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**Country Paper  
Sri Lanka**

**Business Development Services for  
Conducive Business Eco Systems in Support of  
Sustainable Development**

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# Business Development Services for Conducive Business Eco Systems

## in Support of Sustainable Development

### Country Report - Sri Lanka

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Sri Lanka's commitment to achieving the Sustainable Development Goals (SDGs) is firmly embedded in its national policies and development strategies which is rooted in three key pillars: economic transformation, green growth and social inclusivity. This approach not only aligns with global sustainability trends but also ensures that economic progress is equitable and environmentally conscious. The role of **Business Development Services (BDS)** is vital in facilitating this transformation, as they foster a supportive ecosystem that drives sustainable development at microeconomic, mesoeconomic and macroeconomic levels.

#### 1. The Role of Business Development Services (BDS) in Sustainable Development

**Business Development Services (BDS)** provide a wide array of support mechanisms, ranging from technical assistance, market access, and financial guidance to capacity building and innovation support. BDS programmes help businesses improve their productivity, competitiveness, and resilience, enabling them to align with the country's broader sustainability goals. These services are crucial in supporting **Small and Medium Enterprises (SMEs)**, which form the backbone of Sri Lanka's economy, as well as larger industries and exporters.

BDS plays a dual role in enhancing sustainability:

- **At the microeconomic level**, BDS helps individual businesses adopt sustainable practices, streamline operations, and tap into new markets. This is particularly important for SMEs, which often lack the resources and expertise to implement sustainable practices on their own. By offering tailored support, BDS helps these enterprises align with green growth objectives, such as reducing carbon footprints, adopting renewable energy, and minimizing waste.
- **At the mesoeconomic level**, BDS can significantly influence the performance of entire sectors, aligning them with the broader goals of sustainable development. This is critical in sectors like agriculture, manufacturing, and tourism, which have significant environmental and social footprints.
- **At the macroeconomic level**, BDS contributes to the overall economic ecosystem by promoting innovation, encouraging exports, and attracting foreign direct investment (FDI). This, in turn, helps Sri Lanka achieve its SDG-related targets, such as creating decent work and promoting inclusive economic growth.

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## 2. Impact of BDS on SMEs, Exporters, and Large-Scale Investors

The provision of BDS through these key government institutions creates a ripple effect across different segments of the business community:

- **SMEs:** As a critical part of Sri Lanka's economy, SMEs benefit significantly from BDS programmes, which help them overcome challenges related to access to finance, technical knowledge, and market expansion. With targeted support from government institutions, SMEs can integrate sustainable practices into their operations, enhance productivity, and contribute to rural development and poverty alleviation. The Ministry of Industries of Sri Lanka together with relevant line agencies assists the SME in this regard.
- **Exporters:** For exporters, BDS ensures compliance with international sustainability standards, which is increasingly important in global trade. The EDB, in particular, plays a vital role in helping exporters adopt eco-friendly practices, improve product quality, and access new markets where sustainability is a key purchasing criterion.
- **Large-Scale Investors:** For large investors, especially those in industries such as manufacturing, tourism, and infrastructure, BDS ensures alignment with national green growth policies. By facilitating sustainable investment and promoting public-private partnerships, government institutions like the BOI create opportunities for large businesses to drive both economic growth and environmental sustainability.

## 3. Government Institutions and Their Role in Providing BDS

Recognizing the importance of BDS in driving sustainable economic growth, several **government organizations** in Sri Lanka are actively involved in providing these services. These institutions cater to different segments of the business community, ranging from SMEs to exporters and large-scale investors. The key government institutions engaged in this effort include the **Ministry of Industries (MOI)**, **Industrial Development Board (IDB)**, **Board of Investment (BOI) of Sri Lanka**, **Export Development Board (EDB)** and the **Ministry of Technology (MOT)**:

### 1. Ministry of Industries:

The Ministry of Industries plays a significant role in fostering industrial development with an emphasis on sustainability. It helps businesses across various sectors, from traditional manufacturing to emerging green industries, adopt cleaner technologies and more efficient production processes. The Ministry also supports SMEs by providing technical assistance, access to finance, and guidance on sustainable practices. By doing so, it ensures that businesses of all sizes can contribute to Sri Lanka's broader goals of reducing carbon emissions and fostering social inclusivity.

## National Enterprise Development Authority

National Enterprise Development Authority (NEDA) is a government statutory body which is operating under the purview of the Ministry of Industries with a mission to facilitate and proactively support development, growth and competitiveness of enterprises as an integral part of the national economy of Sri Lanka with special emphasis to Micro, Small and Medium Enterprise (MSME) sector of the country.

### **2. Industrial Development Board**

A statutory body incorporated under the Ministry of Industries, the Industrial Development Board (IDB) is the premier state organization entrusted with the responsibility of developing the industrial sector in Sri Lanka, by providing the strategic, technological and commercial foundation to encourage, promote and develop all industries in the country. The IDB offers a range of services to entrepreneurs including identifying business opportunities; quality improvement and product development; conducting project feasibility reports; management consultancies and business developing linkages; promoting innovation and new technologies; and infrastructure facilities.

### **3. Board of Investment of Sri Lanka**

The BOI plays a pivotal role in attracting both local and foreign investment, particularly in sectors that promote sustainability, such as renewable energy, eco-friendly manufacturing, and green technology. By offering fiscal incentives, facilitating infrastructure development, and streamlining approval processes, the BOI creates a conducive environment for businesses to thrive while contributing to sustainable growth. The BOI's involvement also ensures that large-scale investors align their business models with national sustainability priorities, such as environmental protection and inclusive job creation.

### **4. Export Development Board (EDB):**

The EDB is instrumental in supporting Sri Lankan exporters, particularly those in sectors like agriculture, apparel, and IT. The EDB provides capacity building, market intelligence, and assistance with quality certification to ensure that local exporters meet global sustainability standards. Additionally, the EDB fosters innovation in export industries, encouraging businesses to adopt eco-friendly production techniques, improve supply chain sustainability, and minimize their environmental impact. This not only enhances Sri Lanka's competitiveness in global markets but also strengthens the country's green growth agenda.

### **5. Ministry of Technology (MOT)**

The Ministry of Technology in Sri Lanka is tasked with the formulation, implementation, monitoring, and evaluation of policies, programmes, and projects related to technology and investment promotion, as well as overseeing departments, statutory institutions, and public corporations specified by national policies. It aims to deliver public services efficiently and in a user-friendly manner while reforming systems and procedures with modern management techniques to minimize corruption and waste.

The Ministry is responsible for advancing information and communication technology (ICT) infrastructure for all citizens by adopting modern technologies, facilitating intergovernmental ICT initiatives to enhance service delivery, and promoting ICT literacy. It develops strategies to boost ICT usage across society and collaborates with the private sector to coordinate these efforts.

Further, the Ministry of Technology plays a crucial role in empowering Sri Lanka's SME sector by driving digital transformation and fostering innovation. Through its policies and initiatives, the Ministry promotes the adoption of Information and Communication Technology (ICT) tools, helping SMEs streamline operations, enhance productivity, and expand market access.

#### **4. Engagement of Ministry of Industries in providing BDS**

- **Resource Efficiency and Cleaner Production (RECP) Project**

MIP implemented this project in collaboration with the National Cleaner Production Center (NCPC) in Sri Lanka. The RECP project aims to provide technical know-how to local enterprises in improving resource efficiency (Water, Material and Energy) of selected industries in Sri Lanka. Target industries are Textile, Leather and Footwear, Metal, Cosmetic, Ceramic, E & E, Boat Building, Rubber, Automobile, Mineral, Paint, Wood based industries, Processed Food and Packaging Industry. In the current Sri Lankan scenario, local industries struggle with soaring resource and energy expenses, leading to diminished competitiveness. To counter the challenges of increasing energy cost for production, the adoption of Resource Efficiency and Cleaner Production (RECP) practices emerges as a viable and practical solution. Following the successful RECP project conducted in 2023, the Ministry of Industries envisages conducting (RECP) Assessments and Capacity Building Training this year as well for selected local Industries with comprehensive approach by incorporating detailed Energy Audits within each assessment to ensure sustainable use of energy, water, material consumption and waste management, offer benefits to the Industries by improving business branding, cost savings, improvements in working conditions and environmental performance.

- **1000 Young Entrepreneurs Development Programmeme**

The Ministry of Industries has implemented “1000 Young Entrepreneurs Development Programmeme” to support young entrepreneurs in SME sector in the country, who expect to expand/enhance their industries up to the export market level, who are facing barriers of lack of skills/knowledge/training/productivity and identifying existing issues.

The programme is to be implemented at the district level, and the pilot project has been started in Gampaha district in the Western Province of Sri Lanka

The programme has been implemented with the support of the Gampaha District Secretariat, National Enterprise Development Authority (NEDA), Small Enterprise Development Division (SED), Industrial Development Board (IDB), Department of Commerce, Export Development Board, Department of Manpower and Employment and National Crafts Council.

- **B500 Project by National Enterprise Development Authority**

It has been identified that the major challenge faced by rural-level Micro, Small, and Medium Enterprises (MSMEs) in Sri Lanka is related to market access, largely due to a lack of knowledge about branding among entrepreneurs. To address this issue, the National Enterprise Development Authority (NEDA) launched the "**B500 Project**", a national initiative aimed at developing 500 brands. In February 2024, NEDA invited applications for this project, and from over 3,000 submissions, 500 entrepreneurs with strong potential for international market success were selected through a structured scoring system.

The **B500 Project** is designed to equip rural entrepreneurs with a solid understanding of branding, enabling them to create compelling business brands that appeal to the export market. This initiative involves helping entrepreneurs develop strategic branding plans tailored to their needs, giving them priority access to various government services, and offering free resources related to branding. The project also aims to open up local and international market opportunities, while ensuring government intervention to resolve business challenges.

By fostering business sustainability and promoting a broader societal appreciation for branding, the **B500 Project** ensures continued support for these entrepreneurs through follow-up processes, helping them to build resilient, globally competitive businesses.

## 5. Engagement of Industrial Development Board in providing BDS

- **BizConnect Platform**

An online platform developed by IDB, BizConnect is optimized for all mobile and smart devices, and is designed to empower SMEs to reach cross border levels in the global market. It assists businesses in achieving their growth objectives by providing them with tools to expand their customer base, increase revenue and enhance the market brand and business reputation. The platform, while connecting and linking businesses, partners, service providers, and customers, also caters features to elevate business profiles such as product listing, reviews, ratings and other networking & marketing tools.

Some of the Key features of the platform include:

- Business Profiles, where businesses can showcase their products, services, activities and achievements, helping them attract potential partners and customers.
- Company Finders, where users can customize company and collaborator searches according to their preferences.
- Search by District option allows users to search for information on industrial estates and zones in Sri Lanka by district.

Key Outcomes:

- Increased Business Visibility: BizConnect has helped businesses increase their visibility and reach a larger audience, leading to more opportunities for growth and expansion.

- Enhanced Customer Engagement: The platform’s features, such as reviews and ratings, have enabled businesses to engage with customers more effectively, leading to improved customer satisfaction and loyalty.
  - Improved Business Performance: Businesses using BizConnect have reported improvements in their overall performance, including increased revenue and profitability, as a result of using the platform’s tools and services.
- **Training and Workshops**

IDB, as the apex body providing entrepreneur development programmes, offers over 200 in-person and online training and workshops across a broad spectrum of twenty industries. The workshops are conducted islandwide through the IDB District offices for ease of convenience, and the participation is extended to both private and public organizations

In addition to industrial training, workshops are also conducted with respect to entrepreneurship, digital marketing, engineering, technology and power & energy.

- **Business Clinic**

The Business Clinic is an assistance initiative by the IDB wherein entrepreneurs and business owners assess the health of their businesses through an innovative web application, by providing insights and guidance to empower the business to adapt to today’s business landscape. The entrepreneurs are navigated to refine and develop their business plans, and make informed decisions through the facilities provided by the clinic such as business audits, industry health surveillance and analysis, and collaboration with regional offices through one on one scheduled meetings.

## 6. Engagement of Board of Investment (BOI) of Sri Lanka in providing BDS

As the premier institution in Sri Lanka, mandated to promote and attract FDIs, the Board of Investment of Sri Lanka always focuses on attracting investments that contribute towards achieving SDGs.

With all the positive initiatives implemented by BOI to strengthen its facilitation role, such as establishment of Investor Facilitation Centre (IFC), Digitization of BOI functions, promoting re-investments and introduction of partnership finder database, etc., BOI contributed to create an investment friendly environment to attract much needed FDI to the country while assisting existing BOI enterprises to continue with their functions amidst various economic challenges.

The BOI is proud to commit itself wholeheartedly to the cause of sustainable development. We firmly believe that investment and sustainable development are intimately linked, and by embracing this interconnection, we can unlock unprecedented opportunities for growth, innovation, and shared prosperity.

- **SDG Investor Mapping**

In September 2022, BOI was able to collaborate with the UNDP and the Sustainable Development Council in launching the “SDG investor platform” which is an effective interactive tool to provide investors with market intelligence and insights on investment opportunities with sustainability

potential. Potential investors have been provided with the access to the SDG investor platform via BOI official website.

Through this tangible market intelligence tool, it is expected to direct private capital towards achieving the country's SDGs. The country has identified investment opportunities across 05 key sectors (healthcare, renewable energy, food and beverage, consumer goods and infrastructure) and currently, we are having a series of sector deep-dive workshops, aligned to the key investment opportunity areas and sectors. Application of technology, gender equality and climate are cross-cutting themes that were explored for these sectors.

- **Green Zoning**

The Board of Investment (BOI) is actively engaged in the implementation of the Nationally Determined Contributions (NDCs) policies and strategic plans. As part of this initiative, efforts are underway to transform existing BOI Export processing zones into Eco Industrial Parks, promoting sustainable development and environmental stewardship.

BOI initiated a pilot project in three selected Export Processing Zones (EPZs); Katunayake, Pallekale, and Wathupitiwala, and the process of obtaining ISO 14001 certification for these zones has commenced. Several key initiatives have been implemented to support this transformation, including capacity building programmes for BOI officials, awareness programmes for industry representatives, and the establishment of efficient and effective operational procedures.

Under this programme, a series of measures have been implemented within the "Go-Green" framework. These actions include increasing water conservation through recycling measures, promoting green energy initiatives such as rooftop solar among zonal enterprises, encouraging energy efficiency through technological conservation methods as well as embarking on planting of over 500 trees within several Export Processing Zones and this model will be replicated in the rest of the zones.

Following the successful certification of the initial three zones, the ISO 14001 certification process will be extended to the remaining BOI Export processing zones, ensuring a widespread commitment to environmental standards and sustainability across the nation's industrial sector.

BOI has introduced these new measures having acknowledged that the Green and Low Carbon Economy is a vital factor in the fight against climate change. Therefore, moving towards a low-carbon economy requires reducing greenhouse gas emissions, promoting clean energy solutions, and adopting eco-friendly practices to mitigate environmental damage and also create new opportunities for green jobs and sustainable economic growth.

BOI has taken initiatives to establish dedicated zones complying with environmental standards for companies in the pharmaceutical and textile sectors to setup their manufacturing plants with required infrastructure facilities in place such as power, water, waste management including a sea outfall. Moreover, these companies will be offered attractive and competitive investment incentive package as an encouragement for them to establish their plants in Sri Lanka.



- **Green Channel**

In a move towards efficiency and sustainability, the Board of Investment of Sri Lanka (BOI) awarded the Green Channel Facility to a selected group of export-oriented Enterprises in 2023.

As a key player in attracting investments, BOI's Green Channel Facility aims to expedite services and minimize lead times for the import and export activities of export-oriented Enterprises. The Green Channel Facility offers export oriented Enterprises to clear import cargo and forward to the export cargo without physical verification (Only 10% of the cargo will be physically verified).

A total of 116 applications from BOI registered Enterprises were received, fulfilling a minimum operational tenure of five years. Accordingly, 35 Enterprises from various sectors have been selected to benefit from the Green Channel Facility after obtaining clearance from Sri Lanka Customs.

As the BOI continues to lead in facilitating investments, the Green Channel Facility acts as a guiding light, directing Enterprises towards smooth operations and environmental responsibility. This blend of efficiency and sustainability stands as proof of BOI's dedication to creating a business-friendly environment in Sri Lanka.

- **Establishment of Investor Facilitation Centre (IFC)**

With a view to establish a Single Window Platform to streamline and ease the investment project approval process addressing time lags and other internal and external administrative drawbacks, a special unit styled “Investment Facilitation Centre (IFC)” has been established at the Board of Investment of Sri Lanka. This unit functions as the central facilitation unit to grant all necessary approvals in an expeditious manner with the active participation of relevant line agencies.

- **Investor Facilitation Coordinating Committee (IFCC)**

The “Investor Facilitation Coordinating Committee (IFCC)” established at BOI is responsible for expediting the Line Agency approval process for investment projects which require intensive institutional clearances. The IFCC will provide a common platform enabling the investor to obtain relevant Line Agency approvals without physically visiting multiple agencies from time to time.

- **Partnership Finder Database**

In 2022, BOI launched the “Partnership Finder Portal” on the BOI website, which is an investor match-making gateway connecting investors towards commercial partnerships. This is an independent platform designed to help businesses, research institutes and startups find the right partners for their next business proposal or innovation.

- **Capacity Development**

#### **UNESCAP FDI Attractiveness & Export Readiness Training Programme for Sri Lanka Based ICT Companies**

The training programme which took place over two days in Colombo in May 2024 in collaboration with United Nations ESCAP, ICTA and BOI Sri Lanka was based around the delivery of training for up to 15 digital (ICT) firms that are ready to develop into overseas markets with a view to support the

development of the company's capacity to implement effective internationalization strategies. The programme targeted Companies based in Sri Lanka, export/growth-ready, and in a position to access overseas markets within the next 6 months with the necessary internal resources. The training provided a comprehensive learning experience for Sri Lankan mid-growth, export-ready ICT companies aiming for internationalization through foreign investment and export development. The combination of in-person and virtual sessions allowed for both theoretical learning and practical application, through implementation and review with ample opportunities for interaction and feedback. The programme assisted companies through the development of investor targeting and market development strategies as outcomes which was followed by 3 virtual sessions where the strategic plans were refined and developed for implementation.

## **7. Engagement of Export Development Board of Sri Lanka in providing BDS**

The Export Development Board (EDB) of Sri Lanka is a pivotal institution in driving the country's export growth and enhancing the global competitiveness of Sri Lankan products and services.

- **Facilitate SME Development for Exports**

The Export Development Board (EDB) under its New Exporter Development Programme (NEDP) conducted various initiatives aimed at fostering new exporters and raising awareness about export market opportunities. These initiatives included awareness workshops, producer-exporter link-up programmes, product development efforts, and market exposure activities. A total of 200 SMEs were identified, with evaluation interviews conducted for 140 agriculture and industrial-based SMEs from April to July 2023. Notably, 20 SMEs received specialized packaging development training in collaboration with USAID, UNIDO, and ITI. Additionally, regional SMEs participated in quality-focused workshops, while a feasibility study explored areca nut leaf-based product exports to Japan. Several B2B meetings and open days were organized, linking SMEs with exporters, and women-led businesses were supported through knowledge-sharing workshops, presentations, and exhibitions. The EDB's efforts helped SMEs access raw materials via duty-free facilities, providing practical support for their growth and success in the export market.

- **E-Marketplace - Online Promotion of Sri Lankan Products & Services**

To enhance market access and facilitate B2B and B2C transactions, the Export Development Board (EDB) promoted its website, [www.srilankabusiness.com](http://www.srilankabusiness.com), as the national gateway for Sri Lankan products and services. This initiative aims to support SMEs and entrepreneurs in entering the e-commerce space. Additionally, the EDB undertook several IT-related projects to improve service efficiency. These included developing the Presidential Export Awards 2023 Portal and SQL database, creating online registration portals for events and the EDB Open Day, and updating the online exporter profile system. The EDB also launched a mobile app, revamped its payroll system, and enhanced its employee management and visitor tracking systems. Training programmes, such as certificate courses on Export & Import Procedures and International Trade, were conducted online through the Learning Management System. These efforts reflect the EDB's commitment to leveraging technology to streamline operations and support Sri Lankan businesses in the global marketplace.

## 8. Engagement of Ministry of Technology in providing BDS

- **DIGIGo**

DigiGo, an initiative by the Ministry of Technology in collaboration with the LKDomain Registry and support of the World Bank, established under the patronage of the Ministry of Industries & Plantation Industries in Sri Lanka, aims to accelerate the country's digital transformation by enabling citizens and businesses to embrace digital services. Identifying that every business warrants the leverage of digital technologies for growth and success, the initiative was launched with the vision and objective of bridging the gap between SMEs and the digital sphere, by providing resources, tools and support for businesses to navigate the digital landscape with confidence.

The platform is designed to facilitate seamless access to government services, promote digital inclusion, and enhance the use of Information and Communication Technology (ICT) in daily operations. The tailor made services provided include:

- ERP solutions, wherein SMEs' business operations are integrated and automated ensuring seamless operations, providing real time visibility, centralized data, enhancing accuracy and aiding better decision-making, ultimately fostering business growth.
- Delivery Solutions and Marketplaces, online platform systems (systems or services that facilitate the transportation of goods or services from multiple sellers to buyers, often incorporating logistics and technology for efficiency, broadening the market reach to a wider audience).
- Payment solutions, where streamlined transactions for SMEs are offered, with diverse payment options, and global access. They enhance cash flow management, increase sales, and cater to customer preferences while ensuring security, efficiency, and data insights.
- Collaboration solutions, where a set of tools and platforms facilitating effective teamwork and communication within organizations are presented. This includes communication tools like messaging and video conferencing, document sharing and management, project management software, virtual workspaces, and integration capabilities with other business tools. These solutions aim to enhance productivity by breaking down communication barriers and fostering collaboration among team members, irrespective of their physical locations. Security features are also often integrated to ensure the protection of sensitive data.