CONCEPT NOTE

Accelerating Sustainable Finance Through Private Sector Participation

22\textsuperscript{nd} to 24\textsuperscript{th} August 2023
Taj Samudra, Colombo, Sri Lanka

Background

In order to successfully manage environmental, social, and governance (ESG) risks and achieve the nation's climate goals, Sri Lanka's Roadmap for Sustainable Finance lays out an ambitious plan to develop the sustainable finance market. The strategy outlines important targets, including a Green Finance Taxonomy introduced in May 2022. The roadmap also outlines the development of essential local guidelines, operational instruments, and the adoption of global standards for sustainable bonds.

With economic reforms taking center stage towards rebuilding a crisis-stricken Sri Lanka into a resilient sustainable economy, the government continues to work with IMF and other stakeholders to restore macroeconomic stability and debt sustainability, safeguard financial stability, and step-up structural reforms to unlock its growth potential. At the same time, the opportunity of leveraging innovative means of sustainable finance through the galvanization of the private sector towards innovative financial instruments for sustainable development goals (SDGs) remains promising. The private sector can play a crucial role in facilitating the needed SDG investments.

This targeted capacity building aims to support the private sector in developing a better understanding of sustainable finance instruments, best practices on compliance, and ESG risk identification and management. Creating staff capacity in both government and the private sector to understand sustainable finance as a distinct segment of the market, increase awareness of various emerging asset classes, and enhanced cooperation between the public and private sectors will be critical. Strong links between financial markets and key actors in the real economy can create an enabling environment that looks at sustainable finance as the new business-as-usual. Hence, ESCAP, the GGGI, the Central Bank of Sri Lanka, and the Sustainable Development Council, building on the positive momentum of earlier sustainable finance sessions held in Sri Lanka, will host tailored sustainable finance training targeting private sector stakeholders.

Training Objectives

This training on Sustainable Finance is co-hosted by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the Global Green Growth Institute (GGGI), the Central Bank of Sri Lanka, and the Sustainable Development Council, in partnership with the Luxembourg Green Exchange (LGX) and LGX Academy, which is the world’s first and leading exchange dedicated to sustainable finance.

The training aims to increase the capacity and understanding of sustainable bond issuance, ESG financing products specifically lending, compliance with international best practices, and mainstream ESG
instruments and risk management to unlock the potential of sustainable finance in Sri Lanka. The training will allow the participants to:

- Better comprehend sustainable finance instruments like thematic bonds, as a distinct segment of the market which can help diversify the range of financial products and widen the types of investors in the financial markets.
- Go through the thematic bond issuance process and be able to identify what instrument best fits their needs.
- Identify best practices in terms of principles and green labeling, external review, and reporting guidelines.
- Understanding taxonomies, best practices and use for ESG products.
- A better understanding of ESG products, risk management, and disclosures.
- Review practical examples and case studies throughout to develop capacities in terms of reporting, compliance, and ESG-related disclosures.

**Who Will the Training Support**

The training is designed to support private sector stakeholders who are considering future thematic bond issuance and/or wish to develop a better understanding of sustainable finance instruments i.e., ESG lending and impact funds. The training also aims to support Sri Lanka’s private sector to comply with international best practices. Government agencies are also welcome to join as the content will be informative for all ESG stakeholders.

**Application of training content**

The training will be practical in nature, walking stakeholders through decision-making around product development, bond issuance considerations, and applicability in Sri Lanka. The sessions will be highly interactive, including group work, presentations, and ESG application considerations. The training is designed to allow private sector participants to take forward their learning practically through post-training applications at their respective organizations.

**Draft Agenda**

The sessions have been designed based on international best practices and case studies in the region.

Tentatively, the sessions will include:

**Session 1 – Introduction to sustainable finance and Capital Markets**

The role and potential of the private sector in achieving the financing targets for sustainable development goals, finance instruments, markets, and alignment with Sri Lanka’s sustainable finance roadmap. Provide instructions on capital markets and an overview of the state of capital markets and the policy environment in the countries.
**Session 2 - Sustainable finance instruments and latest market trends**

Introduce participants to thematic (labeled) sustainable debt instruments, definitions, usage, and history, including the size of issuances, profile of issuers, SDG linkages, and market trends, and introduce the developments in this market.

**Session 3 - Principles for capital market sustainable debt instruments**

Introduce the different principles/standards that exist in the market when issuing a sustainable instrument (GBP, SBP, SBG, and SLBP). Overview of Sri Lanka’s Green Bonds regulations by the SEC.

**Session 4 - Taxonomies for sustainable debt instruments issuance**

An overview of the taxonomies and classifications that can provide companies, investors, and policymakers with the definitions required to guide economic choices, prevent greenwashing, assist companies become more climate-friendly, mitigate market fragmentation, and help shift investments to where they are most needed. Overview of Sri Lanka’s Green Taxonomy.

**Session 5 - Labelled Bond Issuance Case Studies**

Provide in-depth case studies from relevant issuances in the region, comparing best practices. This session will dive deeper into the issuance of bonds and the potential for the private sector in Sri Lanka.

**Session 6 - External review and reporting**

An overview of the role of external reviewers and the different types of external reviews that an issuer can choose. The session will also provide a detailed overview of post-issuance reporting and best practices.

**Session 7 - Issuing and listing a sustainable bond on international exchanges**

Outline the advantages of listing on international exchanges and how to attract international investors. The session will also include guidance from SEC regarding the nuances of listing on the National Exchange.

**Session 8 - Sri Lanka SDG Investors Map by UNDP**

Provide an overview of the Sri Lankan SDG investor Road map, and how it can help the private sector identify investment themes with a significant potential to advance the SDGs. A deep dive into key and priority sectors.

**Session 9 - What is ESG and how is it different from Sustainable Finance?**

Introduction to ESG, best practices, and guidelines. ESG links to taxonomies, an enabler for sustainable finance. Overview of ESG risk identification and management.

**Session 10 – Other Sustainable Finance Products for Financiers**

This session will cover sustainable finance instruments like sustainability-linked loans, impact funds, and instruments for blended finance.

**Session 11 - Case studies**

Provide in-depth case studies from relevant cases in the region, comparing best practices. This session will dive deeper into sustainable instruments for financiers other than bonds.
Session 12 – ESG Disclosures

Overview of global ESG disclosure recommendations, guidelines, and perspectives from the European market, and understanding the Sri Lankan disclosure guidelines for banks and non-banking financial institutions.

Session 13 - Case studies

Provide in-depth case studies from regional participants, highlighting best practices on the global articulation of ESG disclosures and benefits associated with disclosures and reporting.

Session 14 – ESG Reporting and Compliance

Introduce the participants to recommendations, principles, and best practices for ESG reporting. Synergies with access to ESG financing instruments. The importance of reporting mechanisms. Voluntary compliance and reporting in national guidelines and taxonomies.

Session 15 – Expert Level Panel Discussion

An expert panel comprising government and private sector representatives will provide the opportunity to reflect on the training and discussions over the four-day workshop.

Case Studies and Practical Application

Throughout the training, participants will be split into groups and a series of hands-on practical exercises to apply the learning content to the development of a green bond framework. Provide in-depth case studies from relevant issuances in the region, comparing best practices. This session will dive deeper into the issuance of blue bonds and the potential for the private sector in Sri Lanka.

Possible Additional Sessions/Topics depending on time

How Do We Know They Are Green and the Role of the Regulator?

Discuss greenwashing, the role of the regulator, and the importance of principles, standards, bond frameworks, and SPOs.

How to Proceed with the Issuance of a Thematic Bond

Outline the issuance phases and workflow of a thematic bond, including the feasibility study, pre-issuance preparation, issuance, and post-issuance, and the roles of different stakeholders.
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<tr>
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<th>Session</th>
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<tr>
<td>08:30 am – 09:00 am</td>
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<td>Participant Registration</td>
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<td>09:00 am – 09:30 am</td>
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<td><strong>Opening Remarks</strong>&lt;br&gt;• Ms. T M Y J P Fernando, Senior Deputy Governor, Central Bank of Sri Lanka&lt;br&gt;• Remarks - Overview of Sri Lanka’s Sustainable Development Priorities - Ms. Chamindry Saparamadu, Director General, Sustainable Development Council</td>
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<tr>
<td>09:30 am – 10:30 am</td>
<td>Session 1</td>
<td><strong>Introduction to sustainable finance and Capital Markets</strong>&lt;br&gt;• Introduction to sustainable finance - Ms. Deanna Morris, Economic Affairs Officer, Financing for Development, ESCAP&lt;br&gt;• Sustainable Finance in Sri Lanka – Dr. Vaghisha Gunasekera, UNDP</td>
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<td>10:00 am – 10:15 am</td>
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<td>Coffee Break</td>
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<td>10:45 am – 11:45 am</td>
<td>Session 2</td>
<td><strong>Sustainable finance instruments and the latest market trends</strong>&lt;br&gt;• Introduction to sustainable finance in capital markets and market Trends - Paul Chahine, Sustainable Finance Manager, Luxembourg Green Exchange (LGX)</td>
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<td>11:45 am – 12:00 pm</td>
<td>Exercise 1</td>
<td><strong>Participants split into groups</strong>&lt;br&gt;Participants will split into groups and will identify what sustainable instrument fits their needs.&lt;br&gt;• Paul Chahine, Sustainable Finance Manager, Luxembourg Green Exchange (LGX)</td>
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<td>12:00 pm – 01:00 pm</td>
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<td><strong>LUNCH BREAK</strong></td>
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<td>01:00 pm – 02:00 pm</td>
<td>Session 3</td>
<td><strong>Principles for capital market sustainable debt instruments</strong>&lt;br&gt;Introduce the different principles/standards that exist in the market when issuing bonds (GBP, SBP, SBG, and SLBP). Including an overview of Sri Lanka’s Green Bonds regulations.&lt;br&gt;• Paul Chahine, Sustainable Finance Manager, Luxembourg Green Exchange (LGX)&lt;br&gt;• Ms. Punyamali Saparamadu, Senior Vice President – Commercial, Colombo Stock Exchange</td>
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<td>Time</td>
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<tr>
<td>02:00 pm – 02:30 pm</td>
<td>Exercise 2</td>
<td>Principles for sustainable bond issuance</td>
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<td>02:30 pm – 03:00 pm</td>
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<td>Coffee Break</td>
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| 03:00 pm – 04:00 pm | Session 4   | Taxonomies for sustainable debt instruments issuance | An overview of the taxonomies and classifications that can provide companies, investors, and policymakers with the definitions required to guide economic choices, prevent greenwashing, assist companies become more climate-friendly, mitigate market fragmentation, and help shift investments to where they are most needed. An overview of Sri Lanka’s Green Taxonomy and case studies from the region will also be discussed. | Paul Chahine - Sustainable Finance Manager, Luxembourg Green Exchange (LGX)  
Mr. Anant Jha, Climate Finance Consultant, ESCAP |
| 04:00 pm – 04:30 pm | Exercise 3  | Taxonomies for sustainable debt instruments issuance | Groups are requested to discuss the application of taxonomies for their own bond or loan product development | Paul Chahine, Kavitha Ariyabandu, Deanna Morris, and Anant Jha will guide the groups in their work |
| 04:30 pm – 04:45 pm |             | Wrap up                                    |                                                                          | Paul Chahine, Sustainable Finance Manager, Luxembourg Green Exchange (LGX)  
Mr. Kavitha Ariyabandu, Senior Fund and Business Development Officer, GGGI |
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<th>Title</th>
<th>Speakers</th>
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| 09:00 a.m. – 09:50 a.m. | Session 5 | 15 mins | **Labelled Bond Issuance Case Studies**  
- Paul Chahine, Sustainable Finance Manager, Luxembourg Green Exchange (LGX)  
**Guest Speakers**  
- Srinath Komarina, Program Manager, GGGI  
- Mr. David Oum, CFO of Golden Tree, Cambodia | 15 mins | 15 mins |
| 09:50 a.m. – 10:15 a.m. | Exercise 4 | Case Studies  
Groups are requested to make any necessary adjustments to their previous choices compared to the case studies explained during the session.  
*Paul Chahine, Kavitha Ariyabandu, Deanna Morris, and Anant Jha will guide the groups in their work* | 25 mins |
| 10:15 a.m. – 10:30 a.m. | 15 mins | **Coffee Break** | |
| 10:30 a.m. – 11:30 a.m. | Session 6 | 50 mins | **External Review and Reporting**  
An overview of the role of external reviewers and the different types of external reviews that an issuer can choose. The session will also provide a detailed overview of post-issuance reporting and best practices.  
*Paul Chahine, Sustainable Finance Manager, Luxembourg Green Exchange (LGX)* | |
| 11:30 a.m. – 12:00 p.m. | Exercise 5 | External Review and Reporting  
Groups are requested to identify which type of external review to choose for their issuance and which reporting best practices to follow.  
*Paul Chahine, Kavitha Ariyabandu, Deanna Morris, and Anant Jha will guide the groups in their work* | 30 mins |
| 12:00 p.m. – 01:00 p.m. | 60 mins | **LUNCH BREAK** | |
| 01:00 p.m. – 02:00 p.m. | Session 7 | Issuing and listing a sustainable bond on international exchanges  
- Listing a bond on an International Exchange: *Paul Chahine, Sustainable Finance Manager, Luxembourg Green Exchange (LGX)*  
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<tr>
<td>02:00 p.m. – 02:30 p.m.</td>
<td>Session 8</td>
<td><strong>UNDP Investors Roadmap</strong>&lt;br&gt;Presentation of the Investors Road Map launched by UNDP in 2022 along with a deep dive on priority sectors.&lt;br&gt;  - <em>Ms. Dulani Sirisena, SDG Integration Specialist</em></td>
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<td>02:30 p.m. – 03:15 p.m.</td>
<td>Session 9</td>
<td><strong>What is ESG and how is it different from Sustainable Finance?</strong>&lt;br&gt;Introduction to ESG, best practices, and guidelines. ESG links to taxonomies, an enabler for sustainable finance. Overview of ESG risk identification and management.&lt;br&gt;  - <em>Terry Kim, Sustainable Finance Lead, Asia, GGGI</em>&lt;br&gt;  - <em>Gulshan Vashishtha, Regional Investment Lead-Asia, GGGI</em></td>
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<td>03:15 p.m. – 03:30 p.m.</td>
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<td><strong>COFFEE BREAK</strong></td>
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<td>03:30 p.m. – 04:15 p.m.</td>
<td>Session 10</td>
<td><strong>Other Sustainable Finance Products for Financiers</strong>&lt;br&gt;Overview of other sustainable finance instruments like sustainability-linked loans, impact funds, and instruments for blended finance.&lt;br&gt;  - <em>Ms. Deanna Morris, Economic Affairs Officer, Financing for Development, ESCAP</em>&lt;br&gt;  - <em>Mr. Nalin Karunatileka, Vice President - Sustainability &amp; Consulting / Head of Consulting, DFCC Bank</em></td>
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<td>04:15 p.m. – 04:30 p.m.</td>
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<td><strong>Day 2 Wrap Up</strong></td>
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<td>- <em>Ms. Deanna Morris, Economic Affairs Officer, Financing for Development, ESCAP</em>&lt;br&gt;  - <em>Paul Chahine, Sustainable Finance Manager, Luxembourg Green Exchange (LGX)</em></td>
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### Day 3: Thursday, Aug 24, 2023

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<td>09:00 a.m. – 09:45 a.m.</td>
<td>Session 11</td>
<td><strong>Case Study</strong>&lt;br&gt;Provide a case study of ESG lending strategy and product issuance in Sri Lanka.&lt;br&gt;  - <em>Ms. Sushara Vidyasagara, Head of Investment Banking, Commercial Bank</em>&lt;br&gt;  - <em>Ms. Kamalini Ellawala, Senior Manager - Sustainability, Women Banking &amp; CSR, Commercial Bank</em></td>
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<td>09:45 a.m. – 10:45 a.m.</td>
<td>Session 12</td>
<td><strong>ESG Disclosures</strong>&lt;br&gt;Overview of global ESG disclosure recommendations, guidelines, and perspectives from the European market.</td>
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<td>10:45 a.m. – 11:00 a.m.</td>
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| 11:00 a.m. – 12:00 a.m. | 15 mins  | Session 13 | **Case Study**<br>Disclosure and reporting case studies.<br>  
- Ms. Suvendrini Muthukumarana, Vice President Chief Financial Officer, NDB Bank  
- Mr. Prasanna Indrajith, AGM – Finance, Commercial Bank  
- Mr. Hemantha Seneviratne, Assistant Manager – ESMS, Hatton National Bank (HNB) |
| 12:00 a.m. – 01:00 a.m. | 15 mins  |        | **Lunch Break**                                                                     |
| 01:00 p.m. – 02:00 p.m. | Session 14 | ESG Reporting and Compliance  
- Introduction to recommendations, principles, and best practices for ESG reporting. Synergies with access to ESG financing instruments. The importance of reporting mechanisms. Voluntary compliance and reporting in national guidelines and taxonomies.  
- Mr. Patrick Martin, Regional Advisor, Financing for Development, ESCAP  
- Mr. D Jayathu Perera, Senior Assistant - Bank Supervision Department, Central Bank of Sri Lanka |
| 02:00 p.m. – 3:00 p.m. | Exercise 6 | Aligning ESG Principles and Gap Analysis  
- Groups are requested to identify the alignment of their organization’s strategic alignment with ESG principles and guidelines and discuss-explore what gaps are currently present in their strategy.  
- Paul Chahine, Kavitha Ariyabandu, Deanna Morris, and Anant Jha will guide the groups in their work |
| 03:00 p.m. – 03:15 p.m. | 15 mins  |        | **Coffee Break**                                                                     |
| 03:15 p.m. – 04:15 p.m. | Session 15 | Panel Discussion and Q&A  
- An expert panel comprising government and private sector representatives will provide the opportunity to reflect on the training and discussions over the four-day workshop.  
- Moderator: Ms. Deanna Morris, Economic Affairs Officer, Financing for |
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| 04:15 p.m. – 04:30 p.m. | Development, ESCAP Panel:  
- Ms. W A Dilrukshini, Director - Macroprudential Surveillance, Central Bank of Sri Lanka  
- Mr. Hemantha Seneviratne, Assistant Manager – ESMS, Hatton National Bank  
- Mr. M R A Shakoor, AGM - Investment Banking, Bank of Ceylon  
- Mr. Renuke Wijayawardhane, Chief Regulatory Officer, Colombo Stock Exchange  
- Ms. Sushara Vidyasagara, Head of Investment Banking, Commercial Bank  
- Ms. Ishani Palliyaguru, Vice President, Project Finance and Corporate Credit Control, NDB Bank |
| 04:30 p.m. – 04:37 p.m. | 7 mins Closing Remarks:  
- Ms. W A Dilrukshini, Director - Macroprudential Surveillance, Central Bank of Sri Lanka  
- Ms. Chamindry Saparamadu, Director General, Sustainable Development Council |