



Action Plan to Develop Inclusive and Sustainable Business Capacities in Sri Lanka



Government of Sri Lanka

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In collaboration with:



Ministry of Industries



ESCAP
Economic and Social Commission
for Asia and the Pacific

INTRODUCTION

With ambitious reforms taking centre stage to rebuild a resilient and sustainable economy, the Government of Sri Lanka is exploring opportunities to harness the private sector's potential in fostering inclusive and sustainable growth.

The private sector is critical in providing innovative solutions at scale to address pressing challenges, including the current triple crisis in food, energy and finance, as well as the continuing impact of climate change, and promote more inclusive development by providing access to relevant goods, services and livelihoods.

The Action Plan to Develop Inclusive and Sustainable Business Capacities in Sri Lanka defines specific activities to develop the capacities of businesses in Sri Lanka to adopt, scale and operate inclusive and sustainable business practices. The Action Plan is aligned with the vision of the Government of Sri Lanka and contributes to the implementation of the Strategy to Promote Inclusive and Sustainable Businesses to Achieve the Sustainable Development Goals in Sri Lanka.

The Action Plan was prepared by the Ministry of Industries and the Sustainable Development Council with the support of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

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I. Introduction

1. The Government of Sri Lanka is embracing ambitious reforms to rebuild a resilient, sustainable and equitable economy. To achieve this vision, it is seeking to catalyse the potential of the private sector. Specifically, the Government aims to encourage the development of inclusive and sustainable businesses (ISBs) that are profitable and have a positive impact on society and the environment.
2. To this end, the Cabinet of Ministers of the Government of Sri Lanka adopted the Strategy to Promote Inclusive and Sustainable Businesses to Achieve the Sustainable Development Goals in Sri Lanka (ISB Strategy) on 5 February 2024.
3. Capacity gaps among ISBs in Sri Lanka are a key challenge to effectively creating social and environmental impact or expanding the positive impact of businesses. To tackle this, the ISB Strategy called for the development of an Action Plan to enhance the capabilities of private and public stakeholders to foster inclusive and sustainable private sector development (see ISB Strategy, articles 18–20).
4. The Action Plan sets out activities to develop individual, organizational and ecosystem capacities to promote and develop ISBs. The planned activities will build the capacities of private and public stakeholders. This multi-stakeholder approach recognizes that sustainable capacity growth requires coordinated efforts to enhance personal skills and knowledge, optimize institutional systems and processes, and develop policies, laws and regulations to enable change.

II. Current capacities and gaps

5. The results of an assessment of current capacities and gaps in ISBs in Sri Lanka are provided in the following paragraphs.
6. Sustainable business capacities are being developed across the individual, organization, and ecosystem levels in Sri Lanka. Individuals in the apparel and tourism sectors are gaining expertise in sustainability certifications and green business opportunities. Organizations in these sectors have integrated sustainability into strategic policies, with large exporters actively practising impact reporting. Government institutions promote sustainability certifications at the ecosystem level, and national branding initiatives incorporating sustainability are emerging. Policies to incentivize green businesses are being developed, though they remain fragmented. In the financial sector, the groundwork has been laid for sustainable finance through initiatives such as the Roadmap for Sustainable Finance in Sri Lanka, issued by the Central Bank. In sectors such as agriculture and tea, enterprises are adopting participatory guarantee systems and qualifying for internationally recognized certifications offered by non-governmental partners, including the Rainforest Alliance. In the tourism sector, a rise in sustainable ventures, such as eco-resorts and agritourism initiatives, indicates growing capacities in building green business opportunities.

7. Capacity gaps in sustainable business persist at all levels. Individuals need more skills in impact reporting and accessing sustainable finance, while most sectors need help with comprehensive sustainability reporting, branding and recognition of inclusive and sustainable practices. The ecosystem requires a cohesive national sustainability brand and faces challenges in scaling up sustainable value chain development. For example, while agriculture certifications grow, comprehensive sustainability reporting remains nascent. The tea sector is facing persistent labour issues and the challenge of empowering marginalized groups effectively, while in tourism, the adoption of sustainability certifications is limited, and impact reporting practices still need to be improved. Access to green finance is a common challenge across sectors, particularly for small and medium-sized enterprises (SMEs). Export readiness and value chain sustainability integration remain at initial stages across most sectors, highlighting a significant gap in aligning with global sustainability standards and practices.
8. Currently, inclusive business capacities are at an early development stage. At the individual level, most priority sectors demonstrate initial efforts in inclusivity, with the apparel sector leading in skills and expertise. Organizationally, the apparel sector is at the forefront with structures and policies promoting inclusivity, while tourism and information technology and business process outsourcing (IT-BPO) are integrating inclusivity at core operational levels. These sectors actively engage rural communities and women in recruitment and create empowering work environments. Government institutions promote international certifications at the ecosystem level as part of core operations. National branding initiatives are starting to highlight Sri Lanka as an inclusive business destination. Efforts to engage low-income and vulnerable groups are evident through national policies and welfare programmes, although these remain fragmented. Government bodies and industry associations are working to enhance export readiness, particularly in the apparel and agriculture sectors.
9. Capacity gaps in inclusive business are apparent across levels and sectors. Impact reporting practices remain at an awareness stage, requiring further development. Access to inclusive and impact finance may be restricted because of low awareness and skills in fulfilling reporting requirements. In sectors such as tea and agriculture, organizational capacities for inclusivity remain at an initial efforts stage, and enterprises struggle to address structural inequalities. The ecosystem needs a comprehensive national strategy to align welfare programmes with inclusive business practices. While value chain development and export readiness are progressing, they need a more strategic and integrated approach to incorporate inclusivity fully. For instance, the tea sector faces persistent challenges in effectively empowering marginalized estate communities. The agriculture sector, while inherently engaging low-income communities, lacks concerted policies to promote broader inclusivity of vulnerable populations, including women, youth and persons with disabilities.

III. Vision

10. The Action Plan was designed to develop the capacities of Sri Lankan businesses to adopt, scale and operate inclusive and sustainable business models to help shape a prosperous, resilient and equitable economy by 2030.
11. The goal is to increase the competitiveness of Sri Lanka in global markets through an inclusive workforce and environmentally sustainable business practice by (a) empowering women, low-income and other marginalized groups through inclusive business models; and (b) supporting the private sector to become a driver of environmental sustainability.

12. Achieving these outcomes requires enabling ecosystems for ISBs to emerge, grow and scale up. In particular, government agencies must have enhanced capacities to design supportive policies and initiatives, industry bodies/business support organizations must have enhanced capacities to adopt inclusive and sustainable business practices, and enterprises must have enhanced capacities to develop and scale inclusive and sustainable business models.

IV. Objectives

13. The Action Plan has six objectives:

- i. To expand access to certifications and accreditations and enhance impact reporting by establishing a comprehensive national ISB accreditation system, building technical capacity for its implementation and equipping Sri Lankan enterprises to secure international sustainability certifications and improve impact reporting.
- ii. To position Sri Lanka as a hub for sustainable and inclusive business practices by developing capacities needed to create a unified national strategy for branding ISBs in priority sectors and increase the number and impact of industry awards that recognize inclusive and sustainable business practices.
- iii. To enable ISBs to access finance to scale up by developing government and financial sector capacities to design and offer green and inclusive financial instruments for ISBs and by ensuring ISBs know how to access such financing.
- iv. To build inclusive business capacities of stakeholders to engage women, low-income and other vulnerable groups across business value chains, including through digital tools to combat discrimination.
- v. To build green business opportunities by raising awareness on how to strategically incorporate inclusive and sustainable business principles into business plans and by building capacities to develop a national green policy.
- vi. To foster the adoption of inclusive and sustainable business models in cross-border value chains through multi-stakeholder action and partnerships.

14. The Action Plan is primarily targeted to export-oriented, medium-sized and large enterprises operating in key economic sectors (agriculture, apparel and textiles, IT-BPO, tea and tourism).

V. Capacity development activities

15. The Action Plan sets out activities to build the capacities of stakeholders around six critical objectives through the provision of training, mentorship and resources.

A. Certification, accreditation and impact reporting

16. **Technical training workshops to develop capacities for designing, implementing and promoting a national accreditation system for inclusive businesses and sustainable businesses.** The workshops aim to equip participants with skills and knowledge to create, implement and promote a national system for inclusive business accreditation and for sustainable business accreditation. The activity targets diverse stakeholders and aims to develop a comprehensive accreditation system that aligns with industry growth aspirations, economic and environmental targets and international standards. The workshops will enhance the recognition and growth of ISBs in Sri Lanka.

17. **Technical training workshops to enhance enterprise-level capacities to secure internationally recognized inclusivity and sustainability certifications.** The activity aims to help Sri Lankan businesses identify, obtain and maintain international inclusivity and sustainability certifications. It will provide training to identify suitable certifications, navigate the certification process, and shift to a continuous learning and impact-focused mindset. The initiative targets medium-sized and large export-oriented enterprises from priority sectors, including social enterprises. The goal is for businesses to achieve successful certifications and enhance their global market position and investment potential. Ultimately, this will contribute to achieving the Sustainable Development Goals and increasing competitiveness in the international market.
18. **Technical training workshops to develop individual and enterprise-level capacities for effective impact reporting.** The activity aims to develop capacities for effective impact reporting among medium-sized and large export-oriented enterprises from priority sectors, including social enterprises. Participants will gain knowledge and skills to develop credible impact reporting frameworks, improve data collection and reporting accuracy, and effectively communicate social and environmental impacts. The workshops will address current gaps in impact reporting, emphasizing its benefits for global market competitiveness, impact investment attraction and compliance with emerging trade regulations.

B. Branding and recognition

19. **Workshops to raise awareness and skills to develop a national branding strategy for ISBs in priority sectors.** The activity aims to cover global ISB trends, case studies, the current position of Sri Lanka, sector-specific experiences and collaborative approaches. The expected outcome is a cohesive, sustainability-centric branding strategy to enhance the global market positioning of the country and attract investment.
20. **Awareness raising and technical training workshop for national-level bodies that offer enterprise awards for incorporating and promoting awards for inclusivity and sustainability.** The activity aims to enhance the skills of national-level bodies to incorporate inclusivity and sustainability awards for businesses in Sri Lanka. It will cover the impact of ISB awards, differences between traditional and ISB awards, and techniques for developing effective guidelines and scoring methodologies. The goal is to increase the number and impact of awards for inclusive and sustainable business practices and contribute to the growth of ISBs in Sri Lanka.

C. Access to finance and investment

21. **Workshops to develop capacities to design and implement green and inclusive financial instruments for ISBs in Sri Lanka.** The activity aims to enhance the abilities of Sri Lankan government officials and financial sector professionals, including regulators, banking professionals, and industry representatives, to design and implement green and inclusive financial instruments for ISBs. It will cover effective communication of green financing frameworks, the development of contextually appropriate financing instruments, and it will address regulatory barriers. The activity will develop comprehensive capabilities among stakeholders to promote, incentivize and facilitate the adoption of green and inclusive financial instruments in priority sectors.
22. **Workshops to develop the capacities of ISBs to access green and inclusive financing.** Targeting medium-sized and large export-oriented enterprises and social enterprises, the activity will enhance awareness and technical knowledge about existing and emerging green

and impact financial instruments and models. The workshops will equip enterprises with the necessary skills and information to become investment-ready, ultimately enabling them to raise funding through green and impact finance instruments.

D. Engaging low-income and vulnerable groups

23. **Technical training workshops to engage and bring value to women, low-income and other vulnerable groups in business activities.** The activity aims to address the gap in engaging women, low-income and other vulnerable groups in inclusive and sustainable business practices across key sectors in Sri Lanka. Participants will gain knowledge and tools to overcome biases, engage women, low-income and other vulnerable groups along value chains, conduct social impact assessments, and implement inclusive outreach strategies. The workshops target government officials and representatives of export-oriented businesses and industry associations in Sri Lanka to enhance their awareness, knowledge and skills to effectively engage vulnerable groups in business activities, creating a more inclusive and sustainable business environment in priority sectors.
24. **Technical workshops on the development and utilization of digital tools to combat discrimination and inequity towards women and other vulnerable groups.** The activity focuses on developing capacities to combat discrimination and inequity faced by women and vulnerable groups in the private sector through the adoption of digital technologies. Participants will learn to design innovative digital solutions tailored to marginalized communities. The workshops target government officials and representatives of export-oriented businesses and industry associations in Sri Lanka. Participants will gain proficiency in leveraging digital tools to address inequities, leading to increased engagement and empowerment of vulnerable groups and promoting more inclusive and sustainable business practices.

E. Building green business opportunities

25. **Workshops to raise awareness about ISBs and incorporate inclusive and sustainable business principles into business plans at the strategy level.** The activity targets chief executives and senior leaders of medium-sized and large export-oriented enterprises in priority sectors to raise awareness about ISBs and incorporate inclusive and sustainable business principles into strategic business plans. The workshops include awareness-raising sessions, peer learning and technical training on developing mission-driven strategies, implementation, monitoring and impact reporting. The workshops aim to foster commitment to sustainability among participating enterprises and align their business models with green objectives, track sustainability outcomes and increase the adoption of best practices in sustainability and inclusive business across their operations.
26. **Workshop to build key stakeholder capacities to develop a comprehensive national green policy.** The workshop aims to enhance policymakers' capacity to develop and implement a comprehensive national green policy that promotes sustainable business practices in Sri Lanka. It covers key areas such as energy efficiency, circular economy, sustainable transportation and green innovation. The workshop targets representatives of government ministries, industry associations and academia. Participants will develop a deeper understanding of green policies and their relevance to inclusive and sustainable business practices, along with practical policy analysis, formulation and implementation skills.

F. Value chain development and export readiness

27. **Symposium on the adoption of inclusive and sustainable business models in cross-border value chains through multi-stakeholder action.** The symposium aims to promote inclusive and sustainable business models across global value chains, with the participation of key stakeholders from government ministries, industry associations and international buyers to raise awareness and capacity for collective action. The event will include presentations, panel discussions, case studies and technical sessions to explore the current global value chain landscape, the role of brands in scaling inclusive and sustainable business practices, and successful examples of adopting these practices in cross-border collaborations. The symposium aims to develop industry-specific plans, initiate public-private partnerships and transition value chains towards more inclusivity and sustainability. The expected outcome is to raise awareness about inclusive and sustainable business principles and enhance technical expertise to boost the competitiveness of ISBs in the global market.

VI. Implementation

A. Implementation timeline

28. The implementation timeline is shown in the table below.

Thematic area	Activities	Year 1	Years 2 and 3
Certification, accreditation and impact reporting	1.1 Technical training workshops to develop capacities for designing, implementing and promoting a national accreditation system for inclusive businesses and sustainable businesses.		
	1.2 Technical training workshops to enhance enterprise-level capacities to secure internationally recognized inclusivity and sustainability certifications.		
	1.3 Technical training workshops to develop individual and enterprise-level capacities for effective impact reporting.		
Branding and recognition	2.1 Workshop to raise awareness and skills to develop a national branding strategy for ISBs in priority sectors.		
	2.2 Awareness raising and technical training workshop for national-level bodies that offer enterprise awards for incorporating and promoting awards for inclusivity and sustainability.		
Access to finance and investment	3.1 Workshops to develop capacities to design and implement green and inclusive financial instruments for ISBs in Sri Lanka.		
	3.2 Workshops to develop capacities of ISBs to access green and inclusive financing.		
Engaging low-income and	4.1 Technical training workshops to engage and bring value to women, low-income and other		

vulnerable groups	vulnerable groups in business activities.		
	4.2 Technical workshops on the development and utilization of digital tools to combat discrimination and inequity towards women and other vulnerable groups.		
Building green business opportunities	5.1 Workshops to raise awareness about ISBs and incorporate inclusive and sustainable business principles into business plans at the strategy level.		
	5.2 Workshop to build key stakeholder capacities to develop a comprehensive national green policy.		
Value chain development and export readiness	6.1 Symposium on the adoption of inclusive and sustainable business models in cross-border value chains through multi-stakeholder action.		

B. Implementation activities

29. **Activity design and planning.** While using the proposed activity content as guidance, implementers for each activity should engage experts, trainers and speakers from respective domains to collaborate on activity content development, ensuring activities deliver high-quality, practical and context-specific awareness, knowledge and skills.
30. **Resource allocation and mobilization.** Securing funding and resources is essential for effective programme delivery. This may involve applying for grants, seeking sponsorships, or using governmental or institutional funds. It is important to allocate resources for recruiting experts, preparing training materials, arranging venues or virtual platforms and providing necessary equipment. Partnerships with relevant organizations can help to optimize resource utilization.
31. **Stakeholder engagement and communication.** Engage key stakeholders early to ensure programme relevance and sustainability. Develop a strong communication strategy to promote objectives, benefits and expected outcomes, and provide regular updates and success stories to maintain interest and commitment.
32. **Training delivery and mentorship.** The delivery phase should incorporate various methods to accommodate different learning styles and promote knowledge retention, blending international best practices with the local context. It should provide personalized guidance, feedback and support to participants and offer follow-up sessions and access to resource materials for sustained capability-development.
33. **Monitoring, evaluation and continuous improvement.** Strong monitoring and evaluation are crucial for assessing programme effectiveness and identifying areas for improvement. Data analysis facilitates evidence-based decision-making and curriculum adaptation. Documenting and sharing lessons learned and best practices informs future capacity-development initiatives.