

Sri Lanka

GDP: **\$67.2bn**Five-year economic growth rate: **10%**Population: **20.5m**Total clean energy investments, 2006-2013: **N/A**Installed power capacity: **3.3GW**Renewable share: **17.9%**Total clean energy generation: **1,941GWh**

Top energy authority:

Ministry of Power and EnergyOVERALL RANKING
2014**31**OVERALL SCORE
2014**1.05**

★Colombo

PARAMETER	RANKING	SCORE
I. Enabling Framework	31	1.08
II. Clean Energy Investment & Climate Financing	39	0.36
III. Low-Carbon Business & Clean Energy Value Chains	09	3.31
IV. Greenhouse Gas Management Activities	54	0.08

SUMMARY

Sri Lanka secured the 31th spot out of 55 countries surveyed in Climatescope 2014 with a score of 1.05. It had its best performance on Low-Carbon Business Parameter III, scoring particularly well on the financial institutions and service providers indicators.

Sri Lanka's power sector is dominated by vertically-integrated utility Ceylon Electricity Board and its transmission and distribution are completely state owned. Still, there a handful of independent power producers do operate in the country.

Sri Lanka's installed capacity stands of 3.34GW – well above typical peak demand of 2.2GW. However, expensive diesel generators account for virtually all the excess capacity.

The government has made wind and solar energy priorities for development.

Cumulative non-large hydro clean energy investment in Sri Lanka totaled \$6.18bn from 2006-13 with \$1.34bn coming in 2013 alone. Of that 2013 total, 40.7% went toward the development of projects employing small hydro technology, the country's flagship renewable sector.

Sri Lanka's economy more than doubled in size since 2006 and in 2013 the country had a national GDP of \$66.3bn. Since 2006, the electrification rate increased from 78% to 95%, installed capacity overall has jumped 38%, with renewable capacity rising 66%.

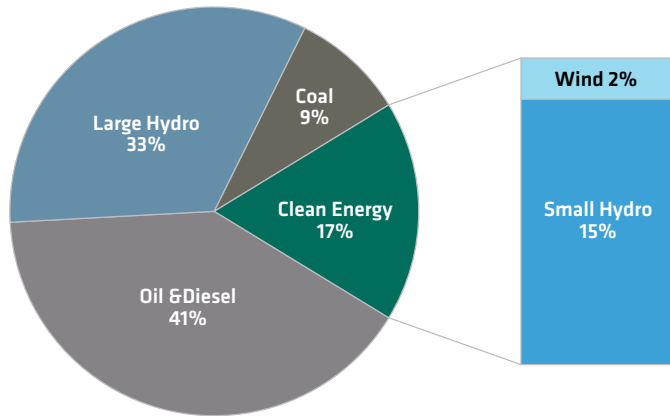
For further information, access www.global-climatescope.org/srilanka

PARAMETERS AT A GLANCE

Sri Lanka performed relatively decently compared to its overall score on Enabling Framework Parameter I with a 1.08. Its leading renewable energy sectors are small hydro and wind, with the former accounting for 3.4% of total power generation of 46TWh. Wind development, while promising, has stalled recently due to uncertainty surrounding the implementation of the country's renewable energy policies.

INSTALLED POWER CAPACITY BY SOURCE, 2013 (%)

3.3GW total installed capacity



Source: Bloomberg New Energy Finance, Sri Lanka Sustainable Energy Authority, Ceylon Electricity Board
 Note: Some values cannot be graphically represented due to scale, please see source data for the complete numbers.

Sri Lanka also lags on Clean Energy Investment Parameter II where it ranked 39st out of 55 countries with a 0.37 score. The presence of microfinance institutions is low and the average cost of debt is 12.62% – significantly higher than in neighboring India and China.

KEY POLICIES

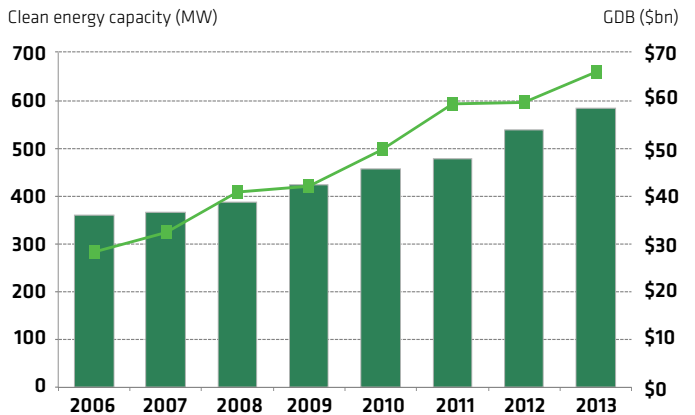
Energy Targets	The 2010 Development Policy Framework sets a renewable energy generation target of 10% of overall generation by 2016 and 20% by 2020.
Feed-in-Tariffs	FiTs were offered for projects under 10MW between January 2012 and December 2013, with an option of a three-tiered or flat tariff.
Net Metering	For renewable plants under 10MW, consumption from the grid can be offset. However, there will be no payment for electricity exported to the grid.
Tax Incentives	There is a range of incentives including tax holidays, import duty waivers, VAT & Port and Airport Development Levy exemption for renewable energy developers.

Source: Bloomberg New Energy Finance Policy Library

The country's best performance was on Low-Carbon Business Value Chains Parameter III where it ranked 9st with a 3.31 thanks specifically to its scores on the clean energy service providers and financial institutions in clean energy indicators. Sri Lanka hosts a significant number of locally registered clean energy service providers and a reasonably developed financial sector with many banks, some venture capital and private equity, and at least one impact fund. In the wake of the expiration of its tariffs for wind generation, local equipment manufacturing is relatively minor; developers tend to rely on imports and a handful of lesser-known domestic players.

The country's lowest performance came on Greenhouse Gas Management Parameter IV where it ranked second from last with a 0.08 score. As a non-annex 1 country, Sri Lanka has no emissions cap or emissions reduction target. It lacks a domestic cap-and-trade mechanism, crediting mechanism or emissions trading system. Currently, Sri Lanka has 15 Clean Development Mechanism (CDM) projects registered with United Nations Framework Convention on Climate Change (UNFCCC), of which eight have been issued Certified Emission Reduction credits so far.

CLEAN ENERGY CAPACITY GROWTH (MW) AND GDP (\$bn)



Source: Bloomberg New Energy Finance