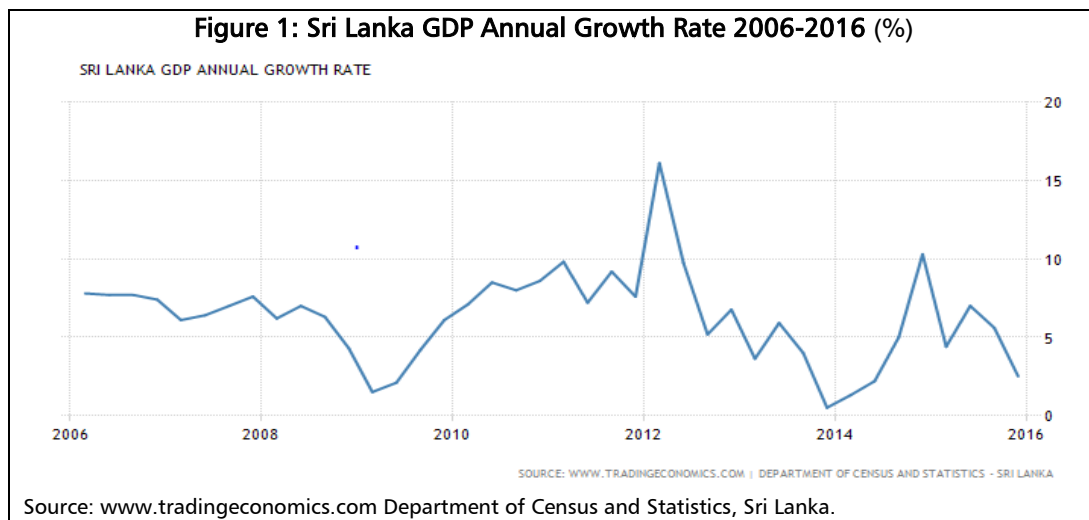


## SECTOR ASSESSMENT: EDUCATION

### A. Introduction

1. Sri Lanka's economy has grown steadily over the last 10 years. In spite of the impact of the internal conflict on both on growth and GDP, in 2010 Sri Lanka joined the ranks of middle-income countries. Since then growth has hit 8% per annum following the massive investment in infrastructure and reconstruction after the war. The services sector has catalyzed growth, contributing 57% of GDP in 2012, according to the World Bank, and Sri Lanka appears set to achieve upper middle-income status in the next decade. However, as infrastructure spending has declined, the GDP growth rate began to slow, dropping below 5% by 2015 (Figure 1).<sup>1</sup> By 2015, Sri Lanka had dropped to 68th out of 140 countries in global competitiveness, a big drop from its rank of 22nd in 2011.<sup>2</sup>



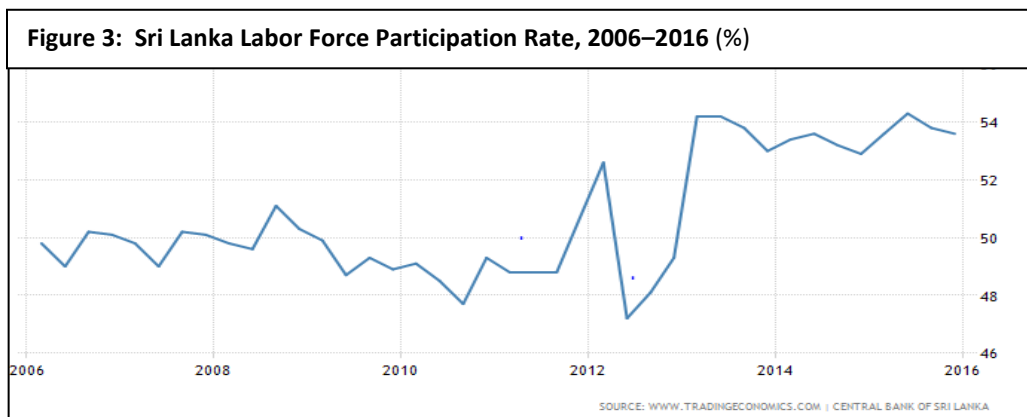
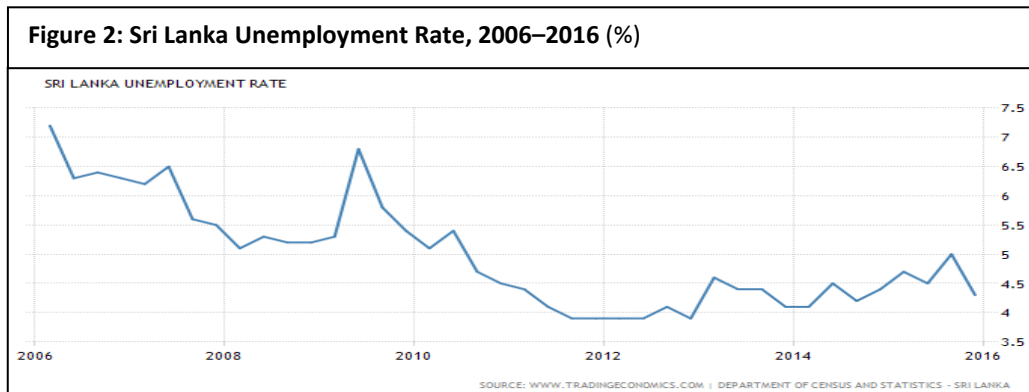
2. A revitalization of the economy with new growth sectors is needed but, as Sri Lanka transitions to upper middle-income status, balancing growth and equality will become increasingly important. To date, Sri Lanka has not experienced the extreme gender, income, or regional inequality faced by other countries in the region. Nevertheless, inequalities do exist and these will have to be tackled if Sri Lanka is to avoid a repeat of the civil war. Quality growth would enable Sri Lanka to transition from an agrarian to an industrial economy that has embraced technology. The administration of President Maithripala Sirisena has pledged to restructure spending and to invite more private sector participation and foreign direct investment while working to improve and increase trade agreements. The government's aim is to put in place a knowledge-based and technologically advanced economy by 2020.<sup>3</sup> With a wealth of potential, and reforms already under way, Sri Lanka is poised for continued growth in 2015 and beyond.

<sup>1</sup> World Bank. 2015. *Sri Lanka Country Snapshot*. Washington DC; S. Pattananaik. 2016. Will Sri Lanka Overcome its Economic Woes? *East Asia Forum*. [www.eastasiaforum.org/2016/04/14/will-sri-lanka-overcome-its-economic-woes/](http://www.eastasiaforum.org/2016/04/14/will-sri-lanka-overcome-its-economic-woes/)

<sup>2</sup> World Economic Forum. 2015. *The Global Competitiveness Report 2015–16*. Geneva.

<sup>3</sup> Government of Sri Lanka. 2010. *Sri Lanka. The Emerging Wonder of Asia. Mahinda Chintana - Vision for the Future. Development Policy Framework*. Colombo.

3. A key dimension of equality is access to employment. The high economic growth rate over the past decade has resulted in relatively low unemployment, from 6.5% in 2005 to 4.3% at the end of 2015. Further, labor force participation rate has been rising and is now above 50% (Figures 2 and 3).<sup>4</sup>



4. Growth of the knowledge economy is dependent on a labor force consisting of well-educated high- and mid-level professionals with solid technological and technical skills. The education sector is thus critical to this economic transformation. There are a number of features to the employment figures that the education sector needs to address and these have dominated the CAPE period under review.

- (i) The private sector was the biggest employer over the decade, ranging from 41% to 46% of total employment. Public sector employment was largely constant at about 15%, down from 22% in 1990). With the challenges facing the government's fiscal gap, the private sector will have to continue to be the source of growth for employment. At the same time, many employers report difficulty in finding appropriately skilled labor, and identify this as a key constraint on business.<sup>5</sup>
- (ii) In line with the structural changes in transitioning into higher value-added manufacturing and services, and away from an agriculture-dominated economy, the services sector has emerged as the biggest generator of new employment followed by the industry sector, while agriculture continued its steady decline. Employment in services accounted for 43% of employment in 2015 (up from 41% in 2005), while

<sup>4</sup> In Sri Lanka, the unemployment rate measures the number of people actively looking for a job as a percentage of the labor force. Labor force participation is the number of persons aged 15 years and above who are employed and unemployed but looking for a job divided by the total working-age population.

<sup>5</sup> World Bank. 2013. *Building the Skills for Economic Growth and Competitiveness*. Washington, DC.

industry accounted for 27% of employment in 2015 (up from 22% in 2005).<sup>6</sup> Providing graduates with employment in the services sector will require a re-orientation of the education sector options at both tertiary and secondary levels (Table 1).

**Table 1: Distribution of Employed Population by Main Industry and Gender, First Quarter 2015**

Major Industry Group	Sri Lanka	Gender	
		Male	Female
Sri Lanka	100.0	100.0	100.0
Agriculture	29.4	27.4	33.0
Industry	25.9	25.8	26.0
Services	44.7	46.8	41.0

Source: *Sri Lanka Labour Force Statistics Quarterly Bulletin, 1st Quarter – 2015*.

- (iii) Much higher rates of unemployment have persisted among young people with high levels of education, although they have declined in line with the overall trend (11.6% in 2005 and 8.1% in 2015). The shortage of suitable skilled labor has significant implications for the growth of the knowledge economy, which is dependent on an adequate supply of well-educated high- and mid-level professionals with solid technological and technical skills (Table 2).

**Table 2: Labour Force Participation Rate by Age Group and Gender, First Quarter, 2015**

Age group (Years)	Total	Gender	
		Male	Female
<u>Sri Lanka</u>	<u>53.6</u>	<u>73.9</u>	<u>36.4</u>
<u>15–19</u>	<u>17.3</u>	<u>21.3</u>	<u>13.0</u>
<u>20–24</u>	<u>52.6</u>	<u>68.2</u>	<u>39.9</u>
<u>25–29</u>	<u>66.5</u>	<u>91.8</u>	<u>46.2</u>
<u>30–34</u>	<u>65.3</u>	<u>95.6</u>	<u>40.2</u>
<u>35–39</u>	<u>68.2</u>	<u>96.2</u>	<u>47.4</u>
<u>40–44</u>	<u>70.8</u>	<u>95.2</u>	<u>48.2</u>
<u>45–49</u>	<u>71.7</u>	<u>95.1</u>	<u>51.7</u>
<u>50–54</u>	<u>69.2</u>	<u>94.3</u>	<u>48.6</u>
<u>55–59</u>	<u>59.2</u>	<u>84.8</u>	<u>38.3</u>
<u>60+</u>	<u>30.7</u>	<u>47.6</u>	<u>16.6</u>

Source: *Sri Lanka Labour Force Statistics Quarterly Bulletin, 1st Quarter – 2015*.

- (iv) In general, women have unequal access to employment. As at the first quarter 2015, of the estimated economically active population of about 8.9 million, 63.3% were males and 36.7% females. Of the economically inactive population, 26% were males and 74% females. Educated women have continued to have the highest unemployment rate of all groups (16.8% in 2005 and 12.3% in 2015).<sup>7</sup>

**Table 3: Unemployment by Age Group, Education Level and Gender First Quarter, 2015**

Level of Education	Unemployment Rate		
	Sri Lanka	Male	Female
Sri Lanka	4.7	2.9	7.9
Below GCE O/L	2.7	2.0	4.2
GCE O/L	6.6	4.5	10.6
GCE A/L & above	10.1	5.3	14.3

GCE = General Certificate of Examination, O/L = Ordinary Level, A/L = Advanced Level

Source: *Sri Lanka Labour Force Statistics Quarterly Bulletin, 1st Quarter – 2015*.

<sup>6</sup> ADB. *Innovative Strategies in Technical and Vocational Education and Training for Accelerated Human Resource Development in South Asia*. 2015. Manila.

<sup>7</sup> Department of Census and Statistics. *Sri Lanka Labour Force Statistics Quarterly Bulletins*.

- (v) The education and training system has a vital role to play in improving the employability of school leavers and graduates. A re-orientation of the education and training system toward greater labor market relevance is key. A thriving tertiary education sector that builds upon high-quality basic and secondary education and provides equal opportunity for the development of talent is needed. The drive to improve employability must be inclusive to be effective.

**Table 4: Economically Active and Inactive Population by Sector and Gender, First Quarter, 2015**

Sector	Economically Active Population					
	Total	%	Male	%	Female	%
Sri Lanka	8,924,716	100.0	5,650,690	63.3	3,274,026	36.7
Urban	1,291,943	100.0	838,957	64.9	452,987	35.1
Rural	7,271,778	100.0	4,618,442	63.5	2,653,337	36.5
Estate	360,994	100.0	193,291	53.5	167,703	46.5
Sector	Economically Inactive Population					
	Total	%	Male	%	Female	%
Sri Lanka	7,724,095	100.0	1,997,581	25.9	5,726,514	74.1
Urban	1,493,214	100.0	457,944	30.7	1,035,270	69.3
Rural	5,996,575	100.0	1,473,899	24.6	4,522,676	75.4
Estate	234,306	100.0	65,738	28.1	168,568	71.9

Source: Sri Lanka Labour Force Statistics Quarterly Bulletin, 1st Quarter – 2015.

## B. Sector Context

5. For decades, Sri Lanka has pursued strong egalitarian policies aimed at stamping out inequity in the schooling system. The impressive achievements of Sri Lanka in literacy, access to schooling and equality of opportunity is testament to this commitment. In the human development index for 2014, Sri Lanka ranks 73 out of 188 countries, a big jump from 93 in 2005.<sup>8</sup> It is now well above other countries in South Asia on all measures. For years of schooling and expected years of schooling, it is even slightly above the average for countries in the high human development group. Mean years of schooling are 10.8 for Sri Lanka compared with just 5.5 for South Asia as a whole, and 8.2 for high human development countries. Inequality in education was also lower overall than even high human development countries. Sri Lanka also performs well on the gender development index.<sup>9</sup> Since 2005, the global competitiveness of its primary education has improved, from a rank of 36 in 2005 to 26 in 2015.

## C. Sector Performance

6. **Participation in basic, secondary and tertiary education.** Sri Lanka has achieved near universal enrollment in basic and secondary education, a result of strong community and political commitment to social equity. This has been achieved through free public education from primary to university level, a comprehensive network of primary and secondary schools across the island, scholarships for poor students, free textbooks, uniforms, meals and subsidised transport.

7. Sri Lanka's school system consists of basic (grades 1–9) and secondary levels (grades 10–13). Students take the national O-level examination at the end of grade 11 and the A-level examination at the end of grade 13. Education became compulsory to grade 11 in 2005, and this was extended in 2015 to grade 13. In 2014, there were almost 11,000 schools (up from 10,500 in 2005). Together, they now enrol 4.42 million students, an increase of 0.3 million since 2005. Almost 95% of students are in

<sup>8</sup> UNDP. 2012. *Sri Lanka Human Development Report. Bridging Regional Disparities for Human Development*. Colombo; UNDP 2005. *Human Development Report*. New York.

<sup>9</sup> UNDP 2014 *Human Development Report*, New York ranked Sri Lanka 75<sup>th</sup> in the Gender Inequality Index indicating that 74 countries had greater inequality than Sri Lanka

government schools, although enrollments in private and international schools are climbing. A profile showing the number of educational institutions and enrollments at all levels is in Appendix 1.

8. Within basic education, the school system is internally efficient. The policy of automatic promotion means repetition rates and grade-level dropout rates are low, while grade transition rates are high. In 2012, 95% of students continued to Grade 10 and O-levels.<sup>10</sup> At the point of the O-level and the A-level examinations, however, the system becomes very inefficient. The centrality of these examinations to the education system, combined with high failure rates, means that there are very large numbers of students who re-sit both of these examinations, as a pass in these examination is the only way to enter tertiary education.

9. The success of successive governments in achieving universal basic education is clear (Table 5). Over the decade from 2005 to 2015, net enrollment rates in primary education increased from an already high 96% to 98.5%, and for nine years of schooling from 93% to 99%. By 2014, 96% of the age group were enrolled in grades 1–11. The Household Income and Expenditure Survey 2012–2013 found that 94% of the age group 5–14 years was enrolled in school in 2012.<sup>11</sup> It is expected that enrolment in senior secondary will soon become universal as well.

**Table 5: Net Enrollment Rates, 2005–2014**

Level of Education	2005	2012	2014
Primary (Grade 1–5)	96.1	99.9	98.5
Primary and Junior Secondary (Grade 1–9)	93.4	98.4	99.0
Primary to O-level (Grade 1–11)	n.a.	98.6	96.3
Higher Education (internal students) 19–23 years.	2.2	4.3	6.6

Sources: Ministry of Education. 2015. *2014 Annual Performance Report*. Colombo; University Grants Commission. *Sri Lanka University Statistics*. Colombo.

10. Gender, regional and income parity will follow automatically from universal enrollment. Until that is achieved, disparities will be present. The latest available data (Table 6) show that, by 2009/10, there was very little regional or income disparity in primary education.<sup>12</sup> Enrollment in junior secondary education was slightly lower for children from tea plantations, but still high. By grade 12–13 (A-levels), however, only 13% of estate (plantation) children and only 21% of the poorest children in the country in the relevant age group were enrolled. A-level enrolments were also low in the provinces affected by the conflict. Given that net enrollment rates in senior secondary are now significantly higher, these disparities will have been reduced but will not have disappeared completely because full enrollment has not yet been reached. In 2012, for example, the Household Expenditure and Income Survey 2012–2013 found that only 82% of estate youth aged 5–20 years were attending school compared with 85% each for urban and rural youth.<sup>13</sup>

11. Beyond the general education system, there has been much less success in terms of participation and inclusiveness. Only 6.6% of the relevant age group participates in university education (Table 5), a figure which has remained stable for several years.<sup>14</sup> University admissions to regular programs have increased by just over 10,700 since 2005. This is far below the increase in the number of A-level graduates.

<sup>10</sup> World Bank. 2014. *Sri Lanka: Investment in Human Capital*. Report No. 69, South Asia Development Sector Discussion Papers. Colombo.

<sup>11</sup> Department of Census and Statistics. 2015. *Household Income and Expenditure Survey 2012–2013*. Colombo.

<sup>12</sup> Data from the *Household Income and Expenditure Survey 2009–2010*, reconfirmed in the 2012–2013 household survey.

<sup>13</sup> Department of Census and Statistics. 2015. *Household Income and Expenditure Survey 2012–2013*. Colombo.

<sup>14</sup> University Grants Commission. 2015. *Sri Lanka University Statistics 2014*. Colombo.

**Table 6: Net Enrollment Rates by Sector and Economic Group, 2009–2010 (%)**

Sector and Economic Group	Primary	Junior Secondary	O-level	A-level
<b>Sector</b>				
Urban	95.9	92.3	86.2	45.8
Rural	95.3	93.3	81.4	39.7
Estate	93.1	83.5	53.8	12.8
<b>Economic Group</b>				
Poorest quintile	95.7	88.7	71.4	20.8
2nd quintile	95.2	91.9	77.6	29.5
3rd quintile	94.9	94.9	83.9	42.0
4th quintile	95.2	93.6	87.4	51.5
Richest quintile	95.2	95.6	88.1	62.2
<b>Sri Lanka</b>	<b>95.3</b>	<b>92.6</b>	<b>80.6</b>	<b>39.4</b>

Source: UNDP. 2012. *Sri Lanka Human Development Report 2012*. Colombo.

12. The higher education sector comprises 15 public universities and 18 public higher education institutes. Students can study in these institutions in three ways: (i) as internal students, which is the traditional mode of study, on campus, where students attend lectures and tutorials; (ii) as external students who study independently off campus, without the benefit of any interaction with the academic staff (tutoring takes place in unregulated private institutions and a degree is awarded if students pass the examination set by the university), and (iii) through structured distance education programs at the Open University of Sri Lanka (OUSL). Internal students are selected through a highly competitive process on the basis of exam results and a district quota. There is no selective entry for the other two options. Internal study is of significantly higher value than the other options: it is free, has high status, and has traditionally been the avenue into well-remunerated government service and other white-collar employment. The unmet demand for university study is graphically illustrated by the pattern of growth in student numbers over the decade: while the number of internal students has grown by 25% since 2005 (from 66,400 in 2005 to 83,000 in 2015), the number of external students has doubled (from 166,800 to 320,300). There are also about 30 private degree-granting institutions with foreign affiliations, but data on these institutions are not available. Private local universities are not allowed to operate in Sri Lanka.

13. The other avenue for tertiary education is technical and vocational education and training (TVET) as well as other professional training, provided by an array of providers in public, private and NGO-run institutions, for both O-level and A-level graduates. The public and private training sectors are roughly the same size. Total enrollment in 2014 was 254,000—10 times the number of students admitted to university as internal students but still small in terms of labor market needs.

14. The consequence of the very tight access to tertiary education is a loss of talent for the economy as well as for individuals who may face continuing un- or under-employment. Only 17% of A-level graduates are able to enrol into conventional university studies, with perhaps another 30% of A- and O-level passers in other tertiary education including TVET. The stiff competition for university selection through the A-level examination is having serious dysfunctional effects on general education, where teaching and learning processes have been excessively skewed towards achieving success in these examinations. The pressure to do well begins in primary school, in order to gain entry into the better schools that give students an advantage in the A-level examinations and, subsequently, university entry. The pressure on students to do well is intense because conventional university is seen as the key to social mobility and employment.

15. **Learning outcomes.** The impressive achievements in providing access to general education are not reflected in school learning outcomes, which have remained disappointing. Performance in basic education is tracked through regular national assessments of learning outcomes in grades 4 and 8 carried out by the National Education Research and Evaluation Centre. Performance at secondary level

is assessed through the GCE O-level and A-level examinations, although these are not a reliable means of tracking performance.

16. The national assessments reveal steady improvement in English, mathematics and science over the years but the scores remain low and there are wide disparities in performance across provinces. Students in the Eastern, Uva, Northern and North Central Provinces have lower scores than students in the Western and Southern provinces. The weak results in English, mathematics and science-related subjects are concerning given their key role in the labor market and national development. The government has focused on improving these areas at all levels of the general education system, but many schools still lack workshops, science laboratories and computer learning centers, along with appropriately-qualified teachers.

17. The O-level examination must be passed for students to continue to A-level. In 2014, 69% of students passed the O-level exam, which was a significant improvement over the 48% pass rate in 2005. Still it meant that almost 106,000 students were not able to continue to A-level. The weak performance in English, mathematics and science continued, with low pass rates especially in English.

18. The A-level examination is used to determine university entrance. The overall pass rate has remained constant over the decade, at around 60%. In 2015, this meant that another 100,000 students failed to pass. Average pass rates were highest for the arts and commerce streams throughout the decade, but there has been steady improvement in science pass rates. Nevertheless, the dominance of arts and commerce among A-level graduates continued despite government efforts and by 2015 almost half (46%) of all the A-level graduates still came from the arts stream.

### 1. Challenges in Developing a More Market-Relevant Education System

19. **Students lack skills.** Limited access to science and technology is a feature of the Sri Lankan school system. The best resourced schools are the 350 schools run by the national government. All remaining schools are run by provincial governments. The majority of these schools do not offer the science, because they lack laboratories, equipment and teachers. There is a shortage of specialized teachers in mathematics and science that is exacerbated by a flawed system of deployment. The number of schools offering science is increasing, albeit slowly, from 716 (26.3% of schools) in 2010 to 868 (31.2%) in 2015. Schools offering only arts or commerce streams and lacking computer learning centers predominate in rural areas. The English language skills of school leavers are also poor as a result of a lack of teachers or poor teaching, with O-level pass rates remaining under 50% for the decade.

20. Employers are increasingly looking for cognitive skills such as problem-solving, ability to work cooperatively in teams, critical thinking, creativity and self-discipline.<sup>15</sup> The acquisition of soft skills has been undermined by the competitive nature of a schooling system where examinations are the central focus. The consequences are numerous: poor quality of teaching as teachers “teach to the test” and students are forced to cram and rote learn. The widespread practice of private tuition also reduces the time students have for non-academic activities that can foster the development of team work, leadership and other cognitive skills.

21. The lack of quality teaching and learning, limited access to science and technology, low achievement levels in science, English and mathematics, and the resulting lack of A-level science and mathematics graduates contributes to the high unemployment rates among A-level graduates and the low market-relevance relevance of schooling.

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<sup>15</sup> World Bank. 2014. *Sri Lanka. Investment in Human Capital*. Washington, DC.

## 2. Limited Tertiary Opportunities in Science and Technology

22. Development of the knowledge economy will require more skilled workers and professionals in science and technology. While progress has been made to widen access, offer new programs and improve quality in TVET, it has been slower in higher education in terms of new and expanded programs.

23. **Higher education programs are not attuned to the labor market.** The highly restricted access to higher education is illustrated by Table 7. Of the almost 150,000 students who passed the A-level exam in 2014, around 50% were admitted to degree studies in different modes (2005 data are not available). But only 25,200 or 17% of the A-level passers were admitted to the highly-prized internal or on-campus programs. A further 30% subsequently enrolled as external degree students, while a much smaller number (4%) enrolled as undergraduates at OUSL. This means that over 75,000 students who had passed their A-levels failed to enter a university and had to find other alternatives. Some of these students will have gone on to study privately, either at foreign-affiliated degree-granting institutions in Sri Lanka or overseas but the numbers are not monitored by the government.

**Table 7: Intake and Output for Public Universities, 2014**

Item	Total Intake	Female Intake	Female (%)	Output (graduates)	Female (%)	Mode of Study (% of graduates)
<b>A-level 2014</b>	247,376	143,604	68	149,489	96,951.65	-
Students not passing	97,887	46,653	48	-	-	-
<b>Admitted to Degree Programs 2014</b>						
On-campus*	25,200	15,694	62	15,518	9410.61	55
Off-campus*	42,755	32,843	77	11,673	8994.77	41
OUSL+	6,367	3573	56	1,041	648.62	4
<b>Total Admitted</b>	<b>74,322</b>	<b>52,110</b>	<b>70</b>	<b>28,231</b>		<b>100</b>
<b>Not Admitted</b>	<b>75,167</b>	<b>27,729</b>	<b>57</b>	-	-	-
% admitted as internal students	<b>16.8%</b>	<b>16.2%</b>				
% admitted internal and external	<b>50%</b>	<b>54%</b>				

Sources: University Grants Commission. 2015. *Sri Lanka University Statistics 2014*. Colombo; Open University of Sri Lanka. 2014. *Statistical Handbook 2014*. Colombo.

24. In 2014, the universities together produced about 28,200 graduates, of which 55% (15,500) were internal graduates, 41% (11,600) were external graduates, and 4% (1,040) were from OUSL. External graduates thus made up a very significant proportion of the annual graduate output and, therefore, of annual new entrants to the labor market.

25. There are two main reasons for the high unemployment rate among graduates. First, while some universities and advanced technological institutes do produce high quality graduates, some of the newer universities produce low-quality graduates primarily in the arts and humanities. The quality of the external degrees is also very poor because of the way they are delivered (or not delivered), with limited labor market relevance. The lack of competition among universities is one of the explanations for this pervasive poor quality. Universities do not need to compete on merit for students because students will be allocated to them anyway through the central allocation system managed by the



University Grants Commission. The absence of private universities means there is no need for the public universities to compete there either.

26. Second, the skills of many graduates are surplus to the needs of the labor market—particularly those of graduates in arts, social science and humanities. A third explanation is that some graduates choose to wait for well-paid public service employment rather than take other work. A fourth explanation is that high graduate unemployment is boosted by the high rate of unemployment among women. The unemployment rate for men does not vary nearly as much by education level as it does for women.

27. It is not difficult to see why unemployment is most acute among educated women. First, there is a predominance of women among external degree holders, for whom there is a very high unemployment rate, estimated by ADB as 77%.<sup>16</sup> Second, women are concentrated in the disciplines with the worst employment prospects. Women made up 61% of internal arts graduates but only 19% of engineering, 46% computer science and 53% of science graduates in 2014 (Table 8). Among external graduates, the situation was even worse, with arts degrees dominating heavily (76% of all external degrees are arts degrees). Of these arts degrees, 81% were awarded to women in 2014. Female arts graduates made up 61% of all external graduates. It is clear that degree specialization is a major factor underlying the high unemployment rate of educated women, and this in turn is a major factor affecting unemployment among educated young people.

**Table 8: Degree Specialization of Women, 2014 (% female)**

Graduates	Total	Arts	Engineering	Science	Computer Science
Internal Graduates	61	77	19	53	46
External Graduates	77	81	-	-	-

Sources: University Grants Commission, *Sri Lanka University Statistics 2014*. Colombo. July 2015; Open University of Sri Lanka, *Statistical Handbook 2014*. Colombo. 2014.

28. The clustering of students in the arts and humanities begins at, and is perpetuated by, streaming decisions made in schools. Apart from access to a science stream, students and parents are aware that it is easier to gain university entry in arts and commerce than in mathematics and science because there are so many more places available. So, even in schools where science streams are available, students often choose arts streams.<sup>17</sup> These choices perpetuate current patterns of graduate output.

29. **The TVET system is small and is not market-responsive.** TVET is still often seen as a second-rate option to university, although it is slowly becoming more widely accepted among both O-level and A-level graduates (even in 2008, around 40% of TVET students had passed A-level).<sup>18</sup> There has been reasonably strong growth in enrollments over the decade. In 2014, enrollments in TVET totalled 254,000 and the output was almost 235,000 trained workers (Table 9), which represented an increase in output since 2012 of 15,000 trained workers. Enrolments and output are spread equally between public and private training providers. The very high completion rates are a striking feature across all providers.

<sup>16</sup> ADB, report on external students produced under the Distance Education Modernization Project, cited in World Bank. 2009. *The Towers of Learning: Performance, Peril and Promise of Higher education in Sri Lanka*. Colombo.

<sup>17</sup> As reported in interviews during the PCR mission.

<sup>18</sup> ADB. 2015. *Innovative Strategies in Technical and Vocational Education and Training for Accelerated Human Resource Development in South Asia: Sri Lanka*. Manila. p.37

**Table 9: Enrollment, Output and Completion Rates in TVET Institutions, 2014**

Institutions	Enrolment	Completed	Completion Rate	Percentage of Total Output
Under MSDVT	70,323	63,943	91	27
Other Government Agencies	52,296	48,475	93	21
Private Sector	131,528	122,577	93	52
<b>Total</b>	<b>254,147</b>	<b>234,995</b>	<b>92</b>	<b>100</b>

MSDVT=Ministry of Skills Development and Vocational Training.

Source: Tertiary and Vocational Education Commission. 2015. *Baseline Survey of the TVET Sector*. Colombo.

30. Employment outcomes for TVET graduates average around 50%, although there is wide variation among the different TVET agencies.<sup>19</sup> Although this is higher than in other countries in the region, the low rate indicates that training is not geared closely enough to the needs of an economy now offering more employment in light manufacturing and services. Employers are critical of the quality and relevance of TVET. Despite the high unemployment rate, there are major skills shortages and mismatches that affect Sri Lanka's economic growth and the productivity of the private sector, especially in export-oriented businesses.<sup>20</sup> The production of skilled technicians and graduates in key areas such as information and communications technology (ICT) is far below the demand.

31. Many TVET courses are outdated and unaligned with the needs of emerging, high-growth sectors such as tourism, although new courses in these sectors are slowly being introduced. Inadequate facilities, irrelevant industrial training, insufficient practical work, and inadequate interaction with industry are other factors that affect the labor market outcomes of training.<sup>21</sup> One of the major reasons for the disconnect between the output of the TVET system and the needs of the labor market is the weak links with industry in policy development, identification of training needs, development of standards, training, work placements and industrial attachments.

32. To summarize, while quite good progress has been made over the decade to expand the TVET sector and introduce more relevant courses, the sector remains small and has fairly weak links to industry. Higher education is even more remote from industry. The predominance of arts and humanities graduates among internal and external students is having a negative effect upon the employability of graduates, especially women.

### 3. Poor Students have Unequal Access to Tertiary Education

33. To capture the full talents of the population and ensure social harmony, it is important that governments ensure all social and ethnic groups have the same educational opportunities at all levels of the system. Sri Lanka has achieved significant success in this regard. At the university level, there is no evidence today of ethnic disparities among the students selected.<sup>22</sup> Similarly, the formula used to determine admissions aims to ensure equity among districts, although the students in the best schools in each district still tend to benefit the most.<sup>23</sup> The provinces with high poverty and low per capita income appear to be less well represented in the distribution of higher education institutions and enrollments.<sup>24</sup>

<sup>19</sup> Skills Enhancement Project, Sector Assessment undertaken for the project.

<sup>20</sup> ODI Development Partners. 2015. *Manufacturing Progress? Employment Creation in Sri Lanka*. Case Study Report. London.

<sup>21</sup> ADB. 2015. *Innovative Strategies in Technical and Vocational Education and Training for Accelerated Human Resource Development in South Asia: Sri Lanka*. Manila.

<sup>22</sup> University Grants Commission, *Sri Lanka University Statistics 2014*. Colombo

<sup>23</sup> I.M.K. Liyanage. 2014. *Education System of Sri Lanka: Strengths and Weaknesses*. [www.ide.go.jp](http://www.ide.go.jp)

<sup>24</sup> ADB. 2015. *Innovative Strategies in Technical and Vocational Education and Training for Accelerated Human Resource Development in South Asia: Sri Lanka*. Manila. p.37

34. Students from low-income families are, however, under-represented in conventional universities. Tertiary enrollment rates decrease as economic quintiles decrease for both men and women, so the lowest quintile has the lowest representation.<sup>25</sup> This outcome is predictable, given the stratification of the general education system and the widespread use of private tuition to prepare for examinations, which obviously disadvantages poor students. The result is unequal A-level achievement among better-off and less well-off schools and students, which subsequently translates to disadvantage in university entrance, despite the district-based quota system. The stratified school system channels students into a tertiary education system that is equally stratified.

35. Girls outnumber boys at universities, forming a majority of both internal and external students. In 2014, girls made up 62% of internal admissions for undergraduate programs (in line with the A-level profile) and were 61% of internal graduates.<sup>26</sup> But they also made up a very high 77% of external graduates, which is heavily dominated by the arts. The implications of this are discussed below. It is likely that a disproportionate number of external students are poor, having failed to gain admission as internal students.

36. The 2015 TVET Baseline Study found a fairly even spread of public TVET institutions across districts, in contrast to universities, but revealed that less training has been conducted in the centers in rural districts. It also been that TVET enrollments are lowest in the provinces with high poverty levels.<sup>27</sup> TVET traditionally attracts students from lower income households, but most of the students dropping out from craft-level training have been from low-income households in rural areas. Males and females are quite evenly represented in TVET, with 48% of female enrollments overall. This varies greatly from sector to sector, with high female enrollments in personal and community development, garments, office management and hairdressing but very low enrollments in most trade courses such as welding, auto-mechanics as well as electrical, electronics, and telecommunications. It is only in ICT that a reasonable gender balance seems to exist. Thus, although officially there is no gender bias in recruitment to TVET programs, gender stereotyping still exists to a marked degree (footnote 27).

37. In summary, while the government has made concerted efforts to reduce ethnic and regional disparities among university students, with considerable success, there are still clear differences among income levels. Women are heavily dominant among external degree students. Access for poor students to TVET is better, but there is evidence that poor rural students drop out more frequently than better-off students. Gender segregation across courses according to industry sector is marked.

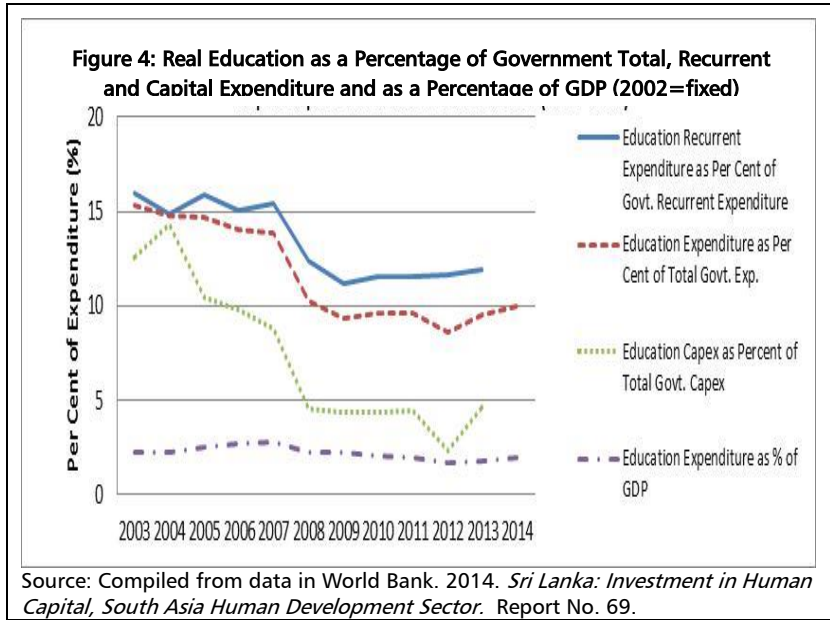
## D. Sector Financing

<sup>25</sup> World Bank. 2009. *The Towers of Learning: Performance, Peril and Promise of Higher education in Sri Lanka*. Colombo, UNDP 2012. *Sri Lanka Human Development Report 2012*. Colombo.

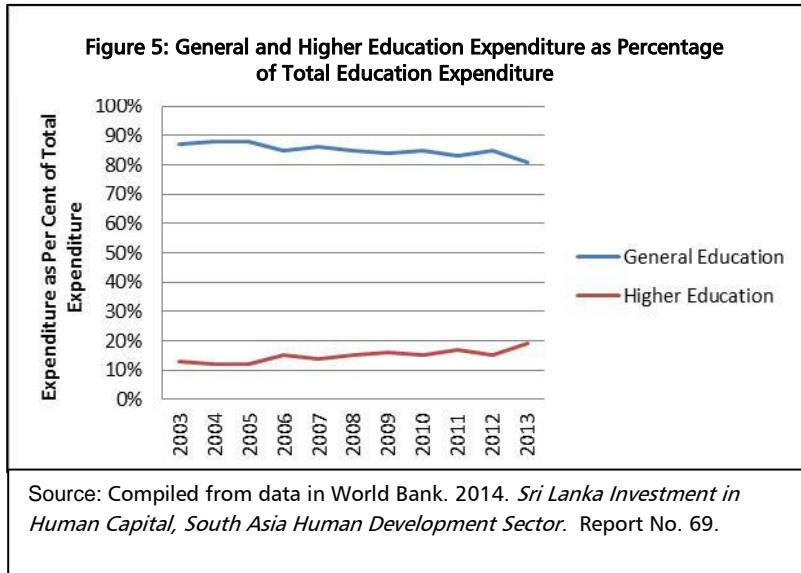
<sup>26</sup> University Grants Commission, *Sri Lanka University Statistics 2014*. Colombo

<sup>27</sup> ADB. 2015. *Innovative Strategies in Technical and Vocational Education and Training for Accelerated Human Resource Development in South Asia: Sri Lanka*. Manila. pp. 40

38. Government expenditure on education has been relatively low compared with other middle-income countries. It hovers at about 2% of GDP and 10% of total government expenditure (Figure 4). This funding is low but is supplemented by high household contributions for transport, food and other school materials. Private tuition is also widespread, as the quality of education provided by the schools is not considered adequate to support the students in passing the state O-level and A-Level exams. This tuition often supplements teacher salaries. Both practices are inequitable and reinforce disparities.



39. Recurrent expenditure has steadied at about 12% of overall government recurrent expenditure. As can be seen from Figure 4, this is lower than the peak in 2005 before the escalation of the war and has declined as expenditure was diverted to the war effort. The effect of the civil war was even more stark with capital expenditure falling sharply from almost 14% in 2004 of government expenditure to 3% in 2013. The increase in 2012 was largely attributable to capital expenditure at the tertiary level. In recurrent expenditure, salaries dominated but the recruitment and training of teachers stagnated. In terms of capital expenditure, schools did not undergo the necessary refurbishment and expansion. This reduction in both recurrent and capital expenditure has had consequences for long-term quality and access.

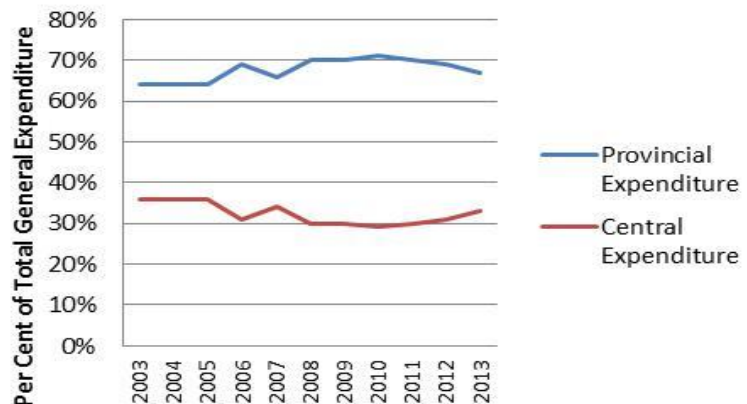


universities.

40. Almost 10% of education spending is on higher education, with the balance of 90% on general primary and secondary education (Figure 5). Higher education is managed by the center while general education is largely managed at the provincial level. As can be seen from Figure 5, spending on higher education increased compared with spending on general education, largely due to the rehabilitation of physical infrastructure that had been ignored during the war and to the expansion of tertiary facilities to take into account the increased number of courses for TVET and at traditional

41. In terms of the geographic split, the central government manages some schools and all the universities. The provincial governments have education authorities which manage primary and secondary education. There is a strong perception that the centrally managed secondary schools receive better resources and spend per head, again creating inequity in the system. The move to shift these central schools under provincial authorities has been resisted by the Ministry of Education.

**Figure 6: Provincial and Central Expenditure as Percentage of Total General Expenditure**



Source: Compiled from data in World Bank. 2014. *Sri Lanka :Investment in Human Capital, South Asia Human Development Sector*. Report No. 69.

## E. Government Policies and Strategies

42. Sri Lanka has a long history of commitment to free public education, and universal access to school education. Nevertheless, progress towards these policy objectives has not been straightforward in a political environment where many proposed reforms have met with opposition. Any hint of private sector involvement in general education or the university sector has been a particular flashpoint.<sup>28</sup> High graduate unemployment has been another political hot potato, and the fear of further student unrest has arguably been one of the factors influencing the continuing restriction on university student numbers. Political influence has also crept into education administration, especially in the hiring and deployment of teachers, and has undermined government efforts to provide specialized mathematics and science teachers to rural areas.<sup>29</sup>

43. The aim of the national development policy covering the first half of the decade, *Mahinda Chintana: Vision for a New Sri Lanka—A Ten-Year Horizon Development Framework 2006–2016*, was to spur the economic growth rate, with a special emphasis on lagging regions.<sup>30</sup> This meant the education system was to be transformed into one that could provide the technological skills needed, by fostering inquiring and adaptable minds. For general education, this translated into policies that included higher participation at the secondary level; more access to science, ICT and English; modernized and diversified school curricula; and improved education governance through delegation to schools. In TVET the focus was on improving the quality and relevance of training courses, introducing standardized qualifications, reducing the high dropout rate of 30%, increasing social acceptance of TVET courses, and diversifying providers, including by putting in place an enabling environment for private sector investment and strengthening links between the three education sectors. In higher education, the emphasis was on a 'rational' expansion, improved quality and relevance, and opening universities to private sector participation.

44. The current national development policy, *Mahinda Chintana. Vision for a New Sri Lanka. Development Policy Framework*, extends this vision into a transformation of the country by 2020

<sup>28</sup> A. Little. 2010. *The Politics, Policies and Progress of Basic Education in Sri Lanka*. CREATE Pathways to Access. Research Monograph No. 38. London.

<sup>29</sup> A. Little. 2010. *The Politics, Policies and Progress of Basic Education in Sri Lanka*. CREATE Pathways to Access. Research Monograph No. 38. London.

<sup>30</sup> Government of Sri Lanka. 2006. *Mahinda Chintana: Vision for a New Sri Lanka*. Colombo.

through five “strategic hubs,” including a knowledge hub.<sup>31</sup> It contains a clear policy direction for the education sector:

“Sri Lanka will move towards a quality and student friendly education system which contributes to a knowledge economy and provides the required skills and virtues to face the emerging needs of a modern global knowledge economy.”

45. Several important policy documents for the education sector have flowed from these national policies, including the Education Sector Framework and Program, 2006–2010, since revised and extended to 2017.<sup>32</sup> The framework is structured under four themes: (i) equity in education access; (ii) improved education quality; (iii) strengthened governance and service delivery; and (iv) strengthened education planning, monitoring and evaluation. Specific recommendations included establishing universal primary and junior secondary education; developing selected high-quality schools (the 1,000 schools program) to provide high quality training in science, ICT and English; eliminating disparities in the education system; improving education quality, teacher development; strengthening school-based assessment to improve teaching and learning; orienting students to the world of work through practical and technical subjects and career guidance; and introducing ICT studies and integrating ICT into the curriculum.

46. The policy direction framework for TVET was to build a competitive workforce through technology education and skills development. It proposed to expand and strengthen training institutions to prepare professionals, mid-level technicians and managers for the needs of a knowledge economy. The 180,000 students leaving school after O-levels and A-levels in 2010 were the target for the expansion of TVET. In 2013, a Skills Sector Development Plan (SSDP) was produced by the government, with the support of ADB, to guide future activities in TVET. For higher education, government priorities included expanded access, improved quality and relevance of degree programs, increased enrolments, implementation of a quality assurance and accreditation system, and market-oriented degree programs.

47. Having achieved near-universal enrollment in general education, the government turned its attention to improving quality and focusing upon labor market needs, especially at the secondary level. School-based management was promoted, to enhance school governance and community involvement, and competency-based learning, teaching and assessment was introduced to improve student learning and learning outcomes. O-level pass rates have improved, although little progress is seen at A-level, with continuing weak performance in mathematics, science and English. To address this, the government is gradually increasing the number of schools with science, technology and computer laboratories through the 1000 Secondary Schools Development Program and is improving the supply of specialized teachers. The long-standing policy of steering students towards market-relevant skills and occupations has been further supported by improved career guidance in schools. At the university level, there has been some reduction in the proportion of arts graduates studying on-campus, but the rate at which these numbers can be reduced is constrained by the lack of science options in schools across the country, especially in rural areas.

48. More visible signs of success can be seen in TVET, where increased investment led to a rapid expansion of the sector. In addition, significant reforms were enacted, including the introduction of a National Vocational Qualifications Framework in collaboration with industry, along with competency-based courses at craft and technician level, the introduction of a regulatory framework for public and private providers, and the establishment of a vocational university to allow degree studies in technology. Still, much remains to be done to improve the number and range of TVET courses and their market relevance. The SSDP has provided a strong basis for expanding the sector through public–

<sup>31</sup> Government of Sri Lanka. 2010. *Sri Lanka. The Emerging Wonder of Asia. Mahinda Chintana. Vision for the Future. Development Policy Framework*. Colombo.

<sup>32</sup> Ministry of Education. 2013. *Education First. Education Sector Development Framework and Program 2013–2017*. Colombo.

private partnerships, improving the links with industry and employment, and strategies to improve TVET quality and relevance.

49. In summary, the government has been following a consistent vision over the past decade to transform Sri Lanka into a high-tech knowledge economy, with a clear role identified for the education and training system in achieving this goal: to inculcate in students the skills and attitudes needed to develop the country into a knowledge economy.

## F. Issues for the Development of the Education Sector

- (i) Any fundamental reforms to the Sri Lankan education system will take a long time. In complex political contexts such as Sri Lanka, there is likely to be potential resistance to new policies that are not understood and that may impact on the status quo of vested interests.
- (ii) The stark structural inequities at the university level will need to be addressed as the highly restricted access has caused the whole education system to be geared towards the examinations rather than a broader learning focus.
- (iii) There is expectation belief amongst university students that arts and humanities degrees guarantee employment in the public sector. The resulting preference for arts and humanities degrees has slowed the reorientation towards new technologies and science in secondary and tertiary education.
- (iv) Current policies have brought about a situation where quality and innovation in public universities are stagnating from the absence of competition. Universities do not have to compete with each other for students because of the shortage of places, and the central allocation of students to them by the University Grants Commission. There is no competition with private universities either because they are blocked from operating. This has hurt public universities. Restricted access and the failure to allow private universities have given rise to foreign-affiliated institutions and people sending their children abroad to study.
- (v) The introduction of any new program, particularly in skills development, faces a tricky hurdle in that these programs must first demonstrate success in employment outcomes before significant number of students will be attracted to them.
- (vi) More flexible training schedules in post-secondary institutions through the provision of both full-time and part-time courses would improve the utilization of facilities and the responsiveness of the TVET system to the needs of learners. Many TVET courses are only offered full-time, which automatically locks out workers. It is essential that the TVET system caters to workers who want to upgrade their skills as well as to school leavers and new entrants to the labor force.
- (vii) The juxtaposition of universal schooling up to Grade 13 with a small and selective conventional university system cannot continue indefinitely. The structural inequality built into university education is also having dysfunctional effects. As long as conventional university education is so much more attractive than any of the other options available, it will be difficult to change student choices and perceptions.
- (viii) The external students issue must be tackled. By virtue of the schools they attended, too many young people—mainly young women—are condemned to study arts in a system which ultimately renders them unemployable, leads to political unrest, and does not benefit the nation. While the model of the external degree is in itself quite a good one, the manner in which it is implemented is not relevant, efficient, or socially just.
- (ix) To improve quality and equity in the general education and TVET systems, and to improve the use of, and benefits from, new investments in science, ICT and applied technologies, new policies and procedures for teacher recruitment, appointment and deployment must be put in place. Future projects should ensure that appropriate

- teachers are available and in place first, before further expansion of facilities takes place in secondary education.
- (x) Achieving full utilization of new and existing facilities and equipment should be a central focus of any new projects. New facilities and equipment should not be contemplated unless existing facilities and equipment are already being used efficiently. While large numbers of computers and computer learning centers have been supplied to schools, their use by teachers in the teaching-learning process remains limited. The TVET system could absorb many more trainees if the existing training centers were used more effectively.
  - (xi) Quality assurance mechanisms should be strengthened in secondary and tertiary education, and should reach down more effectively to schools and training centers through regular site visits and inspections to ensure school and teacher compliance with educational and occupational standards.

## G. ADB Policies and Strategies

50. There were three country partnership strategies (CPSs) over the 10-year period. The CPS, 2004–2008 supported the government’s strategy to promote private sector development and balanced regional growth in the hope there would soon be a peaceful end to the long-standing conflict. The CPS, 2009–2011, written as the conflict ended, aimed to support strengthening of the investment climate and achieving socially inclusive development. The CPS, 2012–2016 aimed to assist the government in addressing the major constraints on sustaining inclusive growth in post-war Sri Lanka. Separate education sector strategies were developed for each CPS. Each of these built upon the earlier interventions provided by ADB in secondary education and tertiary education but there were differences in emphasis, which reflected the different thrust of each CPS.

51. All of the sector strategies targeted the weak links between the education system and the labor market, as well as unequal education access. The first education strategy took a broad approach, focusing on equitable access to secondary and further education, labor market relevance and the use of PPPs to broaden access—a reflection of the key pillars of pro-poor economic growth, social development, and good governance in the CPS, 2004–2008. The second education strategy narrowed this down to a dual focus on skills competitiveness and equity in line with the CPS, 2009–2011 pillars of improved investment climate and inclusive economic growth. The third education strategy had an even sharper focus as it concentrated on the single outcome of graduate employability as part of the CPS, 2012–2016 pillars of inclusive and sustainable economic growth and human resource development. The key issue of expanding access to tertiary and higher education is acknowledged in all strategies but is addressed directly only in the first strategy.

52. Table 10 illustrates the relationship between CPS outcomes and education sector outcomes and outputs. The key education sector outcome is the employability of graduates, defined as “students leaving the education system are better prepared for the changing demands of the labor market” in the 2012–2016 education sector strategy. A second sector outcome in the two earlier education strategies is more equitable access to education. Although not identified as a sector outcome in the third strategy, promoting equitable access was an integral part of the entire sector program. Improved employability must include all groups in society.

53. The key sector outputs in Table 10 include development of a high-quality, market-responsive education system, better quality secondary and tertiary education, a wider range of relevant tertiary education and TVET programs, more TVET staff, better-quality and more relevant secondary education, more A-level science, ICT and English in poor schools, and more tertiary and TVET programs available for secondary school graduates from poor families.



54. The theory of change behind this framework is that targeted reforms introduced at the secondary level (the outputs) will not only improve student performance so that examination pass rates go up, but will also encourage students to enter tertiary programs with better employment prospects (i.e., the outcome indicators). These reforms include more effective and student-centered teaching, and broader exposure to science, technology, English and ICT by expanding the number of schools offering these subjects. There are several assumptions here: (i) students will understand the value of studying science and will take the opportunity to do so when it is offered (this has not always happened); (ii) students who study science and mathematics at secondary level, who are exposed to technology, and who speak English and receive good career advice are more likely to pursue studies in science or technical areas at university; (iii) students exposed to technology at school will change their negative perceptions of TVET and be more open to taking TVET courses after leaving school. A final important assumption is that students and parents are convinced that the chance of being selected for university is the same (or better) for science and technology, and arts and humanities.

55. A better managed and competency-based TVET system will provide better quality training in areas more relevant to labor market needs. The graduates of these programs will be more employable. New courses will be offered in areas where skills are needed (e.g., hospitality, tourism, and ICT), and increasing numbers of students will be attracted to them. Similarly, students who study science- or technology-related subjects at university will also be more employable when they complete their course. The next link in the theory of change is that the greater employability among graduates and students who complete TVET courses will result in a fall in the unemployment rate for educated youth (graduates from university and TVET). The key assumptions are: (i) sufficiently large numbers of students will switch their study preferences to affect the unemployment rate, (ii) the greater employability of graduates will translate into higher rates of graduate employment, and (iii) an increasing number of appropriate jobs will be available in these areas. The final link in the chain is that these outcomes will supply the skills needed by the labor market, resulting in a more skilled workforce which will increase Sri Lanka's competitiveness.

**Table 10: ADB Results Frameworks for the Education Sector, 2004–2016**

	<b>CSP, 2004–2008</b>	<b>CPS, 2009–2011</b>	<b>CPS, 2012–2016</b>
<b>Goal/Pillar</b>	Pro-poor economic growth Social development Good governance	Improved investment climate Achieving socially inclusive development	Human resource development
<b>Relevant CPS Outcomes</b>	Enhance human resources development to achieve skills-based competitiveness for future growth.	Increased skills-based competitiveness for higher economic growth. More equitable access to quality and relevant education for socially inclusive development.	Improve human resources as demand grows for an educated and skilled labor force.
<b>Education Sector Outcomes</b>	Opportunities for all pupils from grade 10 onwards to meet the demands of the labor market. Improved access of the poor to quality schools and teaching.	An education system that is more responsive to the diversified needs of the modern economy.	Students leaving the education system are better prepared for the changing demands of the labor market.
<b>Sector Focus</b>	Secondary and tertiary education, including skills development	Secondary school students, graduates and school leavers who seek higher skills to compete in and benefit from the knowledge economy.	Secondary education and TVET.
<b>Education Sector Outputs</b>	Wide and equitable access to secondary education and skills training nationwide. ICT development with full coverage of computers for secondary schools and post-	Greater and more equitable access to quality secondary education in science, English and ICT. A competency-based curriculum and assessment implemented in	Development of a high quality, market responsive education system, with a strong research and development focus. Indicators:

	CSP, 2004–2008	CPS, 2009–2011	CPS, 2012–2016
	secondary distance learning. Public private partnerships in post-secondary education. Curricula that reflect the needs of a modern labor market more appropriately.	secondary schools. A wider range of quality, relevant tertiary education and TVET programs for secondary school graduates and school leavers. An inter-agency policy coordination mechanism between general education, TVET, higher education and the industry sector.	increased attainment in secondary education priority technical skill requirements for emerging new economic sectors addressed

CPS = country partnership strategy, CSP = country strategy and program

56. The theory of change is generally logical, apart from one rather significant flaw. The strategy being followed is that education and labor market outcomes can be changed by influencing student (and parental) study and career choices, which are in turn influenced through greater exposure to science and technology. But the drive to enter university is not just a false perception resulting from a lack of awareness of other alternatives. Conventional university education is free, and is the entry point for jobs in the public sector, which in Sri Lanka are better remunerated than those in any other sector. While only a few will succeed in entering a university, almost all students who reach A-level want to try. This has affected all aspects of school life and plays a significant role in determining subject choice. Even enrolling as an external student, despite the difficulty of self-study and the low quality, is seen as preferable to other options. This is a structural constraint at the tertiary level which undermines the efforts being made in schools to change student attitudes and behaviors. This reorientation cannot be addressed through the secondary school system alone. A more level playing field among tertiary education options is needed.

57. ADB's activities in the education and training sector have complemented the work of its major development partners. The World Bank has spread its support across primary and secondary education, teacher education, the traditional universities and early childhood education, while ADB targeted secondary education and skills development. Most recently, ADB and the World Bank have worked in partnership to support programs in secondary education and skills development, with further parallel financing from the Import-Export Bank of Korea (KEXIM) and the German government for the skills development program. Sector agencies have effectively coordinated assistance to the sector over the decade through well-developed sector development frameworks to ensure that development partner support was complementary and did not duplicate efforts. Bilateral and nongovernment agencies, including the Australian Agency for International Development (AusAID), Swedish International Development Cooperation Agency (SIDA), German Technical Cooperation Agency (GTZ), the United Nations Children's Emergency Fund (UNICEF), United Nations Educational, Scientific and Cultural Organization (UNESCO), and Save the Children have all supported primary education quite extensively. ADB has been the lead donor in TVET, in addition to the International Labor Organization (ILO), Die Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Korea International Cooperation Agency (KOICA), Canadian International Development Agency (CIDA), and KEXIM. A list of development partner interventions in the education sector is in Appendix 2.

## H. ADB Lending Program

58. The CAPE assessment period of 2005–2015 included eight education projects: one in higher education, three in TVET, and four in secondary education. There were 11 loans in all, totalling \$549 million, of which 75% went to secondary education, 17% to TVET, and 8% to tertiary education (see Appendix 3 for a full list of projects). There has been a recent move to ADB's ordinary capital resources (OCR) lending: before 2013 all loans were sourced from the Asian Development Fund (ADF) while two of the four loans approved after 2013 were from OCR funds.

59. In secondary education, the projects were: (i) Secondary Education Modernization Project, which was the earliest project; (ii) Secondary Education Modernization Project II; (iii) Education for Knowledge Society Project; and (iv) the Education Sector Development Program, which is the most recent project for secondary education. The projects in skills development were (i) the Skills Development Project, the earliest project; (ii) Technical Education Development Project; and (iii) the Skills Sector Enhancement Program (SSEP), the most recent project. The Distance Education Modernization Project was the only project in higher education. The projects all had the overall goal of improving the employability of graduates. The timeline for project operation (Appendix 4) shows that there has been steady coverage of secondary education and TVET over the decade, and reveals a recent trend to consolidate the program into fewer but larger projects. Five of the projects began before 2005, while three were approved after 2005 to a value of \$385m. Two of these projects are still in operation: the Education Sector Development Program and the Skills Sector Enhancement Project.

60. All of the projects were investment projects except for the Education Sector Development Program and the Skills Sector Enhancement Project. The projects made significant contributions to secondary education and TVET which have been absorbed into the government's Education Sector Development Framework and Program (ESDFP) and the Skills Sector Development Plan, 2014–2020 (SSDP). Both ESDFP and the Skills Sector Enhancement Project use a results-based lending modality, allowing a shift to a sector-wide approach, which allows both programs to support the government's sector framework and plans in a more holistic manner. At the same time, it scales up the ADB investments and maximizes the impact. The results-based lending program also encourages a stronger focus on results. This is particularly important for the SSDP as it envisages sector-wide reforms involving several institutions to improve the entire TVET system, rather than focusing on specific aspects of the system or one or two institutions which was the case in earlier investment projects. Results-based lending uses country systems and institutional capacity, which is key to building strong and sustainable secondary education and skills development systems. Government officials confirmed during the mission that they appreciate the strong focus on results, particularly as these same results are the key targets of the government in any case. The Ministry of Education confirmed that it was involved in the formulation of the disbursement indicators, and that they found them to be sensible. The verification reporting required by results-based lending was not considered too onerous, apart from the fact that ADB and the World Bank require separate reports that are not exactly the same.

61. **Technical assistance.** Only one advisory technical assistance (TA) project has been approved since 2005, and six project preparatory TA projects. The advisory TA is ongoing, the Human Capital Development Capacity and Implementation Support, with a total amount of \$2.35 million after supplementary funding.<sup>33</sup> This TA supports the development of the high-quality human capital in Sri Lanka that is key to achieving the Government's vision of a competitive and innovative knowledge economy. The TA is successfully helping the National Planning Department and other agencies to ensure that sector capacity development plans are technically sound, results-oriented and sustainable. The TA's expected outputs are improved capacity for policy and planning, and research on human capacity development. So far, support has been given to (i) the Ministry of Education to build the capacity to monitor disbursement linked indicators (DLIs); (ii) the Ministry of Skills Development and Vocational Training (MSDVT) for a review of an expenditure framework and preparation of a financing plan for the Skills Sector Enhancement Project; (iii) the Coordinating Secretariat for Science, Technology, and Innovation for development of research proposals; and (iv) the National Human Resource and Employment Policy (NHREP) for electronic monitoring of policy implementation. Progress has been satisfactory so far.

62. Six of the investment projects have been completed, with project completion reports (PCRs) done for all and PCR validation reports (PVRs) for three of these (Appendix 5). Of the two TVET projects, one was *successful* (the Skills Development Project) and one was *less than successful*

<sup>33</sup> ADB. 2012. *Technical Assistance to Sri Lanka for Human Capital Development Capacity and Implementation Support*. Manila.

(Technical Education Development Project). The Secondary Education Modernization Project , Secondary Education Modernization Project II and the Education for Knowledge Society Project have been rated successful. The Distance Education Modernization Project was rated *less than successful*.

63. The theory of change embodied in education sector strategies has generally had good logical links at each point in the chain, even though some assumptions were not spelt out. The strategies were consistent over time, and provided a good basis for phased ADB investment in the form of eight well-linked projects and technical assistance over the decade.

## I. Evaluation of Performance: ADB's Education Sector Program

### 1. Relevance

64. The relevance of the program is assessed according to its alignment with education sector strategies, ADB education strategies and policies, and government strategies and policies, as well as the program's strategic positioning and program and project design.

65. **Alignment with education sector strategies.** The lending program was tied closely to the CPS education strategies. All projects in the lending program were designed to improve the capacity of the education system to impart the skills students would need in the labor market, in line with the theory of change. The four projects in secondary education built successively upon the achievements of each project, with the major thrust being to modernize the school system and improve the chances of poor rural students to enter tertiary education by providing more, and better, secondary-level science, ICT and technology, and English education. The Ministry of Education's ESDFP was developed during the Secondary Education Modernization Project, the first project in the series of secondary education projects, and the three subsequent secondary projects (the Secondary Education Modernization Project II, Education for Knowledge Society Project, and the Education Sector Development Program) have been anchored on this framework.

66. Similarly, the three skills development projects were all designed to follow a common goal—to improve the quality and market relevance of the TVET system. An incremental approach was adopted. The first project, the Skills Development Project, introduced competency-based training which is the basis of modern TVET, at the trade level, and the second project, Technical Education Development Project, extended this to technician courses and established new colleges of technology and a vocational university. The most recent skills development project, the Skills Sector Enhancement Project, worked with the government to develop a TVET road map and is now implementing this in collaboration with the World Bank. Institutional development and better coordination among the major TVET agencies was recognised in the project designs as vital for ensuring the cohesive development of the sector.

67. One early project took an innovative approach to the need to expand access to tertiary education. The Distance Education Modernization Project attempted to improve the quality and relevance of education for external university students and others who were unsuccessful in gaining entry to the conventional university system. The project took advantage of (then) new technologies to build a national distance education platform and network for the use of universities and other public and private training providers. Although its success was limited, the approach to overcome the problem of restrictive higher education access was highly innovative. Using public-private partnerships (PPPs) and distance education to expand opportunities in Sri Lankan higher education remains relevant.

68. **Alignment with ADB education strategies and policies.** The education sector strategies covering the period 2005–2015 are relevant to the key issues in the sector, government policy directions, the

ADB education policy in place in 2005,<sup>34</sup> and *Education by 2020*,<sup>35</sup> which was put in place in 2010. The earlier policy had a strong pro-poor focus in line with the ADB poverty reduction strategy, but encouraged investment in secondary education quality and broadened access. It also focused on skills development, especially by establishing standards and encouraging private sector provision. Investment in higher education was also encouraged to broaden access to the poor. The later policy emphasized strengthening quality, inclusiveness, and relevant skills at all levels of education, including universal secondary education and ensuring that TVET helps to fill labor market gaps.<sup>36</sup> The education sector strategies and program were in line with objectives both at the beginning and end of the assessment period. All of the projects had strong pro-poor elements through their focus on education access for the poor and student stipend programs, which was in line with ADB's poverty reduction strategy and the corporate education sector strategies. Investment in secondary education quality improvement and in relevant skills development was also fully in line with both strategies.

69. **Alignment with government policies and priorities.** The secondary education and skills development projects have a high degree of harmony with government policies. All of the projects contributed directly to the government priority of transforming the education system to provide the technological skills needed for the knowledge economy. The Education Sector Development Program and the Skills Sector Enhancement Project in particular reflect government priorities, being based on government sector strategies and implemented through results-based lending. Clear government ownership of the ADB program was evident during the PCR mission. Officials were enthusiastic about the contributions made by successive TVET projects, especially in introducing competency-based learning and the National Vocational Qualification Framework (NVQF). Great appreciation was also shown to the Education Sector Development Program for bringing to reality a long-felt government need to link general education with the TVET system through the new technology program in secondary education.

70. **Strategic positioning of the program.** The positioning of the ADB program at the upper levels of the education system was appropriate. First, the upper levels of the education system and, in particular, the interface between the general and tertiary education systems where ADB is positioned, play a critical role in addressing graduate unemployment. Second, the government observed in *Mahinda Chintana 2006* that primary schooling had received a lot of support from donors and made impressive achievements while secondary education remained weak. Third, the government views ADB as its primary partner in TVET and, to a lesser extent, the vocational aspects of secondary education, partly because ADB has a comparative advantage in this area.

71. **Project and program design.** The program was planned in a consistent and phased manner, with each project operating around the important interface between the school system and tertiary education. All the projects were designed around the common threads of broadening student options for tertiary education and employment, and enhancing equity in secondary and tertiary education. It is commendable that this targeted strategy has been followed by all of the projects so consistently.

72. The projects were generally well-designed and responsive to key issues. All had design and monitoring frameworks that delineated appropriate outcomes and outputs under these common objectives, although it is difficult in some cases to see the link between the expected outcome and the high-level goal and targets chosen for the impact. There were some design flaws, in particular in the Technical Education Development Project and the Distance Education Modernization Project. The establishment of the University of Vocational Technology (UNIVOTEC) relied upon the passing of an act of Parliament which was not taken account of adequately in the implementation schedule, while the six colleges of technology (COTs) were established without consultation with industry and in unsuitable locations. Both UNIVOTEC and the COTs were established too early, before there were sufficient

<sup>34</sup> ADB. 2003. *Education. Policies and Strategies*. Manila.

<sup>35</sup> ADB. 2010. *Education by 2020. A Sector Operations Plan*. Manila.

<sup>36</sup> ADB. 2010. *Education by 2020*. Manila.

students eligible for admission. The Distance Education Modernization Project underestimated the difficulty of establishing a national distance education network in a context of low technological readiness, did not emphasize enough the need to create acceptance of online education, and did not clearly identify the risk that a lack of government ownership entailed, or the need for more stringent transition and sustainability arrangements. Nevertheless, the design of the project was highly innovative and imaginative in its vision of a national network that could be used by any education provider, public or private, to upload post-secondary or degree courses for access by students across the island.

73. Too many elements were included in the designs of some of the projects. The design of the Education for Knowledge Society Project covered both secondary and tertiary education, which meant that the resources were too small in some instances to have any impact. While a large number of students received stipends, the value of these was too minimal to be worthwhile (\$3.50 per month), and the inputs provided to the advanced institutes of technology were also insufficient to achieve the desired impact. Both the Education for Knowledge Society Project and the Skills Development Project tried to establish complex management information systems in central ministries alongside many other activities. The Distance Education Modernization Project included an array of activities, each of which was a challenge to implement, including the introduction of online education, a completely new learning modality for Sri Lanka; establishing a new high-speed network in a country with low internet penetration; and encouraging the participation of private providers in an educational venture when that was known to be a highly contentious issue. Despite the obvious complexity of all of these projects, there was no allowance made for a longer implementation time.

74. The disbursement indicators for the Education Sector Development Program and the Skills Sector Enhancement Project seem appropriate, straightforward and not unduly difficult to monitor.

75. The PVR ratings for the five projects rated so far are *highly relevant* (three projects) or *relevant* (two). For the remaining two projects without PCRs, both the education sector development and the skills sector enhancement program are so far assessed to be *highly relevant*, while the Education for Knowledge Society Project was *relevant*. The overall program is rated *highly relevant* because of its tight conceptualization and strong positioning in relation to important government priorities and careful reflection of the key outputs included in government strategies and plans. The key lesson is the value addition that comes from sustained support in well-considered phases that is grounded in government policy objectives and strategies. Potential resistance to any of the project activities needs to be thoroughly analysed and a strategy developed. The temptation to try to cover too much in one project, and to set targets that will clearly take longer to achieve than the time frame allowed, should be resisted. Sometimes this happens in education projects because of the need to demonstrate a viable return on investment, using methodologies that do not capture the full value of education's benefits.

## 2. Effectiveness

76. Effectiveness is assessed against attainment of the expected project outcomes and outputs, which group roughly into two areas: (i) quality and labor market relevance, and (ii) equity.

77. **Improved quality and labor market relevance.** The portfolio aimed primarily to increase the relevance of education and training to labor market requirements and to improve youth employability. This was to be achieved by: (i) expanding secondary enrollments and upgrading learning quality in skill areas corresponding to labor market demand, and (ii) expanding and improving the quality of alternatives to conventional university education in arts and humanities at the tertiary level.

78. Many of the projects had performance outcome indicators which measured enrollment rates, participation in particular areas of study, completion rates, and examination results. At the secondary level, a modernized education system incorporating greater use of ICT and more and better science,

technology and English was the objective. The outcome indicators for TVET covered employment rates, increases in the number of training opportunities for craft-level and skilled workers through the introduction of competency-based training, and the upgrading of training institutions, technicians, graduate technologists and engineers through the establishment of six colleges of technology and UNIVOTEC/UNIVOTEC. These dual strategies, working in tandem, were expected to expand tertiary education opportunities and graduate output in market-oriented areas. The extension and expansion of tertiary education opportunities was also the expected outcome of the distance education project, with performance indicators covering course enrollments in online courses, and participation in the national network by universities and other public and private training providers.

79. **Achievement of the outcomes at the secondary level.** An overview of sector statistics from 2005–2015 shows that there has been slow improvement in secondary level outcomes, although much remains to be done. The sustained investments in mathematics, science and English made by ADB, the government and others seem to have had some impact. The trend in O-Level pass rates from 2005 to 2015 is clearly upward, from 48% in 2005 to 69% in 2014 (Table 11). Still, this figure must increase significantly if universal enrollment up to Grade 13 is to be achieved, as this implies 100% of students passing. Pass rates in maths and English are also on an upward trajectory, having improved by 30% since 2005. The science results are more erratic, which may be a function of the exam itself rather than underlying performance. In the 150 schools under the Education for Knowledge Society Project, however, there was a 50% improvement in science performance, and a dramatic 104% improvement in English, from 2008 to 2012.

**Table 11: O-Level and A-Level Pass Rates by Subject, 2005–2015 (%)**

Item	2005	2008	2010	2012	2014	2015	% change 2005–2015
<b>O-Level Pass Rate National</b>	<b>48</b>	<b>57</b>	<b>61</b>	<b>65</b>	<b>69</b>	<b>NA</b>	<b>45</b>
Maths	43	51	60	55	57	NA	31
Science	53	47	62	68	61	NA	13
English	35	31	42	48	45	NA	29
<b>A-Level Pass Rate National</b>	<b>62</b>	<b>62</b>	<b>56</b>	<b>62</b>	<b>60</b>	<b>61</b>	<b>-2</b>
Bio-science	33	35	39	54	50	53	61
Physical science	34	34	36	45	47	49	44
Commerce	56	63	58	72	58	68	21
Arts	61	68	64	68	66	66	8
Engineering technology	-	-	-	-	-	50	-
Bio-systems technology	-	-	-	-	-	60	-

Sources: Ministry of Education. 2015. *2014 Annual Performance Report*. Comombo; University Grants Commission, 2015. *Sri Lanka University Statistics 2014*. Colombo.; 2015 data from Ministry of Education, Data Management Unit.

80. Table 11 also shows that national A-level pass rates have changed little over the decade, hovering at around 60%. Given the consistency of this pass rate, it is tempting to wonder whether it is the result of consistently low performance or a policy decision. Pass rates in the science streams are still unacceptably low, at 53% and 49% for biological and physical sciences respectively, but this is nevertheless a considerable improvement over 2005. Bio-science average scores have improved by 61% and physical sciences by 44% over the decade. The facilities upgrading and teacher training carried out through the ADB portfolio underlies these achievements.

81. The impact of the program to provide science laboratories is slowly becoming apparent. Table 12 shows that the proportion of A-level schools offering the full curriculum of science, arts and commerce streams increased from 26% in 2010 to 36% in 2015, a significant improvement in a short

space of time. So far, the result has been a small increase in the number of students enrolling in the science stream, and a reduction in the percentage of arts enrollments from 52% of students to 44% as intended. Almost 24% of A-level students were in a science stream in 2015 compared with 23% in 2010 (see Table 13). One factor constraining growth in science enrollments is a shortage of trained science teachers, particularly in rural schools. Nevertheless, the Global Competitiveness Index 2015/16 ranks Sri Lanka 25th out of 140 countries for the quality of mathematics and science education, well up from 69th in 2012–2013.<sup>37</sup>

**Table 12: Secondary Schools with Science Streams, 2010–2015**

A-level Schools with/without Laboratories and Science Streams	2010		2013		2015	
	No.	%	No.	%	No.	%
Schools with Science, Arts and Commerce Streams	716	26	868	31	1004	36
Schools with Arts and Commerce Streams Only	2005	74	1910	69	1801	64
<b>All A-Level Schools</b>	<b>2721</b>	<b>100</b>	<b>2778</b>	<b>100</b>	<b>2805</b>	<b>100</b>

**Table 13: A-level Science and Technology Enrolments (Grades 12 and 13), 2010–2015**

Stream Enrollments	2010		2013		2015	
	No.	%	No.	%	No.	%
Pilot Technology Stream			7006	1.4	42,514	8.6
Bio-science and Physical Science Streams	98,883	23	115,307	24	118,901	24
Commerce Stream	109,928	25	129,195	27	117,238	24
Arts Stream	228,497	52	226,933	47	215,944	44
<b>Enrolment All Streams</b>	<b>437,308</b>	<b>100</b>	<b>478,441</b>	<b>100</b>	<b>494,597</b>	<b>100</b>

Source: National Human Resources Development Council, Ministry of Policy, Planning, Economic Affairs, Child, Youth and Cultural Affairs, 'Statistical Bulletin on Education'. 2015.

82. A notable achievement which has been nurtured across the Secondary Education Modernization Project, the Secondary Education Modernization Project II, the Education for Knowledge Society Project, and the Education Sector Development Program is the development of a new applied technology stream at A-level. At the policy level, the intention was to bring general education and TVET closer together. At the student level, the expectation is that familiarity with, and greater awareness of, technology will attract more students into this line of study in tertiary education. The new stream is being piloted in 100 schools under the Education Sector Development Program, along with the construction of separate technology wings housing laboratories, workshops and computer centers as part of a broader government program to introduce the technology stream across a large number of A-level schools. One result, however, has been an unanticipated dampening of enrollments in the science stream, as students who might normally have taken science have opted for technology instead.

83. Promoting computer skills among students as well integrating ICT into teaching and learning has been a top priority of the ADB program. Since 2010, 631 secondary schools in have benefited from computer learning centers, ICT laboratories, and teacher training, many provided under ADB projects (Table 14). Computer laboratories are reported to be very popular with students, with the majority of laboratories generating enough revenue from community use to become self-sustaining.<sup>38</sup> Under the Education for Knowledge Society Project, ICT was integrated into the curriculum, but the use of ICT in teaching is still not widespread.<sup>39</sup> Teaching generally remains teacher-centered and didactic, despite

<sup>37</sup> World Economic Forum. 2015. *The Global Competitiveness Report 2015–2016*.

<sup>38</sup> ADB. 2008. *Project Completion Report for Secondary Education Modernization Project*. Manila.

<sup>39</sup> ADB. 2012. *Project Completion Report for Secondary Education Modernization Project II*. Manila and confirmed in interviews during the PCR mission.



considerable efforts to introduce more student-centered teaching, beginning with the Secondary Education Modernization Project II.

**Table 14: ICT Facilities in Secondary Schools, 2010–2014**

ICT Laboratories in A-level and O-level Schools	2010		2013		2014	
	No.	%	No.	%	No.	%
Schools Offering A-level Science, Arts and Commerce Streams with ICT Laboratories	588	82	672	77	795	82
Schools Offering A-level Arts and Commerce Streams Only	1,419	16	1,354	71	1,229	60
Schools Offering O-level Only with ICT Laboratories	642	71	1,213	32	1,256	34
<b>Total Schools with ICT Laboratories</b>	<b>2,649</b>	<b>-</b>	<b>3,239</b>	<b>-</b>	<b>3,280</b>	<b>-</b>
<b>All Secondary Schools</b>	<b>9,685</b>		<b>10,012</b>		<b>6,440</b>	

Sources: Ministry of Education. 2015. *2014 Annual Performance Report*. Colombo; Data Management Unit, Ministry of Education.

84. Other significant reforms were the introduction of school-based management and school-based or continuous assessment, first piloted under the first Secondary Education Modernization Project and supported through each succeeding project until both became national policy and are now mandatory in all secondary schools. School management committees now operate in most schools, School-based assessment has now been integrated into the national O- and A-level examinations in an attempt to reduce the emphasis on one-off examinations. More than one attempt has been made to establish an education management information system (EMIS) in Ministry of Education but all these have failed. The lack of systematic, comprehensive and accessible information on the schools sector continues to undermine effective monitoring and evaluation and hinders the development of evidence-based planning and policy. Each project has attempted to improve career guidance in schools, and has used social marketing to popularise alternatives to university education, but the success of these efforts has been limited.

85. In summary, there has been significant improvement in national O-level pass rates, and in mathematics and English. Progress in science has been slower. At A-level, the national pass rates have shown no improvement, but pass rates in the sciences have risen. Enrollments in A-level sciences have increased by 20,000 since 2010, but the share of enrollment has remained stubbornly unchanged at 24%. ICT skills have been fostered successfully in students but ICT is not yet integrated into classroom teaching. The technology stream developed and implemented as part of the ADB program has been very successful, attracting many more students than anticipated. A major reason is the chance of university entrance in the places allocated by government for technology stream graduates (reported during the PCR mission). Until other, equally attractive, options for higher education are made available, the pull of conventional university education will continue to distort the teaching-learning process in schools.

86. **Achievement of outcomes in TVET.** ADB support for skills development has had a significant impact upon the TVET sector in Sri Lanka, and is appreciated for this reason. A highly significant achievement of the Skills Development Project was the introduction and institutionalization of competency-based training (CBT) throughout the vocational training system, as well as a large cadre of trainers and administrators knowledgeable of and supportive of CBT. This allowed the introduction of the National Vocational Qualifications Framework (NVQF).<sup>40</sup> This appears to have attracted sectorwide support, although the number of NVQ-anchored courses is still low. The NVQF has helped to harmonize the content and quality of training across various providers.

<sup>40</sup> Tertiary and Vocational Education Commission. 2005 revised 2009. *National Vocational Qualifications Framework of Sri Lanka. Operations Manual*. Colombo.

87. The NVQF was established in consultation with industry and provides national quality standards for teaching and assessment using a competency-based approach, and national certification of learners and workers. With ADB support, the Technical and Vocational Education Commission (TVEC) has set national competency standards for 45 trade sectors covering NVQ levels 1–4, and 18 trade sectors at NVQ levels 5–6. Between 2009 and 2013, TVEC issued 65,000 NVQ certificates. These allow the recipients to follow a training path leading to the national diploma, higher diploma, or a degree.

88. In addition, the Skills Development Project developed a quality management system (QMS) for vocational training centers (VTCs) and this is being rolled out across all training centers under the project (although it has been implemented in only a few centers so far). Better registration and accreditation procedures have been established. A policy on career guidance centers for VTCs was formulated and endorsed as national policy. In addition, a management information system was established, vocational training centers were upgraded, performance standards and courses were developed for the 45 priority occupations and delivered to 100,000 students in 200 VTCs. These outcome achievements together form the foundation of the present vocational training system, which has continued to grow. A significant result of these achievements after the introduction of competency based training was an increase in completion rates from 50% to nearly 90%.<sup>41</sup>

89. The second project of the decade, the Technical Education Development Project, had more limited success. An important achievement was the extension of courses under the umbrella of the NVQF from craft level to the technician and technologist and engineer level. For the technician level, this occurred through the development of 12 technician programs, to be taught in the six newly-established COTs. While the capacity of the COTs was expanded, the enrollments were extremely low. Part of the problem was a lack of appropriate teachers, especially in the COTs, but a bigger problem was the absence of a pool of qualified students. The craft-level courses had only recently been established under Skills Development Project, and the output was still low, so that there were too few students qualified to enter the technician courses (NVQ 5–6). This should have been anticipated. Given this situation, the COTs reverted to offering the lower level craft courses. Another issue was the failure to consult the private sector on the location of the new COTs. Enrolments are now rising slowly and there is optimism that graduates from the new A-level technology stream will serve to further boost enrollments. The COTs have now begun introducing technician level courses as originally intended.

90. Courses for technologists were developed as two degree programs to be delivered in the newly-established UNIVOTEC. While enrollments at project completion fell far short of the target of 600 full-time and 600 part-time students, UNIVOTEC has since made steady progress. The number of degree programs has increased to 13, and the number of students has increased from 173 in 2012 to 560 in 2015. Six of the degrees are offered as both part-time and full-time, and two are preparatory courses for teachers of technology. There is low participation of women—in 2015, only 31% of UNIVOTEC students were female. It is expected that the degree programs offered by UNIVOTEC will help address the shortage of qualified technical teachers and teacher trainers. UNIVOTEC's ability to expand has also been curtailed by teacher shortages. Establishing a more efficient and effective system for the recruitment and deployment of qualified teacher instructors across all parts of the TVET system should be a high priority.

91. The performance of the TVET sector as a whole is internally efficient, with an average completion rate of 92% in 2014, increasing from 87% in 2012 (Table 15). However, there is wide variation among institutions. More robust quality assurance and supervision is needed, including regular site visits to the smaller rural centers in particular, to ensure compliance with standards and to offer advice and support to the center directors. Regular meetings of the center directors to allow exchanges of views on mutual challenges and achievements could help in developing their leadership and management skills.

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<sup>41</sup> ADB. 2008. *Project Completion Report for the Skills Development Project*. Manila.

Table 15: Enrollment, Output and Completion Rates in TVET Institutions, 2012–2014

Institutions	2012			2013			2014		
	Enrollment	Completed (no.)	Completed (%)	Enrollment	Completed (no.)	Completed (%)	Enrollment	Completed (no.)	Completed (%)
Under MSDVT	71,344	59,044	83%	76,935	65,092	85%	70,323	63,943	91%
Other Govt.	57,244	50,692	89%	64,316	57,429	89%	52,296	48,475	93%
Private Sector	122,086	108,854	89%	146,707	132,629	90%	131,528	122,577	93%
<b>Total</b>	<b>250,674</b>	<b>218,590</b>	<b>87%</b>	<b>287,958</b>	<b>255,150</b>	<b>89%</b>	<b>254,147</b>	<b>234,995</b>	<b>92%</b>

MSDVT = Ministry of Skills Development and Vocational Training

Source: Tertiary and Vocational Education Commission. 2015. *Baseline Survey of the TVET Sector*. October 2015. Colombo.

92. The outcome performance target for the ongoing the Skills Sector Enhancement Project is for 55% of graduates to have obtained employment 6 months after training, to be assessed in 2016 through a graduate tracer study. Total enrollments in public and private institutions have increased steadily over the decade and are already well over the 2016 target of 172,000 trainees. The high completion rates resulted in a total of 235,000 TVET graduates in 2014. Progress in other areas such as the introduction of registration and accreditation of institutions, and the institutionalization of NVQ courses across the sector is moving ahead but slowly. So far, only 40% of public and private TVET institutions are registered with TVEC, and 25% of programs have been accredited.<sup>42</sup> Just a quarter of the 9,500 training programs on offer are NVQ courses, with very slow adoption in the private sector. The failure of 60% of training institutions to even register with TVEC needs to be addressed. Links to the labor market are improving. Career guidance facilities are now available in 45% of MSDVT training institutions, and training institutions in 2014 provided industrial training or job placements for 52% of trainees. These are positive outcomes.

93. A strategic goal of the ADB TVET program has been to strengthen the engagement of the private sector in TVET. This was the great achievement of the Technical Education Development Project—bringing together government and private training providers to agree on a common national framework, and developing standards of occupational competencies with the full participation of leading practitioners in commerce and industry. Under the Skills Sector Enhancement Project, industry sector councils will be established. While private sector engagement remains limited in many ways, there is evidence of increased appreciation among training center directors of the importance of industrial work attachments and job placement). The size and strength of private training institutions is a strong feature of the skills training sector. Further work is needed, to be spearheaded by TVEC, to ensure more rigorous implementation of the regulatory framework, especially for private providers, and stronger encouragement to introduce more NVQ courses.

94. In conclusion, the ADB program has made a clear contribution to the development of the TVET sector in Sri Lanka. Although both ADB and the World Bank are currently supporting the sector through the SSDP, the essential foundations of the system were laid under the ADB projects. The craft level courses established under Skills Development Project (levels NVQ 1–4) are now well-established, as is UNIVOTEC. The COTs, established to offer technician level courses, have been slow to take off due to the lack of qualified students for recruitment, but have now started to introduce these courses. The TVET system remains small, however, constrained by the growing but still limited demand from students. Social marketing campaigns have apparently not been effective enough in overcoming the widely-held the negative image of TVET. Financial barriers are another factor constraining course completion among poor rural students.<sup>43</sup>

<sup>42</sup> Tertiary and Vocational Education Commission. 2015. *Baseline Survey of the TVET Sector*. Colombo.

<sup>43</sup> Reported to the PCR mission.

95. **Achievement of outcomes in higher education.** The only higher education project, the Distance Education Modernization Project, was rated *less than effective* by the PCR and PVR. From the standpoint of 2016, this rating still stands. As noted earlier, the project made a bold attempt to break through the restricted access to conventional tertiary education by using online education. The purpose of the project was to “develop online distance education to expand post-secondary school enrollment to develop a modern, high quality human resource base.” Five of the six outcome indicators related to expected enrollment increases resulting from the online programs to be developed and delivered in partnership with public and private institutions over the newly-developed national ICT network. The Open University of Sri Lanka (OUSL) was a project partner as well as a primary beneficiary. Delays in completing the network combined with a lack of government ownership, the lack of senior government backing for the project after the initial senior government official supporting the project retired during the first year of implementation, and weak buy-in by universities and private institutions to the concept of online education (and possibly also to the concept of a collaborative venture) meant that enrollments remained very low and only one of the five outcome indicators was achieved. A social marketing campaign was conducted to encourage students to enroll in the new online programs, but was ineffective. OUSL doubled its enrollment to 40,000 as planned, although its programs were not put online. A particular failure of the project was the attempt to move 25,000 external students to new online degree courses. Only one university put a course online, and only 1500 external students were enrolled. The attempt to establish PPPs was equally unsuccessful, with only two out of an expected 150 private training institutions developing and offering short online courses.

96. **Greater equity in access and outcomes.** The second major objective of the portfolio was inclusiveness. At the secondary level, this covered equitable access to key market-relevant subjects across provinces, in rural, disadvantaged areas, and by gender. Several of the projects were focused on the main conflicted-affected provinces (the Northern, Eastern and North Central provinces) and plantation areas. To address rural disadvantage, the main strategy in general education was to improve teaching and upgrade facilities in rural and disadvantaged schools. After receiving new science laboratories, computer laboratories and computers, more schools in rural areas are now able to offer the full A-level curriculum. Both the Secondary Education Modernization Project II and the Education for Knowledge Society Project saw significant improvements in O-level and A-level passes among rural students in project schools, with especially impressive gains made in science and English. These improvements will enable more rural students to study science at the tertiary level in future, whereas today’s rural students are heavily concentrated in arts and humanities degrees.

97. Some differences in average pass rates across provinces remain. Among the three conflict-affected provinces, both the Eastern and North Central provinces scored below the national A-level pass rate of 61% in 2015, with 57% and 59% respectively, but the Northern province has pulled ahead and in 2015 scored one percentage point above the national rate. Whether the ADB program contributed to this to any significant extent is difficult to say.

**Table 16: Girls in Science and Technology at A-Level, 2010–2015**

Stream Enrolments	2010		2013		2015	
	No.	Females (%)	No.	Females (%)	No.	Females (%)
Pilot Technology Stream			7006	41	42,514	33
Bio-science and Physical Science Streams	98,883	48	115,307	50	118,901	52
Commerce Stream	109,928	47	129,195	49	117,238	51
Arts Stream	228,497	67	226,933	65	215,944	67
<b>Enrolment All Streams</b>	<b>437,308</b>	<b>58</b>	<b>478,441</b>	<b>57</b>	<b>494,597</b>	<b>57</b>

Source: National Human Resources Development Council, Ministry of Policy, Planning, Economic Affairs, Child, Youth and Cultural Affairs. 2015. *Statistical Bulletin on Education*. No. 201. Colombo.

98. All of the projects incorporated gender action plans, although achievements were not reported in all PCRs. Enrollments, survival rates and performance have been higher for girls throughout the decade. In 2015, 70% of the students who sat for the A-level exam were girls, while 67% of girls passed the exam compared with just 52% of the boys. It is the concentration of girls in the arts and humanities stream that is the biggest concern, because of the effect on later employability. The Education Sector Development Program has set targets for female participation in the science and commerce streams. Table 16 demonstrates that girls' participation in the science stream has increased over the past 5 years, with their enrollment share increasing from 48% to 52%.

**Table 17: TVET Enrolments by Gender, 2012 and 2014**

Type of Institution	2012				2014			
	M	F	Total	%	M	F	Total	%
Institutions under MSDVT	38,281	33,063	71,344	29	39,198	31,125	70,323	28
%	54	46	100		56	44	100	
Other Government Institutions	26,198	31,046	57,244	23	20,448	31,792	52,240	21
%	46	54	100		39	61	100	
Private Sector	62,277	59,809	122,086	49	64,683	66,845	131,528	52
%	51	49	100		49	51	100	
<b>Total Enrollment</b>	<b>126,756</b>	<b>123,918</b>	<b>250,674</b>	<b>100</b>	<b>124,329</b>	<b>129,762</b>	<b>254,091</b>	<b>100</b>
%	51	49			49	51		

MSDVT=Ministry of Skills Development and Vocational Training, TVET = Technical and Vocational Education and Training  
Source: Tertiary and Vocational Education Commission. 2015. Baseline Survey of the TVET Sector. Colombo.

99. Girls are also overrepresented at university level, but are heavily concentrated in arts faculties. If the efforts to steer students away from the arts and humanities in schools and universities are successful over the coming years, young women will be important beneficiaries.

100. There is some evidence of increasing female enrollment in TVET. In 2011, the female share of TVET enrollments was just 42%.<sup>44</sup> It had increased to 49% by 2012 and to 51% by 2014 (Table 17). Girls are least represented in institutions under the MSDVT, which is no doubt a reflection of the predominance of craft and trades courses in many training centers. Gender segregation in TVET remains strong, with ICT courses almost the only courses where the numbers are more equal.

101. The TVET projects have worked to raise awareness of TVET as a worthwhile option for girls, provided information on developing career paths, and provided gender sensitivity training to academic staff. The introduction of the applied technology stream at A-level is intended to encourage more girls into post-secondary courses with technology applications, although only one third of enrollments in 2015 were girls.<sup>45</sup> The availability of jobs in the private sector for women equipped with technical skills has also contributed to the increase in female enrollment in TVET courses. More courses in the services sector will attract more young women and provide them with saleable skills. This is especially needed in vocational training centers outside urban areas. As this happens, unemployment among educated young women will decline.

102. To conclude, while the ADB program clearly had strong equity components, it is difficult to identify its unique contribution to reducing inequality in general education. TVET is generally favoured by poorer, rural students so its impact on expanding opportunities for the poor is clearer. While there is gender parity across the sector, there is deep segregation by industry sector. It was observed during the PCR mission that the smaller vocational training centers offer few training options for women.

<sup>44</sup> ADB. 2015. *Innovative Strategies in Technical and Vocational Education and Training for Accelerated Human Resource Development in South Asia: Sri Lanka*. Manila.

<sup>45</sup> Data supplied by the Ministry of Education, Data Management Unit.

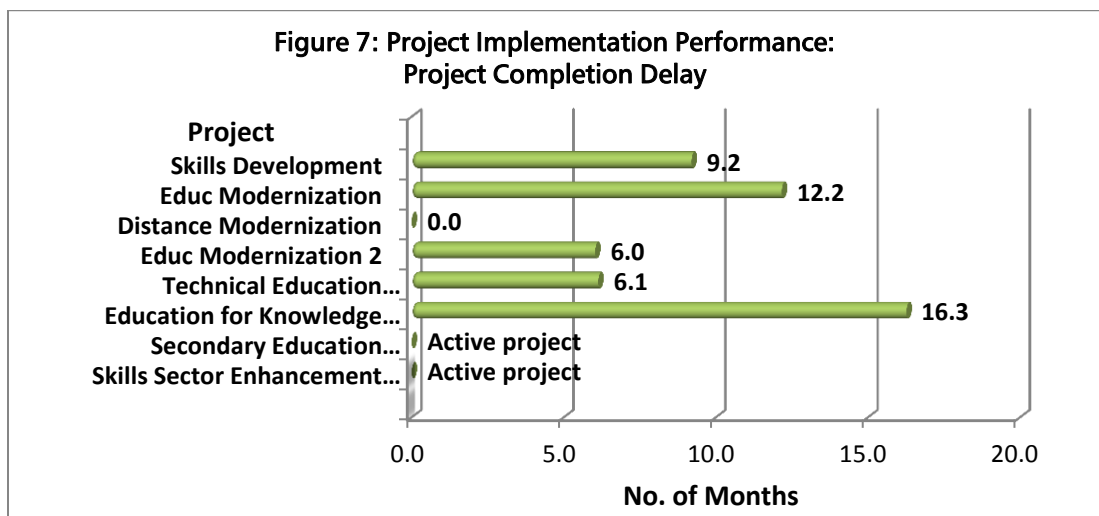
Gender differences in subject choices in secondary school are being addressed. It is critical that intensive efforts in this area continue, to improve the employability of young, well-educated women.

103. The loan portfolio is rated as *effective* overall. Four of the five projects have already been rated in PCRs and PVRs as *effective*, with only the distance education project rated *less than effective*. The Education for Knowledge Society Project was completed in 2012 and was rated effective in the PCR. . It is too early to comment on the effectiveness of the two results-based lending programs.

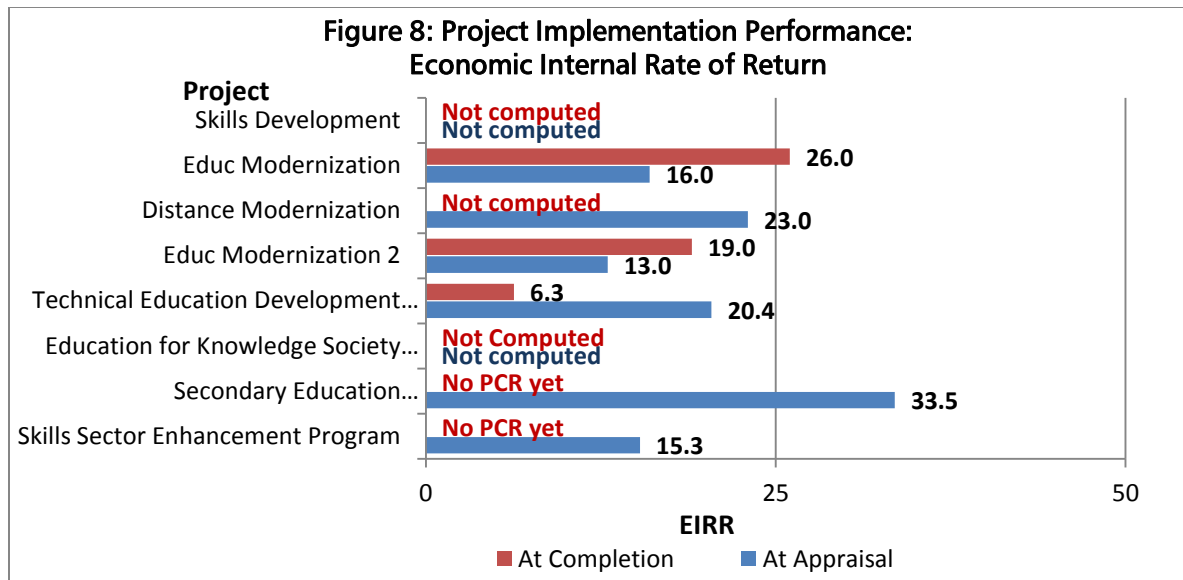
104. An important lesson is the strong negative influence on schooling exerted by the higher education system. The highly unequal structure of the higher education system makes any option except conventional university unattractive to students, and renders social marketing campaigns ineffective. A more level playing field among tertiary and higher education options is needed. Other lessons include the need to ensure the availability of qualified teachers before providing expensive new facilities and equipment, as well as better systems for recruiting and deploying school teachers.

### 3. Efficiency

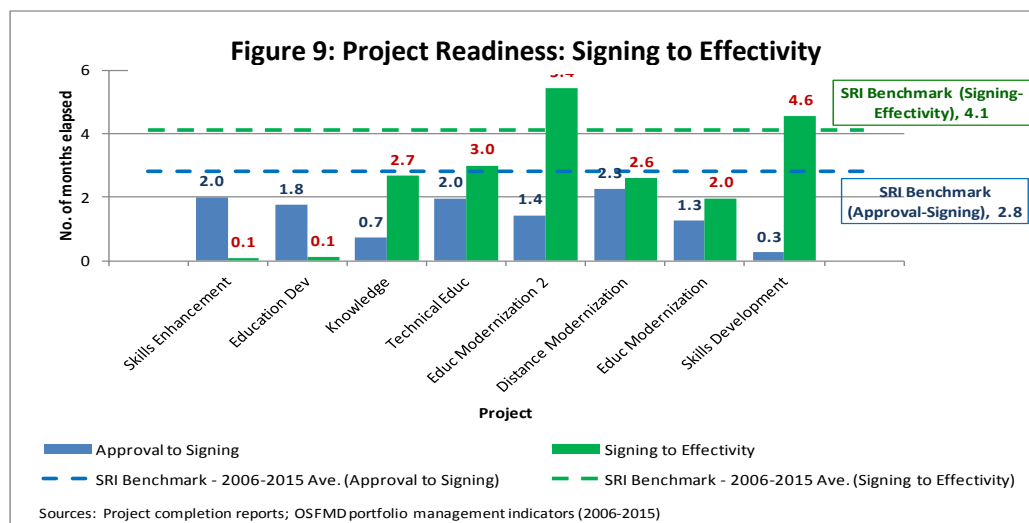
105. Program efficiency will be assessed against process efficiency and the individual performance of projects. The economic internal rate of return (EIRR) for the overall program could not be calculated.



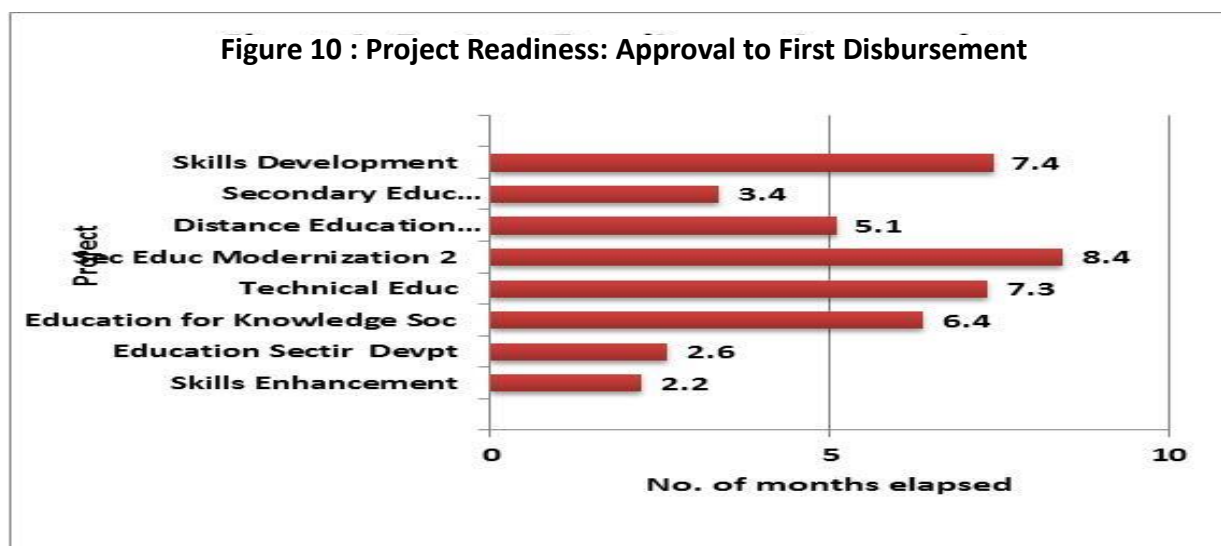
106. In terms of project extensions (Figure 7), the three completed secondary education projects were each extended from 6 to 12 months, while one of the TVET projects was extended for 9 months, and the other was not extended. The Distance Education Modernization Project was extended for 6 months for account closing. While it would appear from this measure that the TVET projects were implemented more efficiently than the others, one of the TVET projects (the Technical Education Development Project) was rated as *less efficient* because of poor cost effectiveness.



107. Regarding the EIRRs of individual projects (Figure 8), although the Secondary Education Modernization Project suffered from initial implementation delays, it delivered an EIRR of 26% compared with the appraisal estimate of 16%. The Secondary Education Modernization Project II benefited from continuing with the same project management office (PMO) and Ministry of Education counterpart staff, which minimized start-up delays and led to greater cost efficiencies as a result of the experience gained with the Secondary Education Modernization Project. This project delivered an internal rate of return on investment of 19%. The Education for Knowledge Society Project had a 15-month extension caused by delays in the delivery of school furniture. Project implementation was not particularly efficient due to the multitude of small contracts involved in school refurbishment, which proved difficult to manage, with rebidding necessary on several contracts when contractors could not complete the work. An ADB review team also noted instances where International competitive bidding and national competitive bidding contracts were awarded to unqualified contractors. The Distance Education Modernization Project suffered significant delays initially due to a long delay in the fielding of consultants and the complexities faced in building a national IT network.

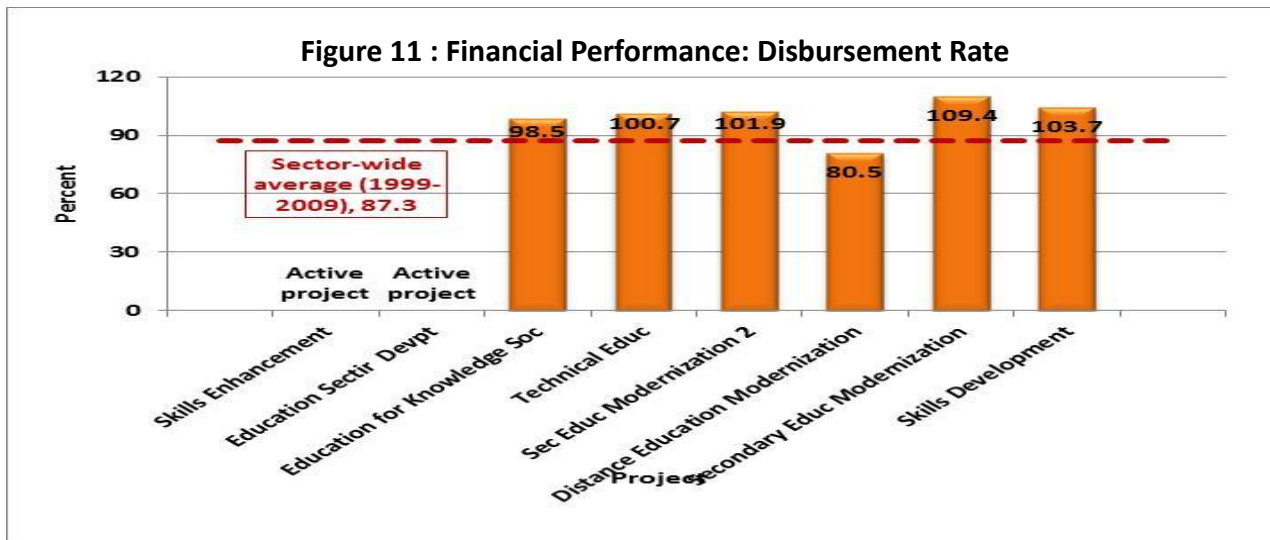


108. On project readiness, three indicators were tracked. Approval to signing, signing to effectivity, (Figure 9), and approval to first disbursements (Figure 10). Performance was mixed but on the whole not much worse than the average for ADB and Sri Lanka projects. Initial implementation delays were a common theme. The Skills Development Project made slow progress for the first 18 months, but then managed to recover and achieve all its targets. Similar problems befell the Technical Education Development Project, where there were serious delays in the construction of UNIVOTEC, which was contingent upon parliamentary approval of the UNIVOTEC Act. The cost effective use of new and upgraded facilities is another recurring theme. UNIVOTEC had low student output at project completion due to the late opening but suffered serious teacher shortages as well. This was also the case for the COTs established under the project, which had extremely low enrollments and therefore low benefit streams. The efficient utilization of science laboratories in the secondary education projects has also been hampered by a lack of qualified teachers to teach in them. The late start under Distance Education Modernization Project also meant that courses started very late —almost in the final year— and did not have time to reach a viable level. Implementation under both the Secondary Education Project and the Education Sector Development Program has also been slow initially, with some of the 2016 disbursement linked indicators at risk of not being achieved.



109. The lack of effective management information systems also hampered the efficiency of projects. This proved a particular challenge for the TVET projects, where data is maintained by so many different agencies and providers. Much better information management was needed to track the development of the sector and project progress. In the Technical Education Development Project, the lack of a properly functioning EMIS caused problems in student records management, in the continuous assessment of student competencies, and the tracking of students after they qualified. Efficient monitoring of results-based lending projects requires comprehensive and up-to-date management information systems. Despite sustained attempts over several projects, this has still not been achieved. The Ministry of Education conducts a school census every year but analysis of the results is limited and delayed. A comprehensive system with significant potential is currently under development at MSDVT under the Skills Sector Enhancement Project.





110. On the disbursement rates (Figure 11), almost all projects exceeded the sector-wide average for ADB. This indicates that after a slow start the project disbursements caught up.

111. On other factors, low cost-effectiveness resulting from the low utilization of facilities was a feature of the Technical Education Development Project. The COTs had extremely low enrollments, which caused programs to close. UNIVOTEC also had low graduate output at the end of the project as a result of its delayed start, but has since improved its performance.

112. In conclusion, three of the five projects (the Secondary Education Modernization Project, the Secondary Education Modernization Project II, and Education for Knowledge Society) with PCR and PVR ratings have been assessed as *efficient*, and two as *less efficient*. The program is rated as *efficient* overall in achieving the majority of the targets and intended outputs. However, the continuing low utilization of many of the project facilities has diminished the program's cost effectiveness.

#### 4. Sustainability

113. Sustainability is assessed according to the extent of government ownership, the demand for training, and the prospects for financial sustainability.

114. **Strong government ownership.** The two major streams of ADB support, secondary education and TVET, are embedded within well-established medium-term sector development frameworks which have the full commitment of government and a broad range of stakeholders, and which are accompanied by steadily increasing budget allocations. Both frameworks are supported by the major education international agencies including ADB and the World Bank, and this support looks set to continue into the medium term.

115. As this assessment has shown, the majority of the investments made under the ADB secondary education and TVET projects have progressed a set of consistent objectives within each sector. Furthermore, all of the projects have the common goal of improving the employability of graduates. While this does not mean that every project intervention will be sustained over the medium term, it certainly applies to most of them. The close tie-in with government plans and programs also makes sustainability more likely. So, for example, the 100 provincial secondary schools upgraded under the Education for Knowledge Society Project have since been absorbed into the Government's 1000 secondary schools upgrading program, so that they will continue to receive support. The programs to

broaden and improve science, English, technology and ICT education are now so well-established and widely accepted that it is highly unlikely they would not remain a priority of the government.

116. Similarly, the iterative reforms introduced under the TVET projects such as the NVQF, the introduction of new NVQ courses, and the extension of TVET to the higher diploma and degree levels through the COTs and UNIVOTEC are all central to the development of a dynamic TVET sector with the capacity to supply the labor needed for economic development. There is strong government ownership of these reforms.

117. An absence of government ownership was key to the difficulties faced in institutionalizing the national online distance education network which was the central feature of Distance Education Modernization Project. Nor did the project have a champion, or any real institutional home—the project and national network were largely run by the PMO throughout the project. No agreement was reached on a clear sustainability strategy. One option was to establish a new corporate entity to manage the network and platform, but this was not considered viable. Finally, the government decided to hand over what remained of the network to OUSL. The idea of a stand-alone online education network for the common use of all education providers has died.

118. **High demand for training.** Whether institutions will be sustainable depends primarily on whether a viable number of students enroll in the programs offered. This depends primarily on whether the quality of the output is satisfactory. The new technology streams have proved more popular with students than expected. A-level pass rates in mathematics, science and English are also rising steadily, while interest in ICT has also grown noticeably. Similarly, enrollments in TVET are growing quite strongly in both public and private institutions, indicating its growing acceptability. However, there is still strong demand for university education which is undermining enrollments in NVQ level 6 courses at UNIVOTEC.. Given the choice, students prefer to go to university after NVQ level 5 courses rather than continuing with the higher-level technician qualifications. Nevertheless, these growth patterns are testimony to the fact that these reforms encouraging science and technology are on an irreversible path and have the level of student demand needed for sustainability.

119. **Prospects for financial sustainability.** To maintain the new laboratories, workshops, computers, TVET equipment and programs will be costly, when many rural schools and smaller vocational training centers (VTCs) already lack adequate budgets. And, if there is to be optimal use of the new facilities, more qualified science, mathematics and technology school teachers, and TVET instructors are needed. In the case of secondary education, this could be achieved if the existing teaching force was rationalized to retain only those teachers whose skills and qualifications match the needs. Similarly, to ensure full usage of TVET facilities and equipment, adjustment of the pay scales of TVET instructors is needed to attract experienced people from industry for full- and part-time teaching. These measures will be sustainable if costs across the system can be rationalized.

120. The Education Sector Development Framework and Program and the Skills Sector Development Plan both envisage further significant expansion in each sector. In secondary education, science, technology, ICT and English programs must be rolled out across all schools to achieve the policy objectives in the university sector. Both the university and the TVET sectors must be expanded in line with the needs of emerging sectors in the economy. It is unlikely that this expansion could be funded entirely from the national budget. Even if the expansion was supported through external funding, the ongoing incremental costs would be substantial. The most logical pathway forward for the urgently-needed expansion of higher education in particular, is private sector involvement. Although this is highly controversial in Sri Lanka, the success achieved in the skills sector in having public and private institutions working together could be used as a model for higher education.

121. **Potential for cost recovery.** There have been limited efforts at cost recovery. The online programs developed under Distance Education Modernization Project were intended to be self-

financing, but the low enrollments meant that costs could not be covered and the programs were closed. Most of the computer learning centers built under the secondary education projects raise revenue through after-hours use by the community. Parents and other help support school facilities through fund raising efforts of the school management committees. Parents make many contributions to schools for various activities as well. In TVET, fees are charged for some courses, with the training centers allowed to retain some of the revenue. OUSL recovers 40% of its operating costs from fees, excluding salaries. This indicates there is some potential for cost recovery in the system. Many parents are willing and able to spend substantial amounts on private tuition.

122. It was noted during the PCR mission that many TVET and OUSL facilities are underutilized, with only full-time courses offered in most of the vocational training centers (VTCs). OUSL offers only part-time courses even though around 40% of its students are now full-time. The result is that OUSL study centers open only on weekends. Greater flexibility in the timing of courses could attract more students and increase cost recovery, as well as making these facilities more productive.<sup>46</sup>

123. The potential for further cost recovery or private contributions at the school level is limited, given the strong societal commitment to free public education. Nevertheless, even here there is some private sector growth, with private schools and “international” (English medium) schools now accounting for almost 5% of the school population, and growing (see Appendix 1). The commitment to public education does not extend to TVET, where private provision is common. The size of the public and private training sectors is now roughly equivalent (see Table 9). At the university level, there has been considerable opposition from stake-holders to private participation or investment, which has so far prevented the emergence of private universities. It is quite clear, however, that the only realistic way to expand tertiary education in the manner and direction the government plans is to involve the private sector through partnerships and/or as sole providers.

124. In other words, there are options open to the government to increase the potential for financial sustainability of the education and TVET reforms. Given the commitment of government and development partners to the sector development frameworks, the continuing high demand for job-relevant training by students and employers, and the acute need to develop the skills needed for economic development, the sector assistance program is assessed as sustainable.

125. The overall program is assessed as likely sustainable. The PCR and PVR ratings assessed both the Distance Education Modernization Project and the Technical Education Development Project as *less likely sustainable*. However, given the challenges involved in sustaining the national online distance education network, the Distance Education Modernization Project is considered to be a unique case and not indicative of the potential for sustainability of the rest of the program. The Technical Education Development Project was assessed as *less likely sustainable* because of the failure of the COTs to attract students but enrolments have begun to rise and . the demand for technician-level courses will continue to increase because of growing employment opportunities. The technician courses offered by the COTs are an integral part of the NVQF. From the standpoint of 2016, the Technical Education Development Project is therefore assessed as sustainable.

126. The failure to achieve the sustainability of the national online distance education network illustrates the importance of ensuring that projects have an institutional home, and of sorting out long-term sustainability arrangements early in a project. The sustainability of the school-level initiatives after the project ends, such as the use of modern teaching methods or integrating ICT into teaching, require the ongoing commitment and regular follow-up in schools by zonal and divisional education staff.

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<sup>46</sup> Care should be taken in applying fees. It was reported to the PCR mission that even the minimal fees charged by OUSL were high enough to shut out the children of tea plantation families.

## 5. Impact

127. The program has had its most visible and significant impact in the TVET sector. The introduction of competency-based training laid the foundation for reforms in the sector, which was followed by the development of the NVQF which improved the image of TVET and identified career pathways in vocational and technical careers. The introduction of NVQ craft and trade level programs, followed by courses for technicians and technologist at COTs and UNIVOTEC has improved public awareness and confidence in TVET as a credible tertiary option, especially for secondary school leavers not admitted to the conventional university system. Students are becoming aware of the potential for increased earning capacity as they progress up the NVQ ladder. This will be further enhanced after the new courses in the emerging service sectors are introduced.

128. Progress has been slower in the well-established and less flexible secondary education system. Being much larger, reform takes longer and is less visible than in the smaller and more dynamic TVET system. Nevertheless, performance on the O- and A-level examinations has improved, and more students now have access to ICT, English, science and technology, although the uptake in science has been slower than expected. Greater equity has been introduced into the system through support to disadvantaged schools. These reforms underlie the efforts to reform and reorient tertiary education and are therefore critical.

129. **Achievement of the expected impact.** Every project in the program defined project impact in terms of reduced youth unemployment and enhanced youth employability, to be achieved by addressing skills mismatch with more relevant secondary and tertiary education.

130. **Educated youth unemployment.** All projects set targets for the unemployment rate of educated youth, with the exception of the two results-based lending projects, which used reduced unemployment targets for 15–24-year-olds. Some of the other targets were for increased private sector employment among educated youth, and decreased public sector employment. Indicators more closely tied to the project outcomes and outputs were formulated for the Technical Education Development Project and the Skills Development Project, covering the employment of graduates trained under the projects. But, while these indicators were more achievable and precise, they were not monitored because special tracking systems were required.

**Table 18: Unemployment Rates for Men and Women with Different Levels of Education, 2005 and 2015, (%)**

Level of Education	Unemployment Rate (%)					
	2005			2015		
	Total	Men	Women	Total	Men	Women
<b>Total</b>	6.5	4.7	9.7	4.3	2.6	7.6
Below GCE O-level	51	59.2	42.9	2.7	1.8	4.6
GCE O-level	9.9	7.3	14.3	6.0	4.4	8.8
GCE A-level & above	11.6	6.9	16.8	8.1	3.8	12.3

Sources: Department of Census and Statistics. *Report of the Sri Lanka Labour Force Survey 1st Quarter 2006* and *Sri Lanka Labour Force Statistics Quarterly Bulletin. 4th Quarter 2015*.

131. The higher level national targets, while further removed as targets from the project outcomes and outputs, can be monitored using readily available data. Data on unemployment among A-level graduates are contained in Table 18. Between 2005 and 2015, the unemployment rate for educated people (A-level graduates and above) fell from 11.6% to 8.1%. Although clearly on a downward trend, it did not reduce quickly enough to reach the target for 2012 of the Education for Knowledge Society Project. Unemployment fell more rapidly for males than females, leaving female unemployment more than three times higher than men's (12.3% compared with 3.8%). The drop in unemployment seen at

all levels of education over the decade flows from Sri Lanka's consistently high economic growth. Employment of educated youth in the private sector increased by 30% from 2008 to 2012, which far exceeded the Education for Knowledge Society Project of 4%. The extent to which the ADB projects contributed to these positive developments cannot be determined.

132. The target unemployment rate for 15–24-year-olds in the ongoing Skills Sector Enhancement Project is 14% by 2020 and for the Education Sector Development Program it is 12% by 2021, reducing from 17.8% in 2012 (15.7% for males and 21.6% for females). Table 19 shows that the trend in unemployment for 15–24-year-olds is dropping steadily, reaching 16.7% by 2015. There has been little progress in reducing unemployment among young women since 2012, in fact it has worsened slightly. It appears that the improvement seen from 2005 to 2012 has not continued.

**Table 19: Unemployment Rates in 2005, 2012 and 2015 by Age Group**

Age Group (years)	Unemployment Rate (%)								
	2005			2012 <sup>a</sup>			2015		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
<b>Total</b>	<b>7.2</b>	<b>5.5</b>	<b>10.1</b>	<b>3.9</b>	<b>3</b>	<b>5.9</b>	<b>4.3</b>	<b>2.6</b>	<b>7.6</b>
15–19	31.3	30.6	32.3	17.8	15.7	21.6	16.7	13.4	22.2
20–24	22.4	20.0	27.2						
25–29	11.3	6.4	19.4	7.7	4.7	13.9	10.9	4.8	20.8
30+	2.1	1.1	3.8	1.1	0.7	2.0	1.7	0.8	3.5

<sup>a</sup> Baseline values for the Education Sector Development Program and Skills Sector Enhancement Project.

Sources: Department of Census and Statistics. *Report of the Sri Lanka Labour Force Survey 1st Quarter 2006* and *Quarterly Report of the Sri Lanka Labour Force Survey 2nd Quarter 2012* and *Sri Lanka Labour Force Statistics Quarterly Bulletin 4th Quarter 2015*.

133. **Academic performance.** A second set of expected impacts revolved around exam results and participation in science. Under the Education for Knowledge Society Project, the target was to increase O- and A-level pass rates by 8%, especially in science, maths and English. This was exceeded in all three O-level subjects. The Secondary Education Modernization Project II set a target of a 50% pass rate in O-level science by 2009, which was reached in 2010. The target of increasing O-level pass rates in disadvantaged areas was almost met (42% instead of 45%). Pass rates for O-levels have been increasing steadily, except in science and maths where there has been little improvement since 2010. A-level pass rates have plateaued since 2008, and there is little likelihood of reaching the Education Sector Development Program target of 65% by 2017.

134. The project's other target of increasing enrollments in A-level science to 35% of students by 2009 was not met. It is still far from being met, being currently around 22%, and is unlikely to reach the Education Sector Development Program target of 26% by 2016. The lack of science teachers is the main reason, less than half of the schools with new labs have adequate science teachers, either because there are no science teachers available, or because teachers do not want to be deployed to rural areas. The slow improvement in science results at O-level another contributory factor. An additional, unanticipated factor is that some potential science students are choosing the technology stream instead.

135. The achievements of students in conflict-affected provinces has improved over the last few years. The three conflict-affected provinces all scored below the average score for O-level pass rates over the decade, but the trend was quite different for A-levels. In 2012 all three provinces had average pass rates below the national average but, by 2013 and 2014 the northern and eastern provinces were both doing better than the national A-level pass rate. Only the North Central province remained below the average.

Table 20: GCE Pass Rates by Province

Province	2010 %	2011 %	2012 %	2013 %	2014 %
<b>O-Level Pass Rate</b>					
Western	67.3	66.6	69.0	69.4	71.9
Central	56.5	57.6	61.5	63.5	65.9
Southern	60.3	62.9	66.3	67.1	73.1
Northern	56.9	54.3	59.9	65.3	64.2
Eastern	59.4	56.4	62.2	65.4	66.7
North Western	62.7	62.7	66.8	68.9	70.4
North Central	54.8	56.1	60.4	63.1	65.3
Uva	52.6	54.5	59.6	63.4	64.8
Sabaragamuwa	59.4	60.4	64.3	66.6	68.3
<b>Island</b>	<b>60.6</b>	<b>60.8</b>	<b>64.7</b>	<b>66.7</b>	<b>69.0</b>
<b>A-Level Pass Rate</b>					
Western	-	-	62.7	57.3	60.2
Central	-	-	61.7	56.7	59.9
Southern	-	-	64.4	59.8	62.2
Northern	-	-	62.8	63.9	64.2
Eastern	-	-	60.9	60.7	61.8
North Western	-	-	62.8	56.5	59.7
North Central	-	-	62.9	56.0	59.1
Uva	-	-	64.8	59.2	61.9
Sabaragamuwa	-	-	65.7	61.2	64.9
<b>Island</b>	-	-	<b>63.9</b>	<b>58.6</b>	<b>61.3</b>

Source: UNDP. 2012. *Sri Lanka Human Development Report*. Colombo.

136. **Technology and ICT.** The sector program has made a significant contribution to developing the technology and computer skills needed for Sri Lanka's transition to a high-tech, knowledge economy. The introduction of technological subjects into the A-level program through the pilot technology stream is widely regarded as a significant achievement. Through the provision of computers and establishment of the CLCs, there is now much greater awareness and uptake of ICT in schools. This is demonstrated by increased enrollment and achievement in ICT examinations and competitions, high enrollments in ICT courses offered through the OUSL centers, and development of various instructional materials for different courses. Teachers in the schools visited for the PCR mission confirmed that the CLCs are very popular with students. The ADB program also contributed to narrowing the urban-rural and gender digital divides through the CLCs and the online distance education network. The long-term impacts of such interventions will undoubtedly be positive for the country. Graduates proficient in English, technology and ICT are in high demand in the expanding services sector.

137. **Institutional development.** To support and sustain the project interventions and improve education planning and management, the program gave significant support to the strengthening of institutional capacity. In secondary education, school-based management was strengthened. The small grants for quality improvement awarded under the Education for Knowledge Society Project demonstrated the benefits that can be gained by giving principals greater responsibility. Professional institutions such as the National Institute of Education, the Centre for Excellence in English Education, the National Education Testing Service and the Centre for Education Leadership were supported and strengthened. With ADB support, the National Institute of Education developed the first national competency-based curriculum. The Ministry of Education was supported to develop a new EMIS under the Education for Knowledge Society Project but did not succeed, with the result that up-to-date information on the general education system is not readily available. This also affects monitoring and evidence-based policy development. Attempts under the Education for Knowledge Society Project to establish a central mechanism for developing and implementing sector strategies was not successful.

138. There has been a substantial impact on institutional development in TVET, primarily through the establishment of the NVQF, which establishes a common national framework for training. Given the

multiplicity of providers in the TVET sector in Sri Lanka, this achievement is highly significant. Improved coordination and internal efficiency also resulted from the new building built to house all of the major TEVT institutions in one location. However, efforts to implement new management concepts and systems have been challenging. The program has placed considerable emphasis on strengthening MSDVT and developing an education management system (EMIS), labor market information system, and quality assurance systems with varying degrees of success. An EMIS is still under development, after at least 10 years of support. More support to institutional development of training institutions, along with a push to increase their administration autonomy to recruit teachers and prepare and manage budgets with more authority and accountability, would strengthen TVET management and governance.

139. To summarize, the unemployment rates for educated youth fell sharply over the decade in line with trends for overall unemployment, falling faster for males than females. Unemployment among educated females remains high. Youth unemployment also fell but remains high for both males and females, with no improvement since 2012. Performance in science, mathematics and English improved at O-level and A-level. Pass rates also rose in disadvantaged areas. Given the sustained support that ADB has given these subject areas over the years, it is likely that some of this improvement is due to the ADB program. Unfortunately, the objective of increasing the number of students in science streams at A-level has so far not been successful, perhaps because the share of schools offering science at A-level is still just 35%, and some potential science students have diverted to the technology stream.

140. The impact of the sector program is assessed as substantial in view of the sustained improvement in the core science subjects and English, the contribution made to bringing ICT into secondary schools, and the potential for fundamental change in secondary education through the introduction of the technology stream. These impacts are helping to bring the secondary education system closer to the needs of the labor market, thus helping to enhance the employability of these students.

## 6. Overall Assessment

141. The sector assistance program is rated successful. The program is assessed as *highly relevant, effective, efficient* and *likely sustainable*. Increased sector efficiency will strengthen the likelihood of financial sustainability. The sector strategies on which the program rested were likewise relevant, and provided a solid foundation for a well-thought out and well-integrated program of assistance. It is unusual to see an education sector program where investment in all of the different subsectors is designed to work towards one common objective.

142. The program supported long-term government policy priorities and development objectives to improve the employability of Sri Lanka's youth and build a workforce with the skills needed for a modern and high technology economy through improved skills in science, ICT and English and an expanded skills development system more closely geared to the needs of the labor market. It was aligned with ADB's country strategy and program and contributes to inclusive growth and human resource development.

## J. Lessons Learned

143. The clearest lesson from this review of sector support is the value of having a sustained program working towards consistent objectives over the medium term. This approach recognises that fundamental reforms to education systems are complex and take a long time. Projects should build upon successes, while continuing with support to interventions that have not worked so well. The approach is even stronger when programs are embedded within the government's own policy framework and road map, as in the case of the secondary education and TVET programs. This was one of the shortcomings of Distance Education Modernization Project.

144. In complex political contexts, potential resistance to new project strategies needs to be considered. Thorough analyses of the sociopolitical acceptability and soundness of strategies is needed to reduce the likelihood that they will be opposed by the public or other stakeholders, e.g. performance contracting under the Skills Development Project, inclusion of private providers in the Distance Education Modernization Project, and school-based management, all of which were all seen as the first steps in privatizing education. The acceptability of online education to Sri Lankan students was not investigated properly during project preparation.

145. Any project that attempts to bring about substantial, systemic changes needs to be realistic about the goals and feasible timeframe of these changes. Establishing large-scale ICT infrastructure and entirely new online courses as the Distance Education Modernization Project hoped to do, or new institutions such as the COTs and UNIVOTEC, requires an additional one or two years of implementation to ensure that the facilities are operating adequately and showing results. The same applies when implementation is contingent on the formulation and passage of an act of Parliament, such as for UNIVOTEC, or when construction, teacher and staff recruitment is contingent on potentially sensitive changes in government policy. Mobilization of non-traditional partners, such as persuading the private sector and universities to participate in a common online distance education platform under the Distance Education Modernization Project, requires time and resources to ensure effective communication.

146. Effective champions are critical for the success of any new initiative, as is strong government ownership. The failure to locate the Distance Education Modernization Project within an agency with strong ownership was another factor leading to its failure, while the commitment of TVEC and MSDVT drives the success of the TVET program. The sustainability of initiatives beyond the lifetime of projects rests heavily on the commitment and support from the relevant ministry, in the form of formal institutionalization of systems and processes, further training, and regular follow-up by provincial and division staff.

147. Any improvements to the supply of hard infrastructure has to be matched by the provision of training and qualified teachers. If these two are not provided in a mutually complementary manner then both the physical and soft sector assets will deteriorate.

148. Social marketing of alternatives to university education was an important part of all of the projects. While social marketing has the potential to raise awareness, even when such programs are well-implemented marketing and career guidance are only as effective as the reliability and quality of the programs being taught. Students, parents, and employers will quickly recognize whether a COT or any other TVET or distance education institution is functioning effectively, and the graduates are sought after for employment. Success in education is the most powerful marketing strategy.

149. The vocational training centers outside urban areas have a focus on providing training in the traditional trades. To improve training opportunities for female and male school leavers in these areas, a wider range of courses relevant to the local service industries and in ICT is needed.

150. The experience of the Distance Education Modernization Project provides a good lesson on the importance of developing and operationalizing sound sustainability strategies. The project paved the way for the establishment of an innovative online learning platform, but the lack of a clear long-term plan was one reason why the concept eventually failed. If the best long-term strategy for sustainability is difficult to specify at the outset, specific support and additional time should be allowed in the project design to prepare and operationalize an agreed sustainability plan.



151. Robust systems for monitoring and evaluation are needed in both general education and TVET. Stronger monitoring and support to secondary schools from zonal and locally-based facilitators is essential for ensuring the effective implementation of interventions in school management and teaching quality as well as their continued sustainability. More frequent site monitoring visits to training centers are needed across all public TVET providers, in addition to the regular tracking of graduates into the labor force. An ongoing system for tracking performance across all schools and education personnel should be implemented to improve the effectiveness of Ministry of Education interventions.

## K. Recommendations

152. To persuade students to pursue alternatives other than the conventional choice of a place at university—particularly the large numbers of students graduating from A-levels with arts or commerce—new, equally attractive options are needed. It is recommended that technological universities or polytechnics be established. There are several ways this could be done: through the gradual strengthening and extension of UNIVOTEC into a university with cross-over pathways to the regular university system; strengthening the enabling and regulatory environment for the operation of quality private universities or polytechnics; or establishing a new university of technology through a partnership with a local or foreign private sector institution or investor. All of these suggestions are likely to be resisted by the existing universities, but it is critical that opportunities for relevant post-secondary are expanded to release stresses on the school system and political tensions among students in higher education, and develop the labor force needed to grow the economy.

153. Options to improve the external degree program include: (i) introduce quality assurance mechanisms and controls to regulate the many private agencies and businesses involved in tutoring external students, including strict quality standards and clear guidelines on the involvement of university lecturers; (ii) help a couple of the universities with large numbers of external students develop online courses in market-relevant areas, using the many people already trained in online course development through Distance Education Modernization Project; (iii) rapidly expand the range of courses available at NVQ levels 5–6 in the services and technology sectors, focusing on courses that can accommodate the many A-level graduates who lack mathematics and science; (iv) support OUSL to significantly expand their course offerings and student body.

154. To improve quality and equity in the general education and TVET systems, and improve the use of, and benefits from, new investments in science, ICT and applied technologies, new policies and procedures for teacher recruitment, appointment and deployment must be put in place. Future projects should ensure that appropriate teachers are available and in place first, before further expansion of facilities takes place in secondary education.

155. Achieving full utilization of new and existing facilities and equipment should be a central focus of any new projects. New facilities and equipment should not be contemplated unless existing facilities and equipment are already being used efficiently. While large numbers of computers and CLCs have been supplied to schools, their use by teachers in the teaching-learning process remains limited. And the TVET system could absorb many more trainees if the existing training centers were used more effectively. More flexible training schedules through appropriate combinations of full-time and part-time courses would also make the TVET system more responsive to the needs of its clientele, especially workers whose needs for skills upgrading are currently not being met adequately.

156. The capacity and cost-effectiveness of the tertiary education system could be significantly increased without constructing new facilities if existing facilities were used to their full capacity. OUSL operates only on weekends as it targets working students, while VTCs operate only during weekdays because they cater to full-time students. Both institutions could enrol many more students by running both part-time and full-time courses, to ensure that facilities and equipment are not being left idle for

many hours of the day. It is essential that the TVET system caters to the needs of workers for continuous skills upgrading, and not just school leavers who have not yet entered the labor market.

157. The practice of selecting high-level impact statements and targets makes it difficult to demonstrate project impact. The impact indicators selected for the program were too general and too distant from the project outcomes and outputs. Instead of a three level – Impact, Outcome and Output a four-level design and monitoring frameworks which allow an additional level of intermediate outcomes would help alleviate this problem.

158. The experience of the school grants under the Education for Knowledge Society Project indicated that schools benefited by giving principals the responsibility of managing the grants and encouraging innovative solutions towards fund raising. Continued efforts should be made to nurture the management and leadership skills of principals. Raising the quality of TVET significantly will also require a two-pronged approach. Along with continuing capacity and institutional development at the higher levels of the system, a strong drive is needed to strengthen and empower training institutions through intensive training of the center heads, some degree of administrative and financial autonomy for selected institutions, and a rigorous system of performance review.

159. Quality assurance mechanisms should be strengthened in secondary and tertiary education, and must reach down more effectively to the level of schools and training centers through regular site visits and inspections to ensure school and teacher compliance with educational and occupational standards.

160. Some projects were too broad, with the project inputs spread too thinly. The Secondary Education Modernization Project II introduced new teaching-learning methodologies and supported teaching-learning resource development and use, while also developing and supporting school-based assessment and school-based management, both big undertakings in themselves. A focus on just a couple of these would have generated more impact. The Education for Knowledge Society Project covered 150 secondary schools across Sri Lanka as well as the development of an EMIS at Ministry of Education, which had already proved difficult, and support to tertiary institutions. The focus of implementation was split. The Technical Education Development Project established six COTs and a university, in addition to other project activities. The Distance Education Modernization Project included the construction of a national ICT network, mobilization of non-traditional partners, including private institutions, development of online courses (which is notoriously difficult and slow), and implementation of these courses with the expectation that high enrollments would be reached in five years. Future projects should follow a more targeted approach in order to deliver more lasting impacts in specific aspects of the education system.

## APPENDIX 1: PROFILE OF THE EDUCATION SYSTEM

1. Sri Lanka's school system consists of basic (grades 1–9) and secondary (grades 10–13) levels. Education is compulsory to grade 11 and will soon be extended to grade 13. The post-school education system comprises public universities, public and private academic institutes, and public and private vocational training and professional education.

2. In 2014, there were 10,973 schools, of which 93% (10,123) were government schools. The remaining schools were made up of around 103 private schools, 747 temple schools, plus 250–300 international schools (World Bank investment). Together, these schools enrol 4.42 million students, of whom 94% are in government schools. The enrollments of both private and international schools are climbing. The government, private and temple schools all follow the national curriculum and sit the public examinations, while the international schools follow foreign curricula and sit foreign examinations (Table A1.1).

**Table A1.1: Institutions and Enrollments, 2005–2015**

Level of Education	No. of Institutions			Enrollments		
	2005	2010	2014	2005	2010	2014
<b>Government Schools</b>						
Primary	-	-	-	1,611,132	1,672,809	1,718,675
Junior Secondary	-	-	-	1,339,182	1,220,123	1,272,645
O-Level	-	-	-	620,246	610,492	567,396
A-Level	-	-	-	371,852	436,698	478,441
<b>Total Government Schools</b>	<b>9,727</b>	9,685	10,123	<b>3,942,412</b>	<b>3,940,122</b>	<b>4,037,157</b>
Temple Schools	652	na	747	105,048		62,870
Private Schools	85	na	103	55,279		131,427
<b>Total All Schools</b>	<b>10,464</b>		<b>10,973</b>	<b>4,102,739</b>		<b>4,419,334</b>
International Schools <sup>a</sup>				-	65,259	73,524
<b>2. TVET</b>			<b>2,761</b>			<b>254,000</b>
Public	n.a.	n.a.	1,362	n.a.	n.a.	122,563
Private/NGO	n.a.	n.a.	1,399	n.a.	n.a.	131,528
<b>3. Higher Education</b>						
Universities	<b>n.a.</b>		<b>31</b>	243,047	396,810	<b>402,925</b>
On-campus				66,386	73,398	<b>83,208</b>
Off-campus <sup>b</sup>				166,763	310,594	320,287
OUSL	1		1	9,898	12,818	35,914
Private HEIs			ca 30	243,047	396,810	402,925

<sup>a</sup> Data are for 2012 not 2010.

<sup>b</sup> Registered with universities but studying independently.

HEI = higher education institute, n.a. = not available, NGO = nongovernment organization, OUSL = Open University of Sri Lanka

Sources: Tertiary and Vocational Education Commission. 2015. *Baseline Survey of the TVET Sector*. Colombo; University Grants Commission. 2014. *Sri Lanka University Statistics 2014*. Colombo; Ministry of Education (Data Management Unit). 2015. *2014 Annual Performance Report*. Colombo.

3. At the post-secondary level, there are 15 public universities and 18 public higher education institutes where A-level graduates may study for undergraduate and postgraduate degrees. These

institutions enrolled 83,208 students studying in the conventional way, on campus. An additional 356,000 students were registered with universities but studied independently of the university.

4. The other avenue for post-secondary education is vocational and professional training, provided in an array of public, private, and NGO-run institutions for both O-level and A-level graduates. The public and private training sectors are roughly the same size. Of the 2,760 training institutions, 1,362 are in the public sector with an annual average enrollment of 131,500, while 1,339 institutions operate in the private or NGO sector with a slightly higher enrollment of 131,500 (Baseline Survey 2015). The total enrollment in 2014 was 254,000—10 times the number of students admitted to conventional university study but still small (by way of comparison, 2.6 million students were enrolled in the TVET sector in 2010 in Australia, a country with the same population as Sri Lanka).

## APPENDIX 2: MAJOR DEVELOPMENT PARTNERS SUPPORTING THE EDUCATION SECTOR 2005–2015

Development Partner	Project or Program	Duration	Amount
<b>Higher Education</b>			
World Bank	Higher Education for the 21st Century Project	2010–2015	\$40 million
World Bank	Improving the Quality and Relevance of Undergraduate Education Project	2003–2010	\$40.3 million
ADB	Distance Education Modernization Project	2003–2010	\$45 million
<b>TVET</b>			
ADB	Skills Enhancement Project	2014–2018	\$100 million
World Bank	Skills Development Project	2014–2019	\$101.5 million
KEXIM	Establishment of Colombo Vocational Training Center and Gampaha College of Technology Project	2013–2016	\$26 million
GIZ	Vocational Training in the North Project	2012–2015	€11.4 million
GIZ	Peace Building through Vocational Training of Youth in the East Project		€2.8 million
ILO/EU	TVEC Provincial Skills Plans	2013–2015	€1.2 million
KOICA	Automotive Industry Training Support Program	2013–2015	\$3.0 million
KOICA	Establishment of National College of Education and Teacher Training System for A/L Technology Stream (2015–2019: \$1.3 million)	2015–2019	\$1.3 million
WUSC	Assessment Center Establishment and Recognition of Prior Learning	2009–2014	\$7.7 million
CIDA	Skills for Employment Program	2008–2014	\$12 million
British Council	TVET Support Program	2007–2013	\$0.6 million
ADB	Technical Education Development Project	2005–2012	\$20 million
ADB	Skills Development Project	1999–2007	\$19 million
<b>Secondary Education</b>			
KOICA	Establishment of National College of Education and Teacher Training System for A/L Technology Stream (2015–2019: \$1.3 million)	2015–2019	\$1.3 million
ADB	Education Sector Development Program	2013–2018	\$200 million
ADB	Education for Knowledge Society	2007–2013	\$80 million
ADB	Secondary Education Modernization II	2004–2011	\$35 million
ADB	Secondary Education Modernization	2000–2007	\$50 million
<b>Basic Education</b>			
World Bank	Transforming the School Education System as the Foundation of a Knowledge Hub*	2012–2017	\$100 million
AusAID	Primary Education: Inclusive Education	2012–2017	\$34 million
KOICA	Child Friendly Primary Schools in Northern Provinces of Sri Lanka Project (February 2015–January 2017: \$8 million dollars)	2015–2017	\$48 million
GIZ	Disaster Risk Management: Education for Social Cohesion	2012–2016	\$0.54 million
UNESCO	Education for All: Education Sustainability and Monitoring and Evaluation	2012–2016	\$0.84 million
UNICEF	Primary Education: EFA, NFE, School Health and Nutrition and Monitoring and Evaluation	2012–2016	\$0.91 million
KOICA	Human Development through Quality Education in the Northern and Eastern Provinces of Sri Lanka	2012–2015	\$2 million
KOICA	Construction of Schools in Killinochchi District, Sri Lanka	2011–2014	\$5 million
KOICA	Rehabilitation of Schools in Ampara, Batticaloa district	2010–2012	\$2 million

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Development Partner	Project or Program	Duration	Amount
World Bank	Education Sector Development Program <sup>a</sup>	2005–2010	\$60 million
<b>Early Childhood Development</b>			
World Bank	Early Childhood Development Project	2015–2021	\$50 million

\* Includes some secondary education as well.

ADB = Asian Development Bank, AusAID = Australian Agency for International Development, CIDA = Canadian International Development Agency, EU = European Union, GIZ = German Society for International Cooperation, Ltd., ILO = International Labour Organization, KEXIM = Export–Import Bank of Korea, KOICA = Korea International Cooperation Agency, TVET = technical and vocational education and training, UNESCO = United Nations Educational, Scientific and Cultural Organization, UNICEF = United Nations Children’s Fund, WUSC = World University Service of Canada.

### APPENDIX 3: ADB LOAN AND TA PORTFOLIO

Year Approved	Loan No.	Project or Program	Funds Source	Loan Amount	% of Total	Completed	PCR	PVR	Executing Agency
<b>Post-Secondary and Higher Education</b>									
2003	1999	Distance Education Modernization	ADF	45	8.1	2010	LS	LS	Ministry of Higher Education
<b>Technical and Vocational Education and Training</b>									
1999	1707	Skills Development	ADF	19		2007	S	S	Ministry of Vocational Training and Rural Industries
2005	2197	Technical Education Development	ADF	20		2012	LS		Ministry of Skills Development, Vocational and Technical Education
2014	3119	Skills Sector Enhancement	OCR	50					Ministry of Vocational Training and Skills Development
2014	3120	Skills Sector Enhancement	ADF	50					Tertiary and Vocational Education Commission
%				139	17.2				
<b>Secondary Education</b>									
2000	1756	Secondary Education Modernization	ADF	50		2007	S	S	Ministry of Education
2004	2096	Secondary Education Modernization II	ADF	35		2011	S		Ministry of Education
2007	2371	Education for Knowledge Society	ADF	65		2013			Ministry of Education
2007	91	Education for Knowledge Society	ADF	15		2013			Ministry of Education
2013	3008	Education Sector Development	OCR	100					Ministry of Education
2013	3009	Education Sector Development	ADF	100					Ministry of Education
		<b>Subtotal</b>		<b>410</b>	<b>74.7</b>				
		<b>Total Lending</b>		<b>549</b>	<b>100.0</b>				

Year Approved	TA No.	TA Name	TA Type	TA Amount	Completed	TCR	Executing Agency
2002	3973	School Computerization	PP	0.5	2006		Ministry of Education
2003	4090	Human Resource Investment	PP	0.6	2008		
2005	4663	Strengthening Technical Education	PP	0.12	2007		Ministry of Skills Development, Vocational and Technical Education
2005	4733	Education Sector Development	PP	0.7	2011		Ministry of Education
2010	7746	Technical Education and Vocational Training Sector Development	PP	0.8	2012		
2012	8098	Education Sector Development	PP	0.55	2013		Ministry of Education
2012	8235	Human Capital Development Capacity and Implementation Support	CD	1.5			
2014		Supplementary funding	CD	0.85			
		<b>Total TA</b>		<b>5.62</b>			

ADF = Asian Development Fund, CD = capacity development, LS = less than satisfactory, OCR = ordinary capital resources, PCR = project completion report, PP = prepare project, PVR = project/program completion report validation report, S = satisfactory, TA = technical assistance, TCR = technical assistance completion report,





## APPENDIX 5: PROJECT COMPLETION REPORT AND VALIDATION REPORT RATINGS

Loan No.	Project or Program	Relevance	Effective-ness	Efficiency	Sustain-ability	Impact	Overall
<b>Higher Education</b>							
1999	Distance Education Modernization <sup>a</sup>	R	LE	LE	LLS	M	LS
<b>TVET</b>							
1707	Skills Development <sup>a</sup>	HR	E	E	LS	?	S
2197	Technical Education Development <sup>a</sup>	R	E	LE	LLS	?	LS
3119/20	Skills Sector Enhancement <sup>a</sup>	NR					
<b>Secondary Education</b>							
1756	Secondary Education Modernization <sup>a</sup>	HR	E	E	LS	S	S
2096	Secondary Education Modernization II <sup>b</sup>	HR	E	E	LS	S	S
2371/91	Education for Knowledge Society	NR	LE	LE	S	S	S
3008/09	Education Sector Development	NR					

TVET = technical and vocational education and training, R = relevant, HR = highly relevant, NR = not rated, LE = less effective, E = effective, LS = less sustainable, LLS = less than likely sustainable, S = sustainable, M = moderate, LS = less successful, LLS = less than successful

<sup>a</sup> PCR validation report ratings. <sup>b</sup> Project completion report ratings.

Source: Project completion reports (PCRs) and PCR validation reports for the relevant projects.