



60
years

INDUSTRIAL
DEVELOPMENT BOARD

BEYOND DEVELOPMENT • TOWARDS TRANSFORMATION

iFiVE

STRATEGY
2026

Beyond Development, Towards Transformation

JUNE 2026



Inspiration & Insight



Integration & Infusion



Industrial Services



Industrial Infrastructure



Industrial Consultancy

iFive Strategy 2026

Industrial Development Board (IDB)

Beyond Development, Towards Transformation June 2026

Chairman's Foreword

Sri Lanka's next phase of economic growth must be built on a stronger industrial foundation. The country has always possessed deep engineering, design and productive capability, from the scale and precision of ancient construction to the resilience and creativity of today's export enterprises. The task before us is to reconnect that heritage with the technologies, institutions and leadership capabilities required for the next industrial era.

The Industrial Development Board is therefore building on its legacy and strengths and realigning from the current transactional, fragmented industrial approach into a catalyst for national industrial transformation. This shift is central to the proposed establishment of the Entrepreneurship and Industry Transformation Authority (EITA), which is focused to bring entrepreneurship development, industrial capability, technology adoption and enterprise transformation into one integrated national platform.

IDB's I-5 Strategy provides the operating logic for this transformation. It focuses **on Inspiration and Insight, Integration and Infusion, Industrial Services, Industrial Infrastructure and Industrial Consultancy**.

These five strategic pillars are intended to move Sri Lanka beyond fragmented enterprise support towards a more integrated system that builds productive, innovative, technology-enabled, sustainable and globally competitive enterprises. The strategy is now anchored to two national outcome measures for 2030: 20% 'Manufacturing Contribution' to GDP and USD 25 billion in 'Merchandise Exports' and a 'Manufacturing Resurgence' across the island

Yasas Hewage

Chairman

Industrial Development Board

THE iFiVE STRATEGY FRAMEWORK

Five Strategic Pillars Driving Industrial Transformation



01

INSPIRATION & INSIGHT



02

INTEGRATION & INFUSION



03

INDUSTRIAL SERVICES



04

INDUSTRIAL
INFRASTRUCTURE



05

INDUSTRIAL
CONSULTANCY

Strategic Focal Point: 20% Manufacturing Contribution to GDP and USD 25 Billion Merchandise Exports by 2030

The strategic focal points of the iFive (i5) Strategy is to support Sri Lanka towards two measurable national outcomes by 2030: increasing manufacturing contribution to 20% of GDP and increasing merchandise exports to USD 25 billion. These are not only macroeconomic targets; they are transformation targets. They require a stronger manufacturing enterprise base, higher value addition, technology-enabled productivity, modern industrial services, productive industrial infrastructure, stronger export capability a renewed national confidence in industrialization a careful mapping of Market opportunities to connect to right Global Value Chains (GVC)

The 2024 baseline used in the IDB Performance Update is a manufacturing contribution of 16.4% of GDP and merchandise exports of USD 12.7 billion. The strategic challenge is therefore twofold: deepen manufacturing value added within the economy while almost doubling merchandise export earnings by 2030. iFive is designed to make IDB materially accountable to this direction through enterprise level-up and scale-up, product and process engineering, technology infusion, industrial-zone and feeder-zone development, standards and testing, export readiness, value-chain integration and industrial consultancy.

Sources / internal alignment: IDB Performance Update 2026; CBSL/DCS National Accounts 2024; export performance references used by IDB.

Journey to iFive Industrial Strategy

The Industrial Development Board of Ceylon was established under the **Industrial Development Act, No. 36 of 1969**, during the government of Prime Minister **Dudley Senanayake**, when Sri Lanka was seeking a stronger institutional foundation for industrial development. The Act came into operation on **29 January 1970** and was designed to encourage, promote and develop industries, establish IDB, create an Industrial Advisory Council and Industrial Panels, and set up an Industrial Development Fund. In the 1960s and 1970s, industrial policy was shaped largely by import substitution, state-led industrialization and domestic production capability, with focus industries including **textiles, cement, sugar, paper, chemicals, edible oils and fats, ceramics, mineral sands, plywood, leather, hardware, tyres, steel and petroleum refining**. This created an industrial base, but much of it remained protected, state-dependent and weakly connected to export markets, technology upgrading and global value chains.

The **1977 Open Economy policy** shifted Sri Lanka towards trade liberalization, export orientation, private investment, export-processing zones and foreign investment facilitation. This created the platform for export-led manufacturing, especially apparel. However, the abrupt opening also weakened parts of the earlier protected industrial base, as several local industries faced sudden import competition, reduced protection and insufficient time to modernize. Therefore, 1977 created opportunity, but also exposed the limits of a state-led industrial model that had not yet developed productivity, technology depth or global competitiveness.

The apparel sector became Sri Lanka's clearest example of how an **outside-in, global-value-chain approach** can build world-class industry. A major turning point came in **1985**, when **Martin Trust**, a pioneer of speed sourcing in American fashion retail, took advantage of the US MFA (Multi Fiber Agreement) and began working with Sri Lankan apparel companies. His partnerships with emerging Sri Lankan enterprise leaders, including the **Omar family/Brandix** and the **Amalean family/MAS Holdings**, connected Sri Lanka to global buyers, product standards, joint ventures, technical knowledge and international supply-chain discipline. This happened before the **200 Garment Factories Programme** of the early 1990s. MAS was established in **1987**, while Martin Trust's first Sri Lankan joint venture with the Omar family's LM Apparels is recorded in **1986**. The later 200 Garment Factories Programme helped spread apparel manufacturing into rural Sri Lanka through BOI facilitation, quota allocation and employment generation.

Over time, apparel moved from basic assembly to a sophisticated value-chain model built on compliance, speed, quality, ethical manufacturing, design support, global brand partnerships and backward integration. MAS and Brandix grew beyond Sri Lanka into regional and global manufacturing platforms: MAS expanded across multiple countries with design and manufacturing capabilities, while Brandix expanded into markets such as **India, Bangladesh, Cambodia and Haiti**. Backward integration deepened through fabric, dyeing, finishing, elastics, trims and thread capability, with examples including **Textured Jersey/Teejay Lanka, Ocean Lanka, Stretchline, Coats and A&E threads**. This strengthened lead times, input availability and Sri Lanka's credibility as an integrated apparel solutions hub. Yet the strategic question remains: **on top of this world-class manufacturing base, what more should Sri Lanka have done to build regional or global fashion apparel brands and achieve deeper forward integration?**

Over the decades, IDB contributed through industrial estates, engineering and technical services, laboratory services, enterprise facilitation, regional industrial development and SME support. However, in the last two decades, its role gradually diluted from its original core mandate of industrial transformation into a fragmented development-support function. Under the 2025 national mandate of building a **Prosperous Nation and a Happy Society**, under President **Anura Kumara Dissanayake**, the Ministry of Industry and Entrepreneurship Development brought together a wider institutional ecosystem including **IDB, EDB, NEDA, SEDD and NPS**: Industrial Development Board, Export Development Board, National Enterprise Development Authority, Small Enterprise Development Division and National Productivity Secretariat. This is a strategic move towards integration, export orientation, productivity and enterprise scale-up, leading towards the future-oriented **Enterprise and Industrial Transformation Authority, EITA**.

Prior to this EITA journey, the Ministry’s SME Division, working with key stakeholders over nearly **15 months**, developed **SME Nexus: the National SME Strategy Framework**, officially launched on **13 May 2026**. SME Nexus provides the strategic bridge between enterprise development and industrial transformation by focusing on SME growth, productivity, digitalization, export orientation, institutional coordination and enterprise scale-up. In parallel, the work towards a national SME policy has created the broader policy direction for a renewed strategic focus. Hence, with the leadership change at IDB in June 2026, the IDB team and key stakeholders developed the **i5 Strategy** to bring IDB back to its core industrial purpose, reconnecting Sri Lanka’s modern industrial future to its Anuradhapura-era industrialization legacy and aligning it with **Industry 5.0** principles.

Industry 5.0: Five Principles for Sri Lanka

Industry 5.0 is not simply the next stage after Industry 4.0. Industry 4.0 focused heavily on automation, data, smart factories and digital systems. Industry 5.0 brings the human, social and sustainability dimensions back into the center of industrial development. For Sri Lanka, five principles are central.

Industry 5.0 Principle	Meaning For Sri Lanka
Human-Centric Industrialization	Technology must strengthen people, jobs, skills, creativity and enterprise capability, not merely replace labour.
Technology-Enabled Productivity	Automation, AI, robotics, digital systems, data and smart manufacturing must increase output, quality, speed and consistency.
Sustainability And Circularity	Industrial growth must reduce waste, pollution, energy intensity and resource inefficiency.
Resilience And Local Capability	Sri Lanka must build industrial capacity that can withstand global shocks, supply-chain disruption and import dependency.
Value-Added Enterprise Scale-Up	SMEs must move into higher-value manufacturing, export readiness, product development, standards and global value chains.

Therefore, the i5 Strategy aligns Sri Lanka towards Industry 5.0 by combining enterprise capability, technology adoption, sustainability, institutional integration and national industrial imagination.

Industry 0: The Anuradhapura Industrial Foundation

Sri Lanka's industrial journey should not be presented as a journey from nothing to Industry 5.0. Sri Lanka has an older industrial memory. The Anuradhapura era represents what can be called Industry 0: an ancient industrial civilization built on engineering, design, water management, construction science, material discipline, social purpose and ecological balance.

The clearest symbol is Jetavanaramaya. Built in the 3rd century CE under King Mahasena, Jetavanaramaya is estimated to have used over 93 million bricks and was among the tallest brick structures of the ancient world. It was not only a religious monument. It was evidence of industrial capability: material sourcing, brick production, labour organization, engineering design, logistics, quality control, structural stability, project management and national ambition. It shows that Sri Lanka had the ability to imagine, design and execute at extraordinary scale.

Industry 0 gives the i5 Strategy a unique Sri Lankan philosophical foundation. It says that industrialization is not foreign to us. It is part of our civilizational DNA.

Three Principles of Industry 0 /Industry Zero

Industry 0 Principle	Meaning
Zero Waste	Ancient systems were designed around resource discipline, reuse, ecosystem balance and long-term utility. Modern industry must recover this thinking through circular production, waste reduction, recycling and by-product value creation.
Zero Pollution	The Anuradhapura industrial and hydraulic civilization was built around coexistence with nature. Modern industrial zones, factories and value chains must move towards cleaner energy, cleaner production, water responsibility and environmental accountability.
Zero Mind: Mindfulness	Industrialization must be guided by disciplined consciousness: purpose, precision, patience, quality, ethics and responsibility. Mindfulness here means industrial thinking with awareness of people, nature, nation and future generations.

From Industry 0 To Industry 5.0

The power of the i5 Strategy is that it connects Sri Lanka's roots of industrial wisdom with the newest industrial future. Industry 0 gives the principles: zero waste, zero pollution and zero mind (mindfulness) . Industry 5.0 gives the modern direction: human-centric, technology-enabled, sustainable, resilient and value-creating industrialization.

Industry 0 Principle	Industry 5.0 Principle	Strategic Connection
Zero Waste	Sustainability And Circularity	Move from ancient resource discipline to modern circular manufacturing, waste recovery and by-product value creation.
Zero Pollution	Sustainable, Clean And Responsible Industry	Move from ecological coexistence to cleaner production, green industrial zones, water responsibility and energy efficiency.
Zero Mind: Mindfulness	Human-Centric Industrialization	Move from disciplined consciousness and ethical purpose to people-centered technology, skilled work and responsible enterprise growth.
Ancient Engineering Scale	Technology-Enabled Productivity	Move from Jetavanaramaya-scale execution to automation, AI, robotics, digital manufacturing and precision engineering.
Civilizational Resilience	Resilience And Local Capability	Move from self-sufficient industrial ecosystems to local capability, import substitution, export readiness and value-chain resilience.

The iFive i5 Strategy therefore becomes more than an institutional plan. It becomes a national industrial transformation philosophy: to rediscover Sri Lanka as a country of builders, engineers, designers, makers, industrialists and entrepreneurs, and to organize that belief into measurable national outcomes: 20% manufacturing contribution to GDP and USD 25 billion merchandise exports by 2030.

The Five I's of the i5 (five) Strategy

The i5 Strategy is the strategic response developed by IDB to this renewed industrial transformation mandate. It translates Sri Lanka's industrial ambition into a focused operating framework for IDB and the wider Ministry of Industry and Entrepreneurship Development ecosystem. At its core, i5 is designed to contribute to two measurable national outcomes: supporting Sri Lanka towards 20% manufacturing contribution to GDP and USD 25 billion merchandise exports by 2030. It does this by reconnecting the country to its historic industrial confidence, integrating institutions and stakeholders, strengthening industrial services and infrastructure, and providing the consultancy capability required for enterprises to modernize, scale and compete in global value chains. In this sense, i5 is not merely an institutional strategy for IDB; it is a national industrial transformation framework that connects Industry 0, Sri Lanka's Anuradhapura-era industrial legacy, with the principles and possibilities of Industry 5.0 towards smart growth & sustainable development

IMPACT: 20% Manufacturing Contribution to GDP + USD 25 Billion Merchandise Exports by 2030	
i5 Element	Strategic Meaning
1. Inspiration & Insight	Inspire a national industrial mindset rooted in Sri Lanka's historic industrial capability from 300 BC and future Industry 5.0 opportunity through structures exposure education and communications. Provide insight through industrial research on technology, emerging trends and global best practices.
2. Integration & Infusion	Integrate and strengthen institutions within the Ministry of Industry & Entrepreneurship Development (MOIED) ecosystem, other ministries, public institutions, universities, private sector and global value chains (GVCs). Infuse advanced and relevant technology into key enterprises and industry value chains
3. Industrial Services	Build and deliver engineering, laboratory, testing, certification, product development, tooling and other technical services
4. Industrial Infrastructure	Develop, manage and promote industrial land, zones, feeder zones, shared facilities, utilities, logistics and sustainable industrial ecosystems.
5. Industrial Consultancy	Provide consultancy services in mechanization, automation, AI and digitization, productivity, profitability, quality, sustainability to level-up and scale-up enterprises

The Strategic Logic

The i5 Strategy is built on a simple transformation logic: Sri Lanka cannot reach 20% manufacturing contribution to GDP and USD 25 billion merchandise exports merely by adding more factories. It must create an industrial ecosystem. That ecosystem must inspire people to think industrially, integrate institutions to act collectively, provide modern industrial services, develop productive infrastructure, and build consultancy capability that helps enterprises mechanize, automate, digitalize and scale.

This means IDB's role must evolve from a traditional development agency into a national industrial transformation platform. The institution must help enterprises move from survival to scale, from informal production to certified production, from domestic sales to exports, from manual processes to mechanization, from isolated SMEs to value-chain participation, and from low productivity to technology-enabled competitiveness. The performance architecture above makes this shift operational by connecting the five pillars to institutional reform, flagship projects, enterprise-facing outputs and the two 2030 national outcomes.

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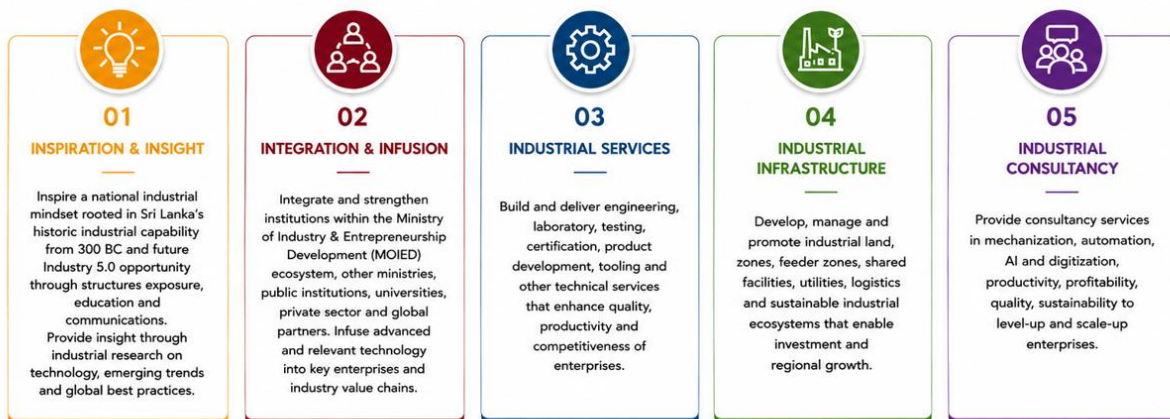
STRATEGY
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THE iFiVE STRATEGY FRAMEWORK

Five Strategic Pillars Driving Industrial Transformation



• *Beyond Development, Towards Transformation* •

Why 20% Manufacturing and USD 25 Billion Merchandise Exports Are Challenging, Yet Achievable

Country	GDP 2024	Industry % Of GDP	Manufacturing % Of GDP	Strategic Lessons
Sri Lanka	USD 99 bn	26.7%	16.4%	Apparel case study proves Sri Lanka can build globally competitive manufacturing in spite inherent constraints : over USD 5.3 bn export revenue in 2025, 350,000 direct employees, and global-standard firms serving international brands.
Malaysia	USD 422 bn	37.1%	22.5%	Industrial policy, FDI, electronics, automotive, palm/rubber value chains and industrial parks created a deeper manufacturing base.
Vietnam	USD 476 bn	37.6%	24.4%	Export manufacturing, FDI integration, industrial zones and global value chains created rapid industrial expansion.

Malaysia and Vietnam show that manufacturing contribution above 20% is achievable when institutions, infrastructure, enterprise capability, export markets, technology and investment are aligned. Sri Lanka's own proof is the apparel industry. Apparel moved from a low-cost manufacturing base into a globally competitive sector with compliance, speed, quality, ethical manufacturing, design support, supply-chain capability and large-scale employment. The strategic lesson for iFive is to replicate this capability-building logic across selected industrial value chains while expanding export depth, local value addition and enterprise scale.

Sources: [Sri Lanka EDB Apparel](#); [Malaysia World Bank Data](#); [Vietnam World Bank Data](#)

From Strategy to Action: IDB Performance Architecture

The iFive Strategy is converted into action through a three-level performance architecture: **(1) align IDB to measurable national economic outcomes, (2) activate flagship projects and operating-model changes under the five iFive pillars, and (3) produce visible near-term outputs that enterprises and stakeholders can experience.** This creates a direct line from national goals to institutional change, projects, enterprise interventions and measurable results.

1. National Economic Goal Alignment

The first conversion from strategy to action is to make IDB accountable to a small number of national outcomes rather than a large number of disconnected activities. The 2030 focal point is therefore expressed through two outcome measures, supported by a 2026 transformation investment envelope and institutional enabling actions.

Outcome / Enabler	Baseline / 2026 Position	2030 Direction	How iFive Contributes
Manufacturing Contribution to GDP	2024: 16.4%	20%	Productivity, value addition, technology adoption, enterprise scale-up, industrial services and industrial infrastructure.
Merchandise Exports	2024: USD 12.7 Bn	USD 25 Bn+	Export readiness, standards, product development, GVC integration, feeder ecosystems and scalable manufacturing enterprises.
Industry Transformation Investment	2026 budgets secured/aligned: LKR 1.0 Bn	Catalytic enabling investment	Direct resources towards engineering capability, zones, enterprise transformation, technology and strategic programmes.

Institutional enablers already translating the strategy into operating change:

- iFive Operational Strategy:** internally launched as the common five-pillar operating framework for manufacturing resurgence and export growth.
- Structure Strengthening:** leadership restructuring; strengthening Engineering and Internal Audit; PMO-led execution discipline and stronger cross-functional coordination.
- EITA Destination Organization Design:** business-model mapping and organization design around Industrial Land & Zone Management, Engineering / Technical Services and Industrial Consultancy.
- IDB Act Change:** mapping a future-ready legislative framework to move IDB from a fragmented development-support role towards an industrial-transformation-focused institution.
- Industrial Thinking Framework:** building a national mindset around Sri Lanka's industrial heritage, engineering capability, technology, manufacturing and human-centric Industry 5.0.

2. Projects - Converting the Five Pillars into Action

The second conversion is from institutional intent to a portfolio of flagship programmes and pilots. Each project is linked to one or more **iFive pillars** and is designed to remove a specific constraint to manufacturing growth, enterprise scale-up or export competitiveness.

Flagship Action	iFive Link	2026 Action / Status	Strategic Conversion to Impact
Product Engineering & Technical Capability	Industrial Services / Industrial Consultancy	Re-conceptualized; budget aligned. Engineering centre for prototyping, tooling, component development and product engineering.	Moves enterprises from concept or imported-component dependence towards engineered products, local value addition, quality improvement and manufacturable scale.
Feeder Zone Ecosystem	Industrial Infrastructure / Integration & Infusion	Phase I in progress; connect IDB industrial estates, BOI/exporters, SMEs and suppliers.	Turns isolated industrial estates into connected production ecosystems, strengthens local supply chains and creates pathways for SMEs to enter larger value chains.
Lab Services	Industrial Services	Accreditation pending; Throughput potential around 3,000 tests per year.	Improves testing, quality assurance, standards compliance and export readiness while reducing time and cost barriers for manufacturers.
Value-Chain Development - Footwear & Leather	Integration & Infusion / Infrastructure / Consultancy	Integrated IDB-Ministry plan progressing, including industrial-zone development and technology transfer.	Applies value-chain logic to build deeper local capability, technology, supplier integration, investment and market competitiveness.
School -> University -> Industry Linkage	Inspiration & Insight / Integration & Infusion	Industry & Entrepreneurship Circles, National Industry Excellence Awards and Industry Expo pathway; budget LKR 40 Mn.	Builds the future industrial mindset and talent pipeline while linking education, recognition and industry exposure into one national journey.
SME Nexus - Access to Finance	Integration & Infusion / Industrial Consultancy	Credit Readiness Program and mapping of loan schemes, collateral-free lending and approval bottlenecks.	Converts financial literacy into enterprise credit readiness and bankability, allowing capable manufacturers to fund technology, working capital and scale-up.
RO - Enterprise Level-Up to Scale-Up	Industrial Consultancy	Consultative relationship management for high-growth export-potential SMEs; linked to i250.	Creates a structured enterprise transformation pathway using diagnostics, productivity, technology, market, finance and scale-up interventions.

How the five pillars operate as one system

1. **Inspiration & Insight** creates the industrial mindset, research intelligence and exposure required to generate demand for transformation and build industry Strategy for sectors
2. **Integration & Infusion** connects ministries, institutions, universities, industry leaders, finance and GVCs around enterprise level-up and technology infusion.
3. **Industrial Services** provides the engineering, laboratories, testing, certification, product development and tooling needed to turn ideas into manufacturable, compliant products.
4. **Industrial Infrastructure** provides the land, industrial zones, feeder zones, shared facilities, utilities and logistics needed to manufacture at scale.
5. **Industrial Consultancy** converts capability into enterprise outcomes through mechanization, automation, AI/digitization, productivity, profitability, quality, sustainability and scale-up.

Performance discipline

The iFive strategy-to-action model therefore follows a simple performance chain: National Goals -> Five Strategic Pillars -> Institutional Enablers -> Flagship Projects -> Enterprise-Facing Outputs -> Manufacturing and Export Impact. The PMO will track each major initiative against milestones, enterprise reach, investment mobilized, capability improved and the contribution pathway to manufacturing value added and merchandise exports.

JETAVANARAMAYA

THE ANCIENT MONASTIC CITY OF ANURADHAPURA, SRI LANKA
3rd Century CE | Built by King Mahasena (273–301 CE)



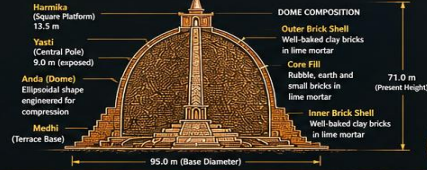
KEY FACTS

	Original Height 122 m (400 ft)		Volume of Structure 233,000 m ³
	Present Height ~71 m		Bricks Used ~93.3 million
	Base Diameter 95 m (312 ft)		Construction Period ~15 years
	Foundation Depth 8.5 m to bedrock		Estimated Monks ~10,000

WORLD CONTEXT (AT TIME OF COMPLETION)

- One of the tallest structures in the ancient world
- The largest brick structure ever built
- Among the tallest masonry monuments, 3rd century CE

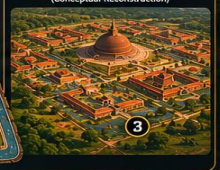
TECHNICAL DRAWING – CROSS SECTION (THROUGH CENTER)



PLAN SCHEMATIC (NOT TO SCALE)



MENTION DRAFT VISUAL (Conceptual Reconstruction)



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