



MINISTRY OF INDUSTRY AND
ENTREPRENEURSHIP DEVELOPMENT
SME DIVISION



NATIONAL SME STRATEGY FRAMEWORK

A Thriving Nation - A Beautiful Life

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NATIONAL SME STRATEGY FRAMEWORK 1.0

"A Thriving Nation – A Beautiful Life"

STRATEGIC OUTLOOK



IMPLEMENTATION APPROACHES



11 STRATEGY PILLARS

Pillar 01. Technology and Digital Enablement

Develop an SME database mapping system integrated with a business lifecycle support Platform capable of CRM to enable level-up initiatives. Drive digital readiness, improve enterprise support, and enable data-driven decision-making for SME growth.

Technology and Digital Adaptions for SMEs

Pillar 02. Institutional Integration for Impact

Integrate institutions engaged in enterprise development, along with ecosystem partners, to drive business lifecycle-based development and enterprise transformation for growth and export readiness. Align the SME Strategy Framework with structural support from the new amalgamated entity for industry transformation.

Pillar 03. Service Delivery Structure

Establish a coordinated Service Delivery Structure through District and Divisional Committees, supported by an Inter-Ministerial Committee. Enable a single-window helpdesk and an SME Connect Contact Center to ensure accessible, efficient, and responsive service delivery.

Pillar 04. Incubation and New Business Support

Develop an organized Incubation Framework aligned with national priorities to support new business creation. Improve the ease of starting a business through structured incubation, early-stage support systems including simplified business registration.

ALIGNED TO NATIONAL PRIORITIES
IMPROVE EASE OF STARTING A BUSINESS

Pillar 05. Market Development and Value Chain Integration

Establish structured and connected demand driven market-access platforms to support enterprise growth and export readiness. Enable Value Chain Integration by improving Productivity, Quality, and Sustainability, allowing SMEs to compete in local and global markets.

Pillar 06. Business Intelligence Research and Impact Assessment

Strengthen investment in research and analytics to support MoIED decision making and enable enterprises with insight. Provide support for evidence-based policy development and strategy execution with establishment of the Strategy Impact and Business Analytics (SIBA) unit.

Sector-specific Market Research, Export Market Research, Publication of Industry Briefs, Value Chain Insight, Establish the Strategy Impact and Business Analytics Unit (SIBA)

Promote Triple Helix collaboration among Government, Industry, and Universities for applied research and innovation development

Pillar 07. Recognition of Ecosystem Partners

Introduce a partner recognition program aligned with the national agenda for SME and Entrepreneurship development. Recognize enterprises, Development officers, Government sector, NGOs, chambers, banks other related stakeholders for impactful programs and initiatives supporting SME development.

Introduce a partner recognition programme aligned with the national agenda for SME and entrepreneurship development.
Recognize enterprises and Development Officers for impactful programmes and initiatives.
Recognize government institutions, NGOs, chambers, banks, and related stakeholders.

Pillar 08. Relationship Management to Level Up

Transform the traditional Development Officer role into a competent Relationship Officer to manage portfolios of High-Growth and Export-Potential (HGEP) enterprises. Establish effective curated capacity building programs to support , Build network of Business Consultants for specialized support.

LEVEL UP SCORECARD: Growth, Innovation, Productivity, Tech & Digital, Finance, Marketing, Risk, Sustainability. Export Readiness.

BENEFITS: Loans, Land, Labour, Linkages, Corporates, Leeway, Licences, Learning.

Pillar 09. Access to Finance and Growth Fund

Introduce a structured practical SME creditworthiness development program interlinking Bank Credit Officers and MoIED Development/ Relationship Officers. Provide access to progressive development banking solutions and establish a Growth Fund targeting HGEP enterprise in priority sectors for impactful , inclusive growth and GVC integration.

Creditworthiness Readiness Programme (CRP)

10. Entrepreneurial Education & Culture

Establish programs with the Ministry of Education to support education reform related entrepreneurship. Establish education and industry linkages through Entrepreneur Circles. Re-organize the UBL (University Business Linkage) .Collaborate with traditional and new media to build Enthusiasm for Entrepreneurship nationwide.

10,000 Schools
5 Million Students

6 MILLION Households

17 Universities
40,000 Students

11. Policy and Regulatory Change

Establish an SME Advisory Committee to drive policy reforms. Implement a National Regulatory Action Plan to create an enabling environment for SMEs, aligned with The National Tariff Policy readiness initiatives.

CONTENT

Introduction	01
Sme Strategy Framework Components Strategic Outlook	02
Strategic Outlook	02
Implementation Approaches	03
Alignment of Strategy and Implementation	05
The 11 Pillars	06
Pillar 01 - Technology and Digital Enablement	07
Pillar 02 - Institutional Integration for Impact	08
Pillar 03 - Service Delivery Structure	09
Pillar 04 - Incubation and New Business Support	10
Pillar 05 - Market Development and Value Chain Integration	11
Pillar 06 - Business Intelligence Research and Impact Assessment	12
Pillar 07 - Recognition of Ecosystem Partners	13
Pillar 08 - Relationship Management to Level Up	14
Pillar 09 - Access to Finance and Growth Fund	15
Pillar 10 - Entrepreneurial Education & Culture	16
Pillar 11 - Policy and Regulatory Change	17
Framework Outcome Focus	18

INTRODUCTION

Sri Lanka's economy is significantly shaped by Micro, Small, and Medium Enterprises (MSMEs). MSMEs account for over 75% of all registered businesses, contribute more than 52% of GDP, and employ nearly 45% of the workforce.

Findings from the World Bank Enterprise Survey (Sri Lanka 2025) highlight persistent structural constraints that limit the sector's full potential. Key challenges include limited access to finance, regulatory inefficiencies, tax complexity, skills gaps, informality pressures, and weak integration into international trade and value chains. For instance, a significant proportion of firms identify tax rates, access to finance, and business licensing as major constraints, while only a small share of firms actively participates in exports or innovation-driven activities. These findings reinforce that the core issue is not the presence of SMEs, but the lack of structured pathways for enterprise transformation with a coordinated results driven support system

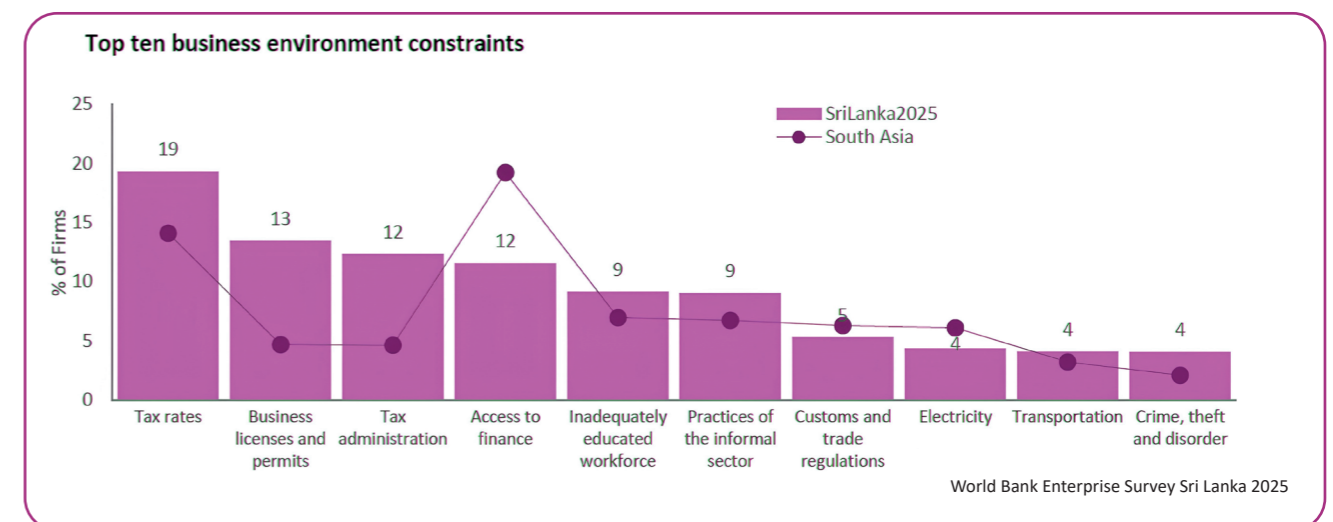
Recognizing these root causes, the Government—through the Ministry of Industry and Entrepreneurship Development—has taken a strengthened leadership role in addressing systemic gaps. This includes aligning institutions, fostering public-private partnerships, and integrating the SME ecosystem into a more coordinated, outcome-driven model. The focus is on moving away from fragmented, reactive, transactional interventions

toward a relationship and partnership driven national system that enables growth, competitiveness, and export readiness.

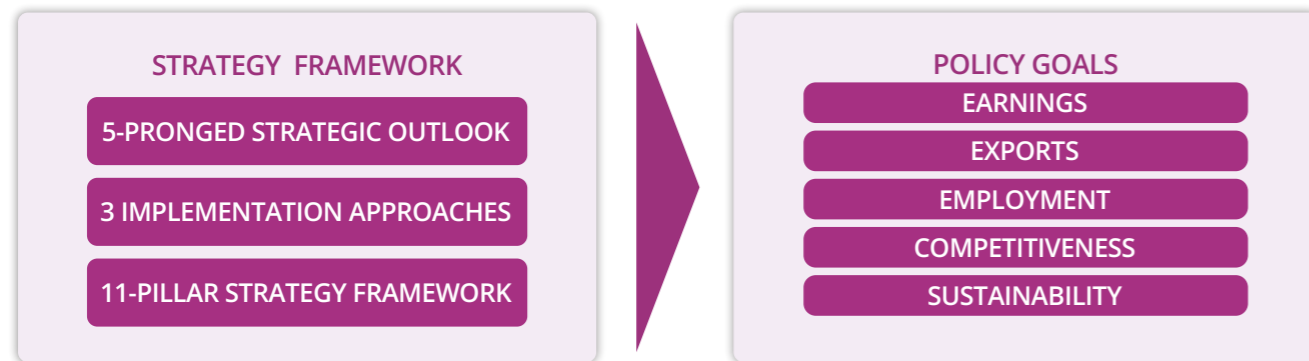
A key shift in this framework is the clear distinction between livelihood support and SME development. While livelihood programs remain important for social inclusion, SMEs require targeted, capability-driven interventions to transition into High-Growth and Export-Potential (HGEP) enterprises. This includes structured support across productivity improvement, market access with value chain integration, access to finance, technology adoption, and business capability development. Without such differentiated interventions, enterprises remain locally focused and trapped in low-productivity cycles.

The SME Development Strategy Framework responds directly to these challenges by introducing a sharper strategic direction through a 5-Pronged Strategic Outlook, 3 Implementation Approaches and a 11-pillar Strategy framework.

This framework has been developed by the Ministry of Industry and Entrepreneurship Development (MOIED), with input from the SME Advisory Committee and key ecosystem stakeholders. It is presented as a national platform for engagement, with the purpose of fostering wider stakeholder participation, strengthening partnerships, and aligning efforts toward effective implementation.



SME STRATEGY FRAMEWORK COMPONENTS



STRATEGIC OUTLOOK

The following five strategic approaches provide the overarching direction for the SME Development Strategy Framework. They sit above the eleven pillars and guide how the framework should be understood, implemented, and measured.



1. Transformational Growth

Align SME interventions towards economic transformation through competitiveness, scalability, and export readiness with a focus on sustainability, circularity and inclusion. Not mere subsistence and livelihood support.



2. Integrated Approach

Shift from fragmented interventions to a coordinated national ecosystem, where institutions, markets, and enablers operate as one unified system.



3. Market-Orientation

Anchor SME development in real market opportunities, enabling enterprises to integrate into value chains and compete in local and global markets beyond isolated brilliance.



4. Entrepreneurial Society

Foster entrepreneurship as a national mindset and culture, embedding creativity, innovation and problem solving with aspiration, and enterprise thinking.



5. Outcomes and Impact focus

Drive all interventions towards measurable economic outcomes, including growth multiplier effects, exports, earnings, employment, business competitiveness and sustainability.

IMPLEMENTATION APPROACHES

To translate the Strategic Outlook into practical action, the SME Development Strategy Framework is operationalized through three broad Implementation Approaches. These approaches provide the key execution pathways for delivering coordinated, targeted, and impactful interventions across the SME ecosystem.

The Implementation Approaches are designed to ensure that the framework not only provides strategic direction, but also creates the institutional mechanisms, enterprise capabilities, and enabling conditions necessary to achieve measurable economic outcomes.

The 11 Strategic Pillars have been developed based on these Implementation Approaches and the overarching Strategic Outlook, ensuring alignment between vision, execution, and impact.

The three Implementation Approaches are:

1. Institutional Strengthening
2. Capability Enhancement
3. Growth Enablement & Problem Solving



The 11 Strategic Pillars have been developed based on these Implementation Approaches and the overarching Strategic Approaches, ensuring alignment between vision, execution, and impact.

1. Institutional Strengthening

This approach focuses on creating a more integrated, efficient, and responsive institutional ecosystem for SME development.

At present, enterprise support services are often fragmented across multiple agencies and institutions, leading to duplication of work, inconsistent service delivery, and inefficient use of resources. This approach seeks to establish stronger coordination, improve alignment of mandates, and streamline service delivery into a more accessible and effective support system.

The objective is to move towards a whole-of-government and ecosystem-based approach, supported by a one-stop or single-window service delivery mechanism for entrepreneurs and SMEs.

Related Strategic Pillars

Pillar 2 - Institutional Integration for Impact

Pillar 3 - Service Delivery Structure

Pillar 7 - Recognition of Ecosystem Partners



2. Capability Enhancement Approach

This approach focuses on systematically strengthening the knowledge, skills, systems, and entrepreneurial mindset with a support structure for enterprises to drive growth and transformation.

SME development requires more than one-time interventions. Sustainable growth depends on continuous capability enhancement at enterprise, institutional, and societal levels. This includes improving entrepreneurial competencies, strengthening business management capacity, encouraging innovation, and transforming support officers into relationship managers who guide enterprise progression.

This approach supports enterprises to “level up” and become more competitive, innovative, and growth-oriented.

Related Strategic Pillars

Pillar 1 -
Technology
and Digital
Enablement

Pillar 4 -
Incubation and
New Business
Support

Pillar 8 -
Relationship
Management
to Level Up

Pillar 10 -
Entrepreneurial
Education and
Culture

3. Growth Enablement & Problem-Solving A

This approach focuses on identifying and addressing the key barriers that limit SME growth, while creating an enabling environment for competitiveness and expansion.

Rather than offering generic interventions, support should be driven by the real and evolving challenges faced by enterprises, such as market access barriers, financing constraints, limited access to business intelligence, and regulatory bottlenecks.

This approach ensures that interventions are evidence-based, market-driven, and solution-oriented, enabling SMEs to overcome constraints and capture growth opportunities.

Related Strategic Pillars

Pillar 5 -
Market
Development
and Value Chain
Integration

Pillar 6 -
Business
Intelligence
and Impact
Assessment

Pillar 9 -
Access to
Finance and
Growth Fund

Pillar 11 -
Policy and
Regulatory
Change

ALIGNMENT OF STRATEGY AND IMPLEMENTATION

The 5 Strategic Approaches define the overarching philosophy and intended outcomes of the framework, while the 3 Implementation Approaches define how the strategy will be executed in practice.

Together, they provide the foundation for the 11 Strategic Pillars, ensuring that interventions are:

- Strategically aligned
- Institutionally coordinated
- Capability-driven
- Solution-oriented
- Focused on measurable economic and national outcomes

This integrated structure enables the Ministry of Industry and Entrepreneurship Development to lead a more coordinated, results-driven, and transformational SME development agenda.



The 5 Strategic Approaches define the overarching philosophy and intended outcomes of the framework, while the 3 Implementation Approaches define how the strategy will be executed in practice.





THE 11 PILLARS

Each pillar below has been expanded to help understand what the pillar is, but why it matters within the overall framework. Under each section, the key strategic actions are listed in a concise form.

PILLAR 01 TECHNOLOGY AND DIGITAL ENABLEMENT

This pillar establishes the digital and technological foundation of the SME Development Strategy Framework. It focuses on building an integrated and practical digital ecosystem to support enterprise development, improve institutional coordination, and accelerate the digital and technological transformation of SMEs across Sri Lanka.

At the institutional level, this pillar aims to create a centralized and dynamically updated SME information and engagement platform that captures enterprise data at every point of interaction. This platform will enable the Ministry of Industry and Entrepreneurship Development (MoIED) and ecosystem partners to move beyond fragmented and manual systems toward a data-driven enterprise support model. It will allow to identify and prioritize high growth export potential enterprises. Such segmentation will support more targeted interventions, more efficient allocation of resources, and clearer enterprise “level-up” pathways.

At the enterprise level, this pillar promotes the adoption of digital technologies and advanced production technologies to improve productivity, efficiency, product quality, innovation, and competitiveness. Many SMEs remain constrained by manual systems, outdated production methods, and limited access to technology. This pillar seeks to address those gaps by encouraging adoption of digital business tools, automation, smart manufacturing technologies, and e-commerce solutions.

This pillar is therefore not only about technology systems within Government, but about creating a broader digital transformation agenda for the entire SME ecosystem.

It also provides the foundation for stronger monitoring, evaluation, predictive analytics, and evidence-based decision-making under the broader strategy framework.

Key Strategic Actions

Develop an SME database mapping system integrated with a business lifecycle support platform

Build CRM capability to support enterprise tracking, engagement, and level-up initiatives

Use digital tools to improve enterprise support and service responsiveness

Enable data-driven decision-making for SME growth

Promote enterprise adaption of digital business solutions

Support SMEs to adopt advanced production technologies



PILLAR 02 INSTITUTIONAL INTEGRATION FOR IMPACT

This pillar recognizes that enterprise transformation cannot be achieved through isolated programmes or stand-alone agencies. It calls for institutions engaged in enterprise development to work in an integrated way, alongside ecosystem partners, so that businesses receive

support that is relevant to their stage of development and aligned to growth and export outcomes.

This pillar seeks to connect the mandates, investments, and delivery mechanisms around a common enterprise transformation agenda.

Key Strategic Actions

Integrate institutions engaged in enterprise development

Align support to business lifecycle-based development and enterprise transformation

Align the framework with structural support from the new amalgamated entity for industry transformation

Focus institutional and eco system partner collaboration on growth and export readiness



PILLAR 03 SERVICE DELIVERY STRUCTURE

This pillar translates strategy into field-level delivery. It proposes a coordinated service delivery structure that connects provincial, district and divisional mechanisms with national oversight, so that SMEs can access support through a clearer and more responsive system.

This is the operational face of the framework. It aims to reduce confusion, improve accessibility, and build a more consistent service experience for enterprises by introducing a coordinated structure rather than multiple unconnected touchpoints.

Key Strategic Actions

Establish district and divisional committees supported by an Inter-Ministerial Committee

Create a single-window helpdesk for enterprise support

Establish an SME Contact Center for accessible and responsive service delivery

Establish Service quality standards, measurement and review process



PILLAR 04 INCUBATION AND NEW BUSINESS SUPPORT

This pillar addresses the fragmented incubation initiatives into a broader new-business and start-up support framework. It is designed to encourage enterprise creation by aligning incubation with national priorities and by making the early stages of entrepreneurship easier to navigate.

This pillar is important because it recognizes that many potential entrepreneurs struggle before they even begin to grow. It therefore links incubation, early-stage support, and regulatory simplification so that business creation becomes more practical, structured, and opportunity-oriented.

Key Strategic Actions

Develop an organized incubation framework aligned with national priorities

Support new business creation and pivotal growth by supporting Incubator partners

Create awareness and understanding of the concept of incubation and process to access services

Provide simplified and efficient business registration, certifications and approvals within the support system



PILLAR 05 MARKET DEVELOPMENT AND VALUE CHAIN INTEGRATION

This pillar places the market at the center of enterprise development and seeks to connect them to demand-driven market-access pathways and value chains that can sustain long-term growth.

The pillar is critical to link enterprise development to actual commercial opportunity. It emphasizes that growth is not achieved simply through training or finance alone, but through structured access to markets and stronger integration into impactful value chains through improvement of productivity quality-and sustainability.

Key Strategic Actions

Establish structured and connected, demand-driven market-access platforms

Support enterprise growth and export readiness by building linked market pathways

Enable value chain integration through sector and service focused programs

Strengthen productivity quality, sustainability, circularity and inclusiveness of SMEs to compete in a global market context



PILLAR
06

BUSINESS INTELLIGENCE, RESEARCH AND IMPACT ASSESSMENT

This pillar establishes a strong business intelligence and evidence-driven decision-support function within the Ministry of Industry and Entrepreneurship Development (MoIED) and across the broader enterprise ecosystem. It recognizes that effective enterprise development requires timely, accurate, and actionable intelligence to guide policy formulation, programme design, investment prioritization, and enterprise support interventions.

The pillar promotes structured collaboration among Government, Industry, and Universities—through a Triple Helix model—to strengthen research, innovation, knowledge-sharing, and commercialization of ideas. It also emphasizes the importance of continuous impact assessment to evaluate whether strategic initiatives are achieving intended outcomes in areas such as

enterprise growth, employment generation, productivity improvement, and export expansion.

By embedding research, analytics, and impact measurement into the SME ecosystem, this pillar ensures that the framework remains adaptive, responsive, and accountable. It enables both policymakers and enterprises to make informed decisions based on evidence rather than assumptions, while creating a mechanism for continuous learning and strategic refinement.

This pillar is also central to strengthening transparency and accountability by linking implementation efforts to measurable outputs, outcomes, and long-term economic impact.

Key Strategic Actions

Strengthen investment in research and analytics to support MoIED decision-making

Practice evidence-based policy development and strategy execution

Establish the Strategy Impact and Business Analytics (SIBA) unit

Share sector-specific market research, export market research, publication of industry briefs, and value chain insight as a core function

Promote Triple Helix collaboration among Government, Industry, and Universities for applied research and innovation development

PILLAR
07

RECOGNITION OF ECOSYSTEM PARTNERS

This pillar broadens recognition beyond enterprises alone and places value on the wider system that enables entrepreneurship and enterprise development. It introduces recognition as a strategic mechanism to encourage commitment, reward impact, and align stakeholders with the national agenda.

It signals that SME development is not the task of one institution or one entrepreneur. Government entities, Development Officers, NGOs, chambers, banks, and other partners all influence outcomes, and recognition can help reinforce high-impact behaviour across the ecosystem.

Key Strategic Actions

Introduce a partner recognition programme aligned with the national agenda for SME and entrepreneurship development

Recognize enterprises and Development Officers for impactful programmes and initiatives

Recognize government institutions, NGOs, chambers, banks, and related stakeholders

Enhance SME Support stakeholder network and align them to SME Policy Goals and Strategy Framework



PILLAR 08 RELATIONSHIP MANAGEMENT TO LEVEL UP

This pillar transforms the traditional Development Officer role into a more capable relationship-based model. Instead of general support, which tend to be fragmented, reactive, transactional, the framework envisions competent Relationship Officers managing portfolios of High-Growth and Export-Potential (HGEP) enterprises with a clearer focus on enterprise progression/ level-up

The insight here is that enterprise transformation requires ongoing engagement, not one-off interventions. This pillar therefore combines curated capacity building, portfolio management, and access to specialized consultancy support in order to help enterprises move towards higher levels of capability and readiness.

Key Strategic Actions

- Transform the traditional Development Officer role into competent Relationship Officers
- Build and Assign portfolios of High-Growth and Export-Potential enterprises for active management
- Establish curated capacity-building programmes to support enterprise level-up
- Build a network of business consultants for specialized support



PILLAR 09 ACCESS TO FINANCE AND GROWTH FUND

This pillar expands the financing agenda from access alone to readiness and fit-for-purpose growth capital. It recognizes that many SMEs require a planned and practical preparation before they can qualify for impactful financial support, and that high-growth enterprises need more progressive financial solutions than conventional credit alone.

Finance is most effective when linked to enterprise capability, institutional coordination, and growth potential. It therefore combines creditworthiness development with development banking solutions and a dedicated growth-fund orientation for specific interventions for HGEP enterprises in priority sectors.

Key Strategic Actions

- Introduce a structured and practical SME creditworthiness development programme
- Interlink Bank Credit Officers with MoED Development/Relationship Officers for effective usage of bank finance and the credit guarantee schemes
- Develop and provide access to progressive development banking solutions. Promote Private and Public Equity solutions
- Establish a Growth Fund targeting HGEP enterprises in priority sectors



PILLAR 10 ENTREPRENEURIAL EDUCATION & CULTURE

This pillar extends the framework beyond institutional support into society itself. It recognizes that enterprise development is strengthened when entrepreneurship becomes visible, valued, and actively encouraged within education, industry, and public discourse.

It builds the future pipeline of entrepreneurs and creates a more supportive national culture. It links education reform, industry exposure, university-business engagement, and media communication in order to strengthen enthusiasm for entrepreneurship nationwide.

Key Strategic Actions

Establish programmes with the Ministry of Education to support entrepreneurship-related capability development

Create School and Home linkages through Entrepreneur Circles and re-organize the University Business Linkage (UBL) programme

Develop Entrepreneurial capability in SME sector with specific skill, knowledge

Collaborate with traditional and new media to build enthusiasm for entrepreneurship nationwide



PILLAR 11 POLICY AND REGULATORY CHANGE

This pillar recognizes that enterprise development depends on the quality of the enabling environment. Strong businesses cannot emerge at scale if policy and regulatory barriers continue to slow investment, formalization, growth, and market access.

This pillar clarifies that the framework is not limited to programmes and institutions. It also seeks to influence policy reform, regulatory alignment, and implementation discipline so that SMEs can operate in a more supportive and competitive environment.

Key Strategic Actions

Establish an SME Advisory Committee to drive policy reforms

Simplify business name registration process

Implement a National Regulatory Reform Action Plan to create an enabling environment for SMEs

Align regulatory reform and initiatives with National Tariff Policy readiness initiatives



FRAMEWORK OUTCOME FOCUS

Across the framework, the intended focus remains consistent: earnings and GDP contribution, exports, employment, enterprise competitiveness, sustainability and the strengthening of enabling institutions. This opens up opportunity for partnership

The framework ensures that interventions are aligned, coordinated, and outcome-driven, providing a clear pathway from strategic intent to execution while addressing the core constraints of enterprise growth and transformation.





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