Project Summary

The Tsunami of 2004 affected severely Sri Lanka's northern, eastern and southern coastline. Following the emergency relief measures, it was imperative to support the population to recommence normal life. The resumption of economic activities, in particular the Promotion of Micro, Small and Medium Enterprise (PMSME) played crucial role and was therefore chosen as the focus of the project.

Project Objectives
The overall objective of the project was to restore and in the medium term increase the economic strength of the supported micro, small and medium enterprises in the tsunami affected areas.

Project Concepts and Activities
The concept of the PMSME project was:

- **Nuclei:** Creation of working groups of sector-specific MSMEs and a Nucleus Entrepreneurs Foundation (NEF) to ensure sustainability. Each of these groups was accompanied by one councilor to assist in joint activities, empowerment and lobbying.
- **Support to Value chains:** Six value chains were identified in the project area comprising in total 1000 MSME. For each value chain a range of business development services (BDS) were offered in cross-sectoral fields of marketing, technical testing and certification and training.
- **Sub-sectors covered:** cinnamon peeling, rice milling, seaweed cultivation, boat building and repair facilities, garment production, turmeric cultivation.
- **Grants and subsidies:** Co-financing schemes (about 1.3 Mio Euro) were provided to support the above value chains, nuclei and/or service companies.

Services provided

**Nuclei**
- Creation of working groups of sector-specific MSMEs
- Foundation of a Nucleus Entrepreneurs Foundation (NEF) for six value chains

**Value Chains**
- Analysis and mapping of the six selected value chains
- Identification of strong and weak points, required policy measures: requirements & gaps and critical issues
- Determination of intervention strategy, milestones and action plans for each value chain
- Creation of business support services (BDS) to support business entities
- Management support, training of councillors and technical advice to the BDS
- Advisory services to and training of a total of 1000 MSMEs via the BDS network
- Creation of 18 new enterprises for BDS and technical services encompassing about 500 new jobs
- Creation of a cinnamon peeling training centre, training of trainers and organization of training courses

**Grants and subsidies**
- Design and implementation of individual grant and subsidy co-financing schemes for institutions and groups of SMEs covered by the project.
- Development of criteria for awarding grants and subsidies
- Design of formats and processes for the scheme
- Promotion and introduction of the scheme among the selected value chains
- Processing of applications and awarding contracts of 19 grants in the Value Chain and hundreds of small grants under the Nucleus Programme
- Monitoring of the implementation of projects under the scheme and its conditions

Client
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)

Duration
01.09.2005 – 30.06.2008

Personnel
- 1 LTE 34 (PM)
- 6 national LTE (222 PM)
- 31 PM international STE
- 90 PM national STE