PRIVATE SECTOR DEVELOPMENT
SRI LANKA

The U.S. Agency for International Development (USAID) works in partnership with the people of Sri Lanka to increase prosperity, promote inclusive market-driven growth, and enhance the resilience of the country’s resources to shocks and stresses using a variety of approaches, projects, and partners.

Through its Private Sector Development (PSD) project, USAID increases the competitiveness of small and medium enterprises (SMEs) in order to diversify Sri Lanka’s private sector and increase revenues in high-growth sectors such as tourism, technology, and the commercial care industry.

With a focus on increasing women’s participation in the labor force, the project improves market linkages, encourages the adoption of new technologies, increases innovation, and strengthens professional development, with the end goal of increasing the growth of small and medium enterprises – particularly those owned and led by women. It is also responding to the economic and financial impacts of COVID-19.

This project is one component of the longstanding partnership between the U.S. and Sri Lanka to support self-reliance, strengthen stability, and promote economic growth. USAID’s program in Sri Lanka, totaling more than $2 billion since 1961, promotes a healthy, educated, and employed population.

Implementing Partner: Palladium; Total Estimated Cost: $19.5 million; Performance Period: May 2020 – May 2025
OBJECTIVES

With a focus on increasing women’s participation in the labor force, the objectives of the Private Sector Development project are to foster inclusive and sustained economic growth by:

- Increasing the capacity and competitiveness of SMEs through strengthening the business advisory service industry, improving market linkages, encouraging the adoption of new technologies, and strengthening innovation to increase economic diversification among Sri Lankan SMEs.
- Improving professional development for women to increase the growth of women-owned and led enterprises.
- Responding to the economic and financial impacts of COVID-19.

AREAS OF FOCUS

- **EXPAND GROWTH OF SMALL AND MEDIUM ENTERPRISES:** The Private Sector Development project increases access to resources such as technical assistance and financing for small and medium enterprises. By linking SMEs with business advisory service providers, the project helps businesses improve and expand operations. The project also helps build the capacity of service providers to serve SMEs in targeted sectors, including tourism, technology, and commercial care.

- **IMPROVE MARKET LINKAGES:** PSD engages market actors to convene SMEs within supply chains and link them with financing, buyers, and technology. The project catalyzes financing for SMEs and encourages finance providers to move into new markets and sectors in underserved geographic areas.

- **RESPOND TO MARKET IMPACTS OF COVID-19:** The project responds to the economic and financial impacts of the COVID-19 pandemic by creating new financing opportunities for SMEs that stimulate job creation and increase revenues, especially for women-led and owned SMEs.

EXPECTED RESULTS

- Utilize a variety of innovative financing structures to create new investment opportunities.
- Increase Sri Lanka’s appeal as a site for U.S. services-sector investments.
- Augment ongoing efforts to bring Sri Lankan women into the workforce.