Terms of Reference
Sri Lanka Sustainable Finance Roadmap

A. Objectives/Purpose of Assignment

Background:
The Sri Lanka Banks’ Association (SLBA) launched a set of voluntary Sustainable Banking Principles in 2015. 18 banks have signed up, committing to mainstream environmental and social consideration into operation. In the same year, Colombo Stock Exchange joined Sustainable Stock Exchanges Initiative. In 2016, the Central Bank of Sri Lanka (CBSL) joined the IFC-supported Sustainable Banking Network (SBN) which consists of banking regulators and banking associations from 35 member countries, representing 85% of banking assets in emerging markets. 17 SBN member countries have launched sustainable finance/banking policies, principles or roadmap. CBSL is interested in understanding global and regional experience in developing sustainable finance and exploring a Roadmap suited to Sri Lanka.

On Feb 28, 2017, CBSL organized the first Sustainable Finance Workshop in partnership with IFC/SBN. The workshop was participated by 160 senior representatives from the government and the financial sector. The H.E. President Maithripala Sirisena attended the workshop as a keynote speaker. He stressed the important role of the financial sector can play to help country tackling the most urgent development challenges – from environmental conservation to poverty, and help finance the Sustainable Developed Goals (SDGs). His presence demonstrated a strong political will to advance sustainable finance as a long term country priority. The Governor of CBSL confirmed the objective of the Roadmap is to help financial institutions effectively manage environmental and social risks associated with the projects they finance and increase support to businesses that are greener, climate-friendly and socially inclusive. The Bank CEOs actively participated in the consultation of the sustainable finance roadmap development. An internal CBSL Task Force and an external Working Group has been set up to lead the Sustainable Finance Roadmap development. The working group comprises CBSL, Ministry of Environment, SLBA, 3 CEOs from commercial, state-owned and international banks respectively, and IFC/SBN.

In the South Asia region, SBN members have been demonstrating a significant increase in policy leadership and actions. The Central Bank of Bangladesh (BB) launched the Environmental and Social Risk Management Guidelines, a measurement tool, in 2017; The Reserve Bank of India launched a Circular to promote CSR and Sustainable Development and Non-financial reporting in 2007, followed by the India Bankers’ Association launching the “Responsible Financing Principles” in 2017; The Nepal Central Bank (NRB) recently launched its Environmental and Social Risk Management Guidelines. And the Indonesia Financial Services Authority (OJK) launched a comprehensive sustainable finance roadmap for banking, capital market and non-bank financial

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1 As of June 2018.
In 2014, IFC provided strategic and technical advisory services to support the development of those country-specific policies/guidelines and to harmonize them with international good practices, in particular IFC Performance Standards and Equator Principles. This development highlights an emerging positive dynamic of market-based actions and policy leadership to support the SDG implementation and to increase the allotment of sustainable businesses and industries in portfolios of emerging market banking institutions.

**Objectives:**

With the support of IFC and UNDP, CBSL is now seeking a consulting firm to support the development of a comprehensive Sustainable Finance Roadmap for Sri Lanka. The Roadmap will build on sustainable finance initiatives taken by CBSL, Sri Lanka banks and/or financial institutions so far, leverage relevant international good practices and translate commitment into actionable plan for the Sri Lanka financial market players.

**B. Scope of Work**

**I. Support CSBL to develop the Sustainable Finance Roadmap outline**

- Review relevant national strategies and existing sustainable finance policies and practices in Sri Lanka, including but not limited to: national strategy on sustainable development or green growth, national strategy on climate change, SLBA’s sustainable banking principles and implementation results if available;
- Identify the needs of Sri Lanka for sustainable finance and the international best practices and trends that fit and benefit Sri Lanka most, including but not limited to relevant sustainable finance roadmap launched by SBN members such as Indonesia and Morocco;
- Draft the Roadmap outline for consultation purpose, including core pillars identified for sustainable finance development;
- Support CSBL Taskforce and the Sustainable Finance working group to implement multi-stakeholder consultation, incorporate feedbacks received and to agree on the Roadmap outline.

**II. Support CSBL to draft the Sustainable Finance Roadmap based on the agreed outline**

- Make comprehensive recommendations on the core pillars as agreed in the outline;
- Propose action plans and timelines for the Roadmap implementation, covering regulators and different market players.

**III. Support the consulting process of the Sustainable Finance Roadmap**

- Support the CBSL Taskforce and the Sustainable Finance working group in the consultation process of the Roadmap among key stakeholders in the market;
• Track and collect feedbacks from leading experts from the banking and regulatory/supervisory communities (via the Sustainable Banking Network members) on different Roadmap drafts;
• Document all feedbacks and inputs of this process and reflect into the Roadmap draft.

C. Location

This assignment will be mainly in Colombo, Sri Lanka. International consultants can work away from Colombo but may need to travel to Colombo for consultation sessions if needed.

D. Timeline

<table>
<thead>
<tr>
<th>Task</th>
<th>Timeline</th>
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<tbody>
<tr>
<td>Start of documents review and analysis</td>
<td>July 1, 2018</td>
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<tr>
<td>Draft outline of the Roadmap is developed</td>
<td>July 31, 2018</td>
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<tr>
<td>Draft outline of the Roadmap is consulted and approved by CBSL</td>
<td>August 30, 2018</td>
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<tr>
<td>First draft Roadmap is developed</td>
<td>October 15, 2018</td>
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<tr>
<td>Consultation of draft Roadmap led by CBSL</td>
<td>November 15, 2018</td>
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<tr>
<td>Second draft Roadmap incorporating consultation feedbacks</td>
<td>November 30, 2018</td>
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<tr>
<td>CBSL approves and launches the Roadmap</td>
<td>December 2019</td>
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E. Deliverables

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<tr>
<th>Deliverables</th>
<th>Timeline</th>
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<tbody>
<tr>
<td>Draft outline of the Roadmap submitted</td>
<td>Jul 31, 2018</td>
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<tr>
<td>Final outline of the Roadmap reflecting CBSL input and incorporating consultation feedbacks</td>
<td>Aug 30, 2018</td>
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<tr>
<td>First draft of the Roadmap submitted</td>
<td>October 15, 2018</td>
</tr>
<tr>
<td>Second draft Roadmap submitted reflecting CBSL input and incorporating consultation feedbacks</td>
<td>November 30, 2018</td>
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F. Expected Qualification:

• Eligible firm should have strong technical background and track record in the area of sustainable finance policy framework design and development;
• Knowledge of the Sri Lanka local financial market and local banking operations is an advantage;
• Solid technical skills and knowledge on major sustainable finance topics including environmental and social risk management for financial institutions, energy efficiency finance, green bond etc.;
- Solid knowledge of relevant global sustainability standards and/or initiatives including the IFC Performance Standards, Equator Principles, UNPRI, UNEP FI, TCFD, GRI, Global Compact etc.;
- Track record in facilitating the multi-stakeholder consultation and engagement in the policy development;
- Experience of supporting other Sustainable Banking Network members in developing sustainable finance policy frameworks is an advantage.