SRI LANKA: COUNTRY SUMMARY

MARKET STATUS

- Real estate is one of the top four fastest growing sectors in Sri Lanka.
- In 2014 the construction industry grew by 20% yoy, and there is currently about 2bn sq feet of total space built.
- Significant backlog exists in meeting growing demand for offices and residential spaces.

OTHER FACTORS

- GDP growth expected to average 6.4%.
- Sri Lanka is transitioning its economy towards urban-based manufacturing and service sectors.
- Govt. introduced “blue-green era” strategy for green development and sustainable development of marine resources.
- Initiatives to encourage private sector investment to help bridge gaps between fiscal spending and tax earnings.
- Push towards developing climate resiliency since Sri Lanka is at significant risk from rising sea levels and climate change.

GREEN BUILDING PROGRAMS

- Green Building Council of Sri Lanka created Sri Lanka’s indigenous rating system, which is better suited to the country’s tropical climate.
- Green Labelling System established to certify products and promote the use of green products in construction.
- All government buildings to be subject to green building standards by 2017.

CLIMATE POLICIES (NDCS)

- Initiatives to meet goal of reducing GHG emissions by 23% by 2030.

MARKET GROWTH

- Green Building Council of Sri Lanka created Sri Lanka’s indigenous rating system, which is better suited to the country’s tropical climate.
- Green Labelling System established to certify products and promote the use of green products in construction.
- All government buildings to be subject to green building standards by 2017.

Sources: EIU Country Reports: Sri Lanka, Climate Investment Opportunity South Asia, Global Building Stock Database
STRONG GROWTH PROJECTED IN ALL SECTORS LED BY OFFICES, HOTELS AND RESIDENCES

- Sri Lanka has a strong focus on construction growth given its need for redevelopment after the end of its civil war.
- The economy is developing with urban-based manufacturing and service sectors including tourism as its key pillars.
- In 2014, the construction industry grew by 20% over 2013 and similar growth is projected for coming years.
- Annual investment in new infrastructure is expected to reach $11bn by the end of 2017.

TOTAL MARKET SIZE, 2025 (USD BILLION)

Sources: The Borneo Post, Climate Investment Opportunity South Asia, Global Building Stock Database
PROMISING GROWTH IN SRI LANKAN GREEN MARKET

Certification Activity is dominated by LEED.

Green buildings are concentrated in the capital Colombo, with a handful of projects in the rest of the country.

Total activity count is increasing per year.

Notable Green Projects include:

Hotels:
- Marriott Weligama Bay Resort & Spa
- ITC One Colombo 1 Hotel, Colombo

Offices:
- Orion City, Colombo

Transport:
- Bandaranaike Intl. Airport, Katunayake

Sources: Global Building Information Gateway
Green Building Council has four categories:

- Platinum (70 points or above)
- Gold (60 - 69 points)
- Silver (50 - 59 points)
- Certified (40 - 49 points)

Projects can have a maximum of 100 points.

7 Buildings have been accredited ‘GREEN’

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Engineering Consultancy Bureau</td>
<td>Gold</td>
</tr>
<tr>
<td>Vario Systems Electronics (Pvt) Ltd</td>
<td>Platinum</td>
</tr>
<tr>
<td>Department of National Archives</td>
<td>Silver</td>
</tr>
<tr>
<td>Aliya Resort &amp; Spa</td>
<td>Gold</td>
</tr>
<tr>
<td>Holy Family Conventm Kaluthara</td>
<td>Gold</td>
</tr>
<tr>
<td>New Hatton National Bank</td>
<td>Platinum</td>
</tr>
<tr>
<td>World Trade Centre Colombo</td>
<td>Gold</td>
</tr>
</tbody>
</table>
INITIATIVES TO PROMOTE INVESTMENTS IN GREEN PROJECTS

• IFC estimates an investment opportunity of almost $8.4 billion in green buildings, with $6.8 billion in the residential and $1.6 billion in the commercial sector.
• Long standing partnership between IFC and Commercial Bank of Ceylon.
• IFC provides advisory support to CBC to help develop its green finance business.
• In August 2017, IFC committed a $100 million senior loan to help CBC increase its lending for energy efficient projects.
• CBC has special terms for businesses and consumers on investments made in green projects.
• Colombo Stock Exchange is also part of the Sustainable Stock Exchanges Initiative.

Sources: Sustainable Stock Exchanges Initiative, IFC Analysis: Climate Investment Opportunity South Asia.
LEARN MORE ABOUT EDGE CERTIFIED PROJECTS IN SOUTH ASIA

SPRINGHILL CONDOTEL AT JIMBARAN HIJAU

Location: Bali, Indonesia
Architect: Grounds Kent Arsitek Indonesia (GKAI)
Sector: Commercial - Hotels
Size: 8,232 m²

Predicted Savings of EDGE Certification:
- 21% Energy Savings
- 21% Water Savings
- 37% Less Embodied Energy in Materials

KOLKATA WEST INTERNATIONAL CITY

Location: Kolkata, West Bengal
Developer: Shapoorji Pallonji Group
Sector: Multi family Residential
Size: > 600 units

Predicted Savings of EDGE Certification:
- 27% Energy Savings
- 35% Water Savings
- 36% Less Embodied Energy in Materials

Case studies from other countries: https://www.edgebuildings.com/projects/
## Projects can choose between two EDGE certifiers for fast, easy, and affordable certification

<table>
<thead>
<tr>
<th>Floor Area (SQM)</th>
<th>Price (Per M², Excluding Parking)</th>
<th>Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-25,000</td>
<td>$0.27</td>
<td>$2,250</td>
</tr>
<tr>
<td>25,000-50,000</td>
<td>$0.22</td>
<td>$6,750</td>
</tr>
<tr>
<td>50,000-75,000</td>
<td>$0.17</td>
<td>$11,000</td>
</tr>
</tbody>
</table>

*Price per m²; Project appoints an auditor

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Certification</th>
<th>Design Audit</th>
<th>Final Audit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential (one unit type)</td>
<td>$2,100</td>
<td>$3,600</td>
<td>$3,650</td>
<td>$9,350</td>
</tr>
<tr>
<td>Commercial (single end use)</td>
<td>$2,100</td>
<td>$3,600</td>
<td>$3,650</td>
<td>$9,350</td>
</tr>
</tbody>
</table>

*Price per type of project; Auditor fee is included

Details are registration forms can be found on the EDGE program website: https://www.edgebuildings.com/certify/other-countries/
<table>
<thead>
<tr>
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</tbody>
</table>

Full list available at: [https://www.edgebuildings.com/edge-experts/edge-experts-around-the-world](https://www.edgebuildings.com/edge-experts/edge-experts-around-the-world)
RESEARCH METHODOLOGY

COUNTRY LIST
- IFC chose countries that correspond to the Climate Investment Opportunity Report (CIO Report) as well as countries of strategic interest for IFC.
- IFC plans to release additional country analysis, pending resources.

TOTAL MARKET OVERVIEW
- Building stock was sourced from the Global Building Stock Database and confirmed by country experts, if possible.
- The research team found local prices for capital construction expenses, or used global proxies otherwise.
- Market sizing was executed for new construction and did not focus on retrofits.

SNAPSHOT OF THE CURRENT GREEN MARKET
- Main source of information was the Green Building Information Gateway, confirmed by local green building council reports, if such existed.
- The research team focused on properties certified as green.

GOVERNMENT POLICIES
- Main information was sourced from IFC’s Climate Investment Opportunities Report – South Asia.
- Additional information was found using various searches as well as government websites.

PROJECTIONS FOR GREEN PENETRATION
- Based on the total market growth, snapshot of the current green market, and the enabling environment of government policies, the research team projected green penetration per each of the sub-sectors.
- Weighted average of combined sector data produced the final penetration number.
- The analysis focused only on new construction, and focused only on certified properties.
- As tools for retrofits take off in the market (including IFC’s EDGE product), analysis may be amended to include the retrofit market.
- Market potential may be different from numbers reported in the CIO Report, as a more conservative estimate was used for business planning purposes.

OTHER
- Information for green building councils was sourced from World GBC website.
- Case studies were presented only for IFC’s EDGE green building software and certification system.
- However, lists of all green certified projects in a given country can be found through the Green Building Information Gateway.
- Finally, pricing for EDGE certification was included to illustrate that green certification is affordable and achievable in emerging markets.
ACKNOWLEDGEMENTS

DONOR ACKNOWLEDGEMENT

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