (SDGs). SDG 6, 7, 12, 13, 14 and 15 are considered environmental SDGs which are directly linked to the mandate on climate change and green financing.

## **2. National Strategies to Face Climate Change**

Providing national level commitment to achieve sustainability and ensure climate resilience, Sri Lanka became the first country to appoint a Parliamentary Select Committee on the United Nations 2030 Agenda for Sustainable Development, which was established in October 2016 (Parliament of Sri Lanka, n.d.). The Select Committee has been mandated to make recommendations to ensure

that the UN 2030 Agenda for SDGs is achieved in Sri Lanka with the technical support of the UNDP.

Supplementary to the international frameworks, Sri Lanka has designed several policies and strategies in order to face climate change and facilitate sustainable development of the country. As early as 2003, the country's national environmental policy and strategies referenced the terms "climate change", "greenhouse gas emissions", and "renewable energy". Since then, several policies and strategies have been established to move Sri Lanka towards climate resilience. Several of those major frameworks are as follows:

### **2.1. Nationally Determined Contributions (NDCs)**

NDCs embody efforts by each country to reduce national emissions and adapt to the impacts of climate change (UNFCCC, n.d.). Sri Lanka submitted its initial NDCs in September 2016 as a country that ratified the Paris Agreement. NDCs of Sri Lanka demonstrates Sri Lanka's climate change mitigation commitments and adaptation needs, loss, and damage, and means of implementation in each sector. Accordingly, the country focuses on building the resilience of agriculture, fisheries, livestock, health, water, biodiversity, coastal and marine, tourism, urban planning, and human settlement sectors. In the updated NDCs of 2021, Sri Lanka commits to increase its forest coverage to 32 per cent by 2030 and reduce greenhouse gas emissions by 14.5 per cent for the period of 2021 to 2030 from power, transport, industry, waste, forestry, and agriculture. In order to realize these targets, the country further commits:

- to achieve 70% renewable energy in electricity generation by 2030.
- to achieve Carbon Neutrality by 2050 in electricity generation.
- no capacity addition of Coal power plants.

In the updated NDCs, Sri Lanka has advanced its objective of achieving Carbon Neutrality from 2060 to 2050, which provides evidence to the level of commitment the country is providing towards climate resilience (Ministry of Environment, 2021).

## **2.2. National Adaptation Plan (NAP) for Climate Change Impacts in Sri Lanka (2016 – 2025)**

Adaptation is a key strategy available for facing the impacts of climate change. Climate adaptation is widely defined as actions taken to moderate, cope or take advantage of experienced or anticipated changes in climate. The NAP covers adaptation needs at two levels, namely; adaptation needs of key vulnerable sectors and cross-cutting national needs of adaptation. Nine vulnerable sectors were identified in the Plan:

- food security    ○ water
- coastal sector            ○ health
- human settlements    ○ biodiversity
- tourism and recreation            ○ export development
- industry- energy-transportation

The major goals of NAP are:

- Raising the adaptive capacity of individuals, communities, and society to cope with impacts of climate change effectively.
- Reducing the vulnerability to climate risks by enhancing the resilience of communities and ecosystems.
- Capturing any opportunities that arise due to changes for maximum gain to the society and people. (Climate Change Secretariat, Ministry of Mahaweli Development & Environment, 2016)

## **2.3. National Climate Change Policy of Sri Lanka (NCCP)**

NCCP was developed in 2012 to provide guidance and directions for all the stakeholders to address the adverse impacts of climate change efficiently and effectively. The policy is based on the followings principles:

- Threat of climate change is imminent and timely actions are necessary to mitigate and adapt.
- Actions to address climate change need to be environmentally, nationally, socially, and economically sound.

- Sustainable consumption is paramount in addressing climate change.
- Ecosystems stability needs to be ensured.
- Shared vision and shared responsibility are necessary to address climate change.
- Precautionary principles shall be followed in the absence of scientific based evidences in decision making. (Ministry of Mahaweli Development & Environment, 2012)

### **3. Policy Initiatives by the Central Bank of Sri Lanka**

Central Bank of Sri Lanka (CBSL) as the apex financial institution of the country, operates with the dual mandate of maintaining price stability and financial system stability. In recent years, due to multiple natural calamities including severe drought conditions, flash floods and crop damages due to weather changes have impacted the financial system through defaulting of loans taken for agriculture related activities, etc. At the same time, crop damages arising from climate change results in supply side driven inflation. These impacts not only hinder the economic growth of the country but adversely impact the attainment of the objectives of CBSL as the general price levels and the health of financial institutions come under threat.

Considering the multiple challenges to be faced in terms of climate change, CBSL initiated its green journey in 2016, as a pioneering institution in the financial sector by joining the International Finance Co-operation (IFC) backed Sustainable Finance Network (SBFN) which is comprised of 63 member countries to date, accounting for 86 per cent of the total banking assets in the emerging markets. At present, 77 institutions are members of SBFN engaged in developing sustainable finance infrastructure and human capacities in their respective jurisdictions. As a SBFN member, CBSL announced in the “Roadmap 2017-Monetary and Financial Sector Policies for 2017 and Beyond” that it would focus on sustainable finance practices to help financial institutions effectively manage environmental and social risks by financing and supporting businesses that are greener, climate friendly and socially inclusive, promoting sustainable finance in Sri Lanka. In 2016, CBSL appointed a Steering committee to facilitate developing the Sustainable Finance Roadmap for the financial sector in Sri Lanka through an inclusive and multi-stakeholder process. Further, a Stakeholder Committee with the participation of multiple authorities outside CBSL who are directly and indirectly engaged in activities that are related to green finance. A Technical committee is also in place representing members from internal departments of CBSL to assist the actions of the Steering Committee.

### 3.1. Roadmap for Sustainable Finance in Sri Lanka

With the technical assistance of IFC and financial assistance of UNDP via Biodiversity Finance Initiative (BIOFIN), CBSL launched the Roadmap for Sustainable Finance in Sri Lanka in 2019. This Roadmap sets out plans to develop sustainable finance in Sri Lanka, aiming to provide guidance and support to financial institutions to effectively managing environmental, social and governance (ESG) risks associated with projects they finance and increase support to businesses that are greener, climate-friendly, and socially inclusive.

The specific objectives of the Roadmap are to:

- Bring policy cohesiveness across ministries, CBSL, other financial regulators, and financial sector participants and address specific Economic Social and Governance (ESG) issues.
- Enhance resilience of financial institutions and enable them to grow and develop in a sustainable manner through effective ESG risk management.
- Facilitate green/climate finance products and services innovation to mobilize predominantly private capital for sustainable investment, making available the financial resources required for Sri Lanka to achieve the SDGs.

The Roadmap proposes a series of strategic activities to implement sustainable finance in Sri Lanka. These activities revolve around six key focus areas:

- **Financing VISION 2030:** The Sustainable Sri Lanka Vision and Strategies 2030 sets out short-, medium and long-term economic, social, and environmental goals. Achieving these goals to transit towards a green, inclusive, and balanced economy in Sri Lanka requires large investments from the financial sector.
- **ESG Integration into Financial Market:** Financial institutions face technical barriers when implementing sustainable finance. It is critical to provide operational tools to strengthen ESG disclosure and mainstream ESG issues throughout financial institutions' risk management and decision-making processes. ESG data act as a fundamental of sustainable finance. Information asymmetry is one of the main obstacles to developing and implementing a sustainable financial system.



- **Financial Inclusion:** Sri Lanka has identified financial inclusion as one of the priorities to achieve sustainable economic development. The country has made considerable progress in financial inclusion as there is high level of physical access to financial institutions with more branches opening up in rural areas. In 2021, CBSL launched the National Financial Inclusion Strategy (NFIS) which is expected to increase the country's financial inclusion by providing a long-term, comprehensive, and well-coordinated approach for all the strategy's stakeholders. Several stakeholders have contributed to the NFIS, led by CBSL, and with technical and financial assistance from IFC in partnership with the Government of Australia. However, there remain challenges in increasing financial literacy and financial awareness to enable clients to use financial services effectively and in improving payments and settlement systems. Limited or no access to the formal financial sector is still faced by micro, small and medium enterprises (MSMEs), low-income households, youth, and women.
- **Capacity Building:** Adequate expertise and capacity is needed by all, including the regulator, to ensure the implementation of sustainable finance. On one hand, there is a need to facilitate technical training and capacity building among key stakeholders in ESG risk management and opportunities. On the other hand, new green products and technologies evolve quickly and expertise is needed to assess their viability.
- **International Cooperation:** Leveraging international partnerships could help accelerate collective progress of sustainable finance in Sri Lanka, in line with international practices and Sri Lanka's development needs.
- **Measurement and Reporting:** Tools and mechanism to tag sustainable assets could help track the total public and private sustainable finance flows in the country, monitor and evaluate effectiveness of measures that have been introduced, and identify areas for market and regulatory improvement.

### 3.2. Sri Lanka Green Finance Taxonomy

The Sustainable Finance Roadmap called for establishment of a clear and detailed taxonomy for sustainable activities to create a common language for all actors in the financial sector. Green finance taxonomy (or green taxonomy) defines and categorizes economic activities that can be

considered environmentally sustainable. In 2020, led by the CBSL, the Securities and Exchange Commission, and the Insurance Regulatory Commission, an inter-regulatory committee was formed, with the Ministry of Environment also invited to join. CBSL also formed an internal committee involving different functions, including bank supervision, supervision of non-bank financial institutions, macroprudential surveillance, economic research, and public debt as part of the initiative. Since September 2021, IFC has engaged international technical experts involved in the development of the International Platform on Sustainable Finance's (IPSF) Common Ground Taxonomy to work with local experts engaged by the CBSL to help devise the Sri Lanka Green Finance Taxonomy based on local best practices and international consensus. The work was facilitated through SBFN and supported by the IFC Green Bond Technical Assistance Program (GB-TAP). In May 2022, CBSL successfully launched Sri Lanka Green Finance Taxonomy.

Sri Lanka Green Finance Taxonomy is a critical tool to guide investors, companies, and greenbond issuers navigate the transition to a low-carbon, climate-resilient, and resource-efficient economy. A set of clearly identified guiding principles for taxonomy is a cornerstone of the document to ensure usability, clarity, and close alignment with Sri Lanka's sustainable finance roadmap.

The substantive body of the taxonomy is a list of economic activities with a set of criteria for determining whether an activity aligns with the country's primary environmental objectives. The Technical Expert Committee articulated the following objectives after considering the EU and China's taxonomies as well as Sri Lanka's national policies and plans:

- Climate change mitigation
- Climate change adaptation
- Pollution prevention and control
- Ecological conservation and resource efficiency (covering costal and marine resource, land and water resource, biodiversity, and ecosystems).

While all environmental objectives will ultimately be covered in the Sri Lanka Green Finance Taxonomy, three priorities were identified in this phase:

- **Climate mitigation.** This covers key sectors and activities of the Sri Lanka economy where there is scope to reduce emissions in accordance with international criteria.

- **Climate adaptation.** Sri Lanka is a low-emitting country, so climate adaptation and resilience are priorities at the local level. Climate adaptation activities have been included where possible.
- **Other green objectives.** While it was not possible to cover all other environmental objectives for this phase, important ecological conservation, resource efficiency, and pollution control activities were included on a best-effort basis. These could be further expanded by CBSL in future iterations.

The taxonomy can be made mandatory or voluntary for different user groups for a period to allow each group to adapt to the changes over time.

The taxonomy shall be applicable to all domestic and foreign market participants offering financial products (such as bank lending, debt instruments, portfolio management, and investment funds), large corporations, as well as national and local government bodies. It can also be used as a reference by the industrial planning authorities and serve as the basis for local governments to support green industries. Financial institutions shall use the taxonomy in issuing green financial products:

- **Offering of green loans:** Banks are required to refer to the taxonomy to “identify and tag” their green-loan assets, which aggregate to their green credit or loan statistical data at the bank level, before submitting the information (which can be embedded into an existing loan activity reporting framework) to financial regulators to track their annual performance. The green loans do not need to be verified by an external third party unless (a) the technical analysis of the green project is beyond the bank’s capability and requires external technical experts, (b) the client voluntarily seeks an external reviewer to verify the green loan for branding purposes or (c) the bank wants to securitize the loan and sell it to the capital market.
- **Issuance of green bonds:** The International Capital Market Association’s Green Bond Guidelines require a detailed explanation on “the use of proceeds”—that is, how proceeds from the bond issuance of eligible green projects will be used. A third-party technical review is a recommended best practice to enhance the credibility of the green bond to be issued. The Climate Bonds Initiative provides a standard and certification scheme and

maintains a network of local verifiers who provide assurance reports for climate bonds. In the case of China, the Green Bond Standards Committee, overseen by the National Association of Financial Market Institutional Investors, began evaluating and maintaining a list of third-party verifiers last year to monitor the quality of green finance products. In September 2021, the committee issued trial rules on how green-bond certification agencies should operate to enhance the quality of evaluation and certification of such bonds as well as to promote their development in a regulated manner.

- **Establishing a sovereign or sub-sovereign green fund:** The investment target screening process will strictly follow the green taxonomy and may add more technical details under each type of projects or activities covered in the taxonomy.
- **Information disclosure and sustainability reporting:** Sustainability disclosure and reporting related to green investments by financial or non-financial corporations should adhere to the taxonomy.
- **External verification:** In the bond market, a second or third-party verifier either provides certification or a second opinion. The external verifier would be the party assessing a bond or a loan against a taxonomy. The lack of local verifiers can be a barrier to market growth; therefore, capacity building among potential institutions may be part of the next phase of this work.

Based on the stakeholder engagement from multiple sectors including Licensed banks, Licensed Finance Companies, Ministry of Finance, Ministry of Environment, Ministry of Agriculture and Industries, Sustainable Development Council, Securities and Exchange Commission, Insurance Regulatory Commission, Audit firms, etc., the following priority sectors of the economy were identified for classifying the green activities;

- Agriculture
- Manufacturing
- Construction
- Forestry
- Tourism and recreation
- Transportation and Storage

- Electricity, gas, steam, and air-conditioning supply
- Water supply, sewerage, and waste management

#### **4. Voluntary Initiatives by the Financial Sector**

In Sri Lanka, voluntary, industry-led initiatives have been implemented to promote sustainable finance. Early in 2015, the Sri Lanka Banks' Association (SLBA) launched the Sri Lanka Sustainable Banking Initiative (SL-SBI) with the aim to jointly agree upon minimal standards or principles for integrating environmental and social considerations into operations and to implement these standards among the signatory banks. Under the Initiative, SLBA issued voluntary Sustainable Banking Principles, setting a general framework on how the Sri Lankan banking sector can conduct business to facilitate more sustainable economic growth locally. Eighteen banks have signed up, committing to mainstream environmental and social consideration into operation. In the same year, the Colombo Stock Exchange (CSE) joined the UN Sustainable Stock Exchanges (SSE) Initiative. In 2018, the CSE provided guidance to its market on sustainability reporting by launching a publication titled "Communicating Sustainability".

In parallel, financial regulators started to take the lead through policy-based initiatives for sustainable finance. In 2016, CBSL joined the IFC-supported SBFN, which consists of central banks, banking regulators and banking associations from 36 member countries, representing 85 percent of banking assets in emerging markets. As an SBN member, the CBSL announced in the "Roadmap 2017-Monetary and Financial Sector Policies for 2017 and Beyond" that it would focus on sustainable finance practices to help financial institutions effectively manage environmental and social risks in the project they finance and support businesses that are greener, climate friendly and socially inclusive, promoting sustainable finance in Sri Lanka.

#### **5. Guidance to the Financial Sector from CBSL**

Considering the national importance of promoting sustainable financing initiatives and the need for providing a governance and risk management framework for licensed banks in respect of sustainable finance activities, the Monetary Board of CBSL issued a Direction<sup>1</sup> in 2022 on

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<sup>1</sup>

[https://www.cbsl.gov.lk/sites/default/files/cbslweb\\_documents/laws/cdg/Banking\\_Act\\_Directions\\_No\\_5\\_of\\_2022.pdf](https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/laws/cdg/Banking_Act_Directions_No_5_of_2022.pdf)

Sustainable Finance activities in licensed commercial banks and licensed specialized banks, with a view to facilitating a sustainable economy and promoting the sustainable finance practices of licensed banks, in line with Sustainable Finance Road Map.

Based on the priority sectors identified in the Green Finance Taxonomy, activities of the licensed banks could be classified as sustainable. Clear roles and responsibilities of the Board of Directors and the senior management on overseeing of the bank's environmental and social risks and sustainable business activities should be established and Licensed banks shall incorporate ESG risk management to the entire decision-making processes, including environmental and social

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policies, risk assessment, environmental and social covenants. Banks are expected to build capacity on Sustainable Finance activities going forward providing adequate training for staff members. Further the banks are required to disclose measures and policies adopted towards sustainable finance activities in their periodic financial publications.

A similar guideline<sup>2</sup> was issued by CBSL in 2022 for the Licensed Finance Companies to categorize green loans as specified in the Taxonomy.

## **6. Challenges for Greening the Financial System**

- **Accreditation to avoid Greenwashing:** At present, issuers of green finance instruments and aspirants of financing for their green projects in Sri Lanka have limited options in terms of obtaining a third party verification/ certification for the 'green' aspect of their related instrument or product. Green Building Council of Sri Lanka provides accreditation for buildings constructed in line with green principles followed globally for construction of buildings. However, for other sectors, locally established accreditation is a necessity. This will not only improve transparency and trust between the parties but also will avoid greenwashing in terms of green projects being financed.

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<sup>2</sup>

[https://www.cbsl.gov.lk/sites/default/files/cbslweb\\_documents/laws/cdg/snbfi\\_letter\\_to\\_ceos\\_of\\_lfc\\_20221129\\_e.pdf](https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/laws/cdg/snbfi_letter_to_ceos_of_lfc_20221129_e.pdf)

- **Gaps in institutional co-ordination:** Since the launching of the national environmental policy in 2003, various initiatives have been taken in isolation by multiple authorities and other stakeholders to address climate change impact and promoting sustainable finance. However, it was observed that lack of integration among various stakeholders has led to duplication of work and continuity issues due to bottlenecks. Therefore, co-ordination between various authorities and a harmonized approach in tackling climate related issues is essential in going forward.
- **Access to external funding owing to unfavorable economic conditions:** Sri Lanka is experiencing the most severe economic downturn in its post-independence history with a debt standstill in effect, foreign exchange shortage and escalated domestic inflation which have adversely impacted multiple sectors of the economy. Attracting funds for green projects from potential external parties is still a challenge to be faced. However, the country

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is gradually improving in terms of reserve position, exchange rate and inflationary conditions. Hence, we are hopeful that external funding for green projects will gain momentum in future.

- **Knowledge and capacity gaps:** Since the policies and products related to climate change and green finance gained momentum in the recent years, the knowledge and capacity in the related fields of the country has considerable gaps as opposed to the developed countries. International agencies such as IFC, UNDP, and UNESCAP have contributed immensely in terms of providing capacity building opportunities for the officers and multiple stakeholder groups engaged in sustainable finance related disciplines. Filling these knowledge and capacity gaps will be crucial in successful implementation of the Sustainable Finance Roadmap in the country as well as popularizing sustainable products in the market.
- **Structural rigidities related to implementation of the policies:** In terms of implementing national level policies, rigidities in the administrative and legal structures always create bottlenecks which will hinder timely execution. With proper co-ordination between the authorities and other stakeholders and by maintaining transparency in the decision making process these rigidities could be minimized. However, in the present context such structural rigidities act as barriers to implementation of policies for greening the financial system.

## **7. Way Forward**

Sri Lanka is faced with two major challenges; successful debt restructuring and transitioning to green energy according to H.E. the president Mr. Ranil Wickremesinghe. It is his vision to place Sri Lanka at the forefront of green economic policy and become a pioneer in the region for adopting a green economy. Accordingly, Ministry of Environment, Ministry of Power and Energy, and Climate Change Office are working together to introduce a green economic policy focused on renewable energy with an ambitious timeline of two months.

Complementing the Presidents vision on popularizing green economy, Ministry of Finance in collaboration with UNESCAP and other financial sector regulators including CBSL designed a Green Bond Framework for the issuance of Green/ Blue Sovereign bonds. Even though the currently is under a debt standstill, the government is hopeful that once these restrictions are lifted such framework will be useful in facilitating issuance of green/ blue bonds and/or to enter into Debt-for-Nature swap agreements with international parties that will further strengthen the country's forex position.

CBSL is also engaged in reviewing the Roadmap for Sustainable Finance in Sri Lanka with the intention of updating the action items in line with the latest developments both domestically and internationally. IFC, UNESCAP and other agencies are in continuous dialogue for providing further assistance in terms of capacity building and technical assistance to develop the framework and the taxonomy.

Securities and Exchange Commission (SEC), with the assistance of ADB and involvement of the Colombo Stock Exchange (CSE) introduced a similar green bond framework for the issuance of corporate bonds. Certain banks and corporates have already issued green bonds which were listed on international stock exchanges such as Luxembourg Green Exchange however introducing a framework for CSE will encourage corporate sector to increase their exposure into green finance and also to contribute more towards becoming responsible corporate citizens in terms of environmental sustainability.

Coupled with implementation of IMF program and successful debt restructuring, the government of Sri Lanka is hopeful that the investor confidence will be restored, and such investments will contribute towards combatting climate change in future. This will rejuvenate the country's drive



towards attainment of SDGs and re-alignment to the Paris agreement in terms of fulfilling NDCs within the set timelines.

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