NORTH WESTERN PROVINCE INDUSTRIAL DEVELOPMENT FRAMEWORK 2026–2035

Industrial Services Bureau Draft Report
Prepared for: Industrial Services Bureau
Prepared by: Industrial Development Officer Draft
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1. Executive Summary

The North Western Province should be developed as a balanced industrial region built on agro-processing, fisheries value addition, coconut-based manufacturing, mineral-based light industry, logistics, and selected green manufacturing.
The 2026–2035 framework emphasizes value addition, import substitution, export readiness, SME clustering, environmental compliance, and skills development.
This report provides a policy and implementation structure suitable for use by the Industrial Services Bureau, provincial agencies, and investors.

2. Provincial Industrial Context

The North Western Province has a strong base in agriculture, coconut production, fisheries, and mineral resources.
It also has practical potential for warehousing, cold chain, light manufacturing, industrial services, and renewable-energy-linked production.
Current national policy direction supports decentralised investment, industrial estate development, and stronger regional economies.
The province should therefore be positioned as a competitive production and distribution zone rather than a low-value raw material supplier.

3. Strategic Vision and Objectives

Vision: To transform the North Western Province into an economically sustainable, technologically capable, and environmentally responsible industrial province by 2035.

Objectives:

- Increase value-added production from local raw materials.
- Create stable industrial employment for youth and SMEs.
- Expand export-oriented manufacturing capacity.
- Improve industrial infrastructure and utility readiness.
- Strengthen financial resilience and productivity.
- Promote green and energy-efficient industry.

4. Sector Prioritization

Priority sectors:

1. Agro-processing.
2. Fisheries and seafood value addition.
3. Coconut-based manufacturing.
4. Mineral-based light industry.
5. Packaging and paper substitutes.
6. Logistics, warehousing, and cold-chain services.
7. Renewable-energy-linked manufacturing.

8. Repair, maintenance, and industrial support services.

Selection criteria:

- Availability of raw material supply.
- Labour absorption potential.
- Export and import-substitution value.
- Infrastructure compatibility.
- Environmental sustainability.
- Scale potential for SMEs and larger anchor firms.

5. PESTLE Analysis

Political: Regional industrial investment is supported by national planning priorities and decentralised development objectives.
Economic: The province should focus on industries that improve foreign exchange retention, reduce imports, and create stable cash flow.
Social: Rural employment, SME participation, and skills upgradation are essential for inclusive growth.
Technological: Competitiveness will depend on automation, digital systems, quality assurance, and traceability.
Legal: Land use, environmental compliance, labor law, food safety, and industrial approvals must be integrated early.
Environmental: Climate risk, water use, waste management, and pollution control must be treated as core design requirements.

6. SWOT Analysis

Strengths:

- Strong agricultural and coconut base.
- Coastal and fisheries potential.
- Mineral resource availability.
- Existing industrial estate opportunities.
- Good potential for SME-led growth.

Weaknesses:

- Uneven infrastructure across localities.
- Limited advanced technology adoption among small firms.
- Need for stronger logistics coordination.
- Capital constraints for many entrepreneurs.

Opportunities:

- Value addition and export diversification.
- Industrial estate expansion.
- Green industry and renewable energy integration.
- Digital transformation of provincial industry.
- Private sector partnerships and blended finance.

Threats:

- Climate and water stress.
- Policy delays and approval bottlenecks.
- Global price volatility.
- Competition from established industrial zones.
- Environmental resistance to poorly designed projects.

7. Porter's Five Forces Assessment

Competitive rivalry: Moderate to high in food and light manufacturing; differentiation is needed through quality and branding.
Threat of new entrants: Moderate, because industrial support systems lower barriers, but compliance and financing remain important.
Supplier power: High for agricultural inputs due to seasonality; contract farming and cooperative procurement are recommended.
Buyer power: High in export and retail channels; reliability, certification, and packaging matter.
Threat of substitutes: Moderate across most product categories; innovation and cost control are required.

8. Financial and Technological Framework

Financial principles:

- Prefer projects with fast payback and low import dependence.
- Use lease finance, working capital support, and guarantee mechanisms for SMEs.
- Require investment appraisal with debt service coverage, break-even timing, and foreign exchange impact.
- Encourage phased capital deployment.
- Integrate solar and energy-saving systems to reduce operating cost.

Technological principles:

- Use digital inventory and production systems.
- Adopt traceability tools for food and export sectors.
- Introduce energy monitoring and preventive maintenance.
- Establish quality control and testing capacity.
- Support CAD/CAM and productivity analytics where relevant.

9. Industrial Performance Measures

Core indicators:

- Investment per acre.
- Jobs per acre.
- Jobs per Rs. million invested.
- Export earnings generated.
- Local raw material utilization rate.
- Energy cost as a share of production cost.
- Water use per unit output.
- SME survival rate after 3 years.
- Capacity utilization.
- Approval and utility connection time.
- Waste and carbon intensity.

10. Phased Implementation Plan

Phase 1: 2026–2028

- Identify priority industrial sites.
- Improve utilities and access roads.
- Set up investor facilitation.
- Launch skills and supplier development programs.
- Prepare bankable project pipelines.

Phase 2: 2029–2031

- Expand anchor firms and supplier networks.
- Strengthen export compliance.
- Develop cold chain and logistics hubs.
- Scale technology adoption.
- Deepen SME participation.

Phase 3: 2032–2035

- Move into higher-value products.
- Strengthen R&D and innovation partnerships.
- Integrate renewable energy at scale.
- Build provincial brand identity.
- Raise productivity and resilience.

11. Institutional Arrangement

A Provincial Industrial Development Task Force should coordinate industry, utilities, finance, education, and local government.
A single-window facilitation desk should manage land, permits, environmental processes, and investor aftercare.
Sector working groups should be created for agro-processing, fisheries, coconut products, minerals, logistics, and SME development.

12. Risk Management and Mitigation

Main risks include delays in land access, utility shortages, environmental non-compliance, skills gaps, weak market access, and financing constraints.

Mitigation measures include pre-approved industrial land banks, utility planning, environmental safeguards, training partnerships, market linkage support, and blended finance.

13. Conclusion

The North Western Province can become a resilient and competitive industrial region if it develops around local resource strengths, modern technologies, financial discipline, and export-oriented value chains.
The province's long-term sustainability depends on good planning, green infrastructure, private sector participation, and strong institutional coordination.

14. Annex: Action Matrix

Objective **Key Action** **Lead Institution** **Timeline**

Objective	**Key Action**	**Lead Institution**	**Timeline**
Industrial land readiness	Prepare serviced industrial sites	Provincial agencies, local authorities	2026–2028
SME growth	Launch supplier development and finance schemes	Industrial Services Bureau, banks	2026–2030
Technology upgrade	Introduce digital and quality systems	Private sector, training institutions	2027–2032
Export expansion	Build certification and market access support	BOI, export agencies	2028–2035
Green industry	Promote solar and cleaner production	Energy and environment bodies	2026–2035