



# Completion Report

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Project Number: 33251  
Loan Number: 1999  
December 2011

## Sri Lanka: Distance Education Modernization Project



## CURRENCY EQUIVALENTS

Currency Unit – Sri Lanka rupee/s (SLRe/SLRs)

		<b>At Appraisal</b>	<b>At Project Completion</b>
		8 May 2003	24 June 2011
SLRe1.00	=	\$0.010301	\$0.0091232552
\$1.00	=	SLRs97.075	SLRs109.53

## ABBREVIATIONS

ADB	–	Asian Development Bank
CDU	–	content development unit
DEPP	–	Distance Education Partnership Program
ICT	–	information and communication technology
IT	–	information technology
MIS	–	management information system
MOHE	–	Ministry of Higher Education
NAC	–	network access center
NDEN	–	National Distance Education Network
NOC	–	Network Operation Center
NODES	–	National Online Distance Education Service
OUSL	–	Open University of Sri Lanka
PMO	–	project management office
PPP	–	public–private partnership
PSC	–	project steering committee
SDR	–	special drawing right

## NOTES

- (i) The fiscal year (FY) of the government ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

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## BASIC DATA

### A. Loan Identification

1.	Country	Sri Lanka
2.	Loan Number	1999
3.	Project Title	Distance Education Modernization Project
4.	Borrower	Government of Sri Lanka
5.	Executing Agency	Ministry of Education
6.	Amount of Loan	\$45 million
7.	Project Completion Report Number	PCR: SRI 1294

### B. Loan Data

1.	Fact Finding	
	– Date Started	28 July 2002
	– Date Completed	11 August 2002
2.	Appraisal	
	– Date Started	waived
	– Date Completed	
3.	Loan Negotiations	
	– Date Started	28 April 2003
	– Date Completed	29 April 2003
4.	Date of Board Approval	11 June 2003
5.	Date of Loan Agreement	18 August 2003
6.	Date of Loan Effectiveness	
	– In Loan Agreement	16 November 2003
	– Actual	4 November 2003
	– Number of Extensions	none
7.	Closing Date	
	– In Loan Agreement	31 December 2009
	– Actual	28 July 2010
	– Number of Extensions	1

#### 8. Disbursements

##### a. Dates

Initial Disbursement	Final Disbursement	Time Interval (months)
11 November 2003	28 July 2010	80.0
Effective Date	Original Closing Date	Time Interval (months)
4 November 2003	31 December 2009	73.9

## b. Amount (in SDRs)

Category or Subloan	Original Allocation	Partial Cancellations	Last Revised Allocation	Amount Disbursed	Undisbursed Balance*
1	1,467,000	-481,700	1,948,700	1,870,169	78,531
2	11,149,000	-1,143,000	12,292,000	12,013,671	278,329
3	953,000	375,000	578,000	516,382	61,618
4	1,540,000	300,000	1,240,000	1,083,839	156,161
5	3,741,000	50,000	3,691,000	3,632,725	58,275
6	440,000	200,000	240,000	228,734	11,266
7	6,601,000	4,012,000	2,589,000	2,219,048	369,952
8	1,100,000	600,000	500,000	281,596	218,404
9	623,000	-843,284	1,466,284	1,474,152	(7,868)
10	1,247,000	399,840	847,160	505,127	342,033
11	4,144,000	4,144,000	0		
<b>Total SDRs</b>	<b>33,005,000</b>	<b>7,612,856</b>	<b>25,392,144</b>	<b>23,825,443</b>	<b>1,566,701</b>
<b>Total \$**</b>	<b>45,000,000</b>	<b>12,095,555</b>	<b>38,609,435</b>	<b>36,239,094</b>	<b>2,370,341</b>

SDR = special drawing right.

\* Cancelled at loan closing date

\*\* Original allocation of \$45.0 million appreciated to \$50,704,993 (total cancellations plus total disbursements).

19.	Local Costs (Financed)	
-	Amount (\$ million)	11.431
-	Percent of Local Costs	32%
-	Percent of Total Cost	52%

**C. Project Data**

## 1. Project Cost (\$ million)

Cost	Appraisal Estimate	Actual
Foreign Exchange Cost	24.000	24.808
Local Currency Cost	36.000	22.180
<b>Total</b>	<b>60.000</b>	<b>46.988</b>

## 2. Financing Plan (\$ million)

Cost	Appraisal Estimate	Actual
Implementation Costs		
Borrower Financed	10.000	10.674
Beneficiaries	5.000	0.075
ADB Financed	43.300	35.467
<b>Total</b>	<b>58.300</b>	<b>46.216</b>
IDC Costs		
Borrower Financed	0.000	0.000
ADB Financed	1.700	0.772
<b>Total</b>	<b>60.000</b>	<b>46.988</b>

ADB = Asian Development Bank, IDC = interest during construction.



## 3. Cost Breakdown by Project Component (\$ million)

<b>Component</b>	<b>Appraisal Estimate</b>	<b>Actual</b>
Civil Works	7.017	8.710
Furniture, Equipment, and Vehicles		
Furniture	0.724	0.589
Equipment	16.217	17.701
Vehicles	0.156	0.140
Instruction Materials	1.448	0.796
Staff Development	2.339	1.628
Consulting Services		
International	4.344	4.868
Domestic	1.337	0.548
Research Studies	0.668	0.346
Stipends and Scholarships	10.024	3.370
Matching Grants	6.683	0.910
Recurrent Costs	3.230	0.000
Project Management	1.113	2.510
Taxes and Duties	3.000	4.100
<b>Subtotal</b>	<b>58.300</b>	<b>46.216</b>
Interest Charge	1.700	0.772
<b>Total</b>	<b>60.000</b>	<b>46.988</b>

## 4. Project Schedule

<b>Item</b>	<b>Appraisal Estimate</b>	<b>Actual</b>
Date of Contract with Consultants		
A. Open University of Sri Lanka		
1. Open and Distance Learning	January 2004	February 2005
2. Instructional Design/Multimedia	January 2005	April 2009
3. Social Marketing/Community Outreach	January 2007	October 2008
4. Continuing Education	January 2008	February 2005
5. Accounting/Financial Admissions System	January 2007	May 2008
6. OUSL Management Information System	June 2004	May 2008
B. Distance Education Partnership Program		
1. Distance Education	June 2005	February 2005
2. Education and Training	June 2005	February 2005
3. Course Design	June 2005	March 2007
4. Tutorials and Mentoring	June 2005	February 2005
5. Marketing and Administration	June 2005	October 2008
C. National Distance Education Network		
1. Management/Marketing	January 2008	October 2008
2. Multimedia Centers	January 2008	April 2009
3. ICT Network and Testing	January 2008	February 2009
4. Education Technology	January 2008	February 2005
5. Information Technology	January 2008	February 2009
6. Audit MIS and install New MIS	June 2004	May 2008
7. National Software Licensing	January 2008	February 2009
8. Operation & Maintenance of NDEN and Staff Trainers	January 2008	February 2005
Completion of Engineering Designs		
Civil Works Contract	January 2005	March 2005
Date of Award		
Completion of Work	December 2006	March 2010
Equipment and Supplies	December 2003	November 2004

OUSL = Open University of Sri Lanka, ICT = Information and Communications Technology, MIS = Management Information System, NDEN = National Distance Education Network.

#### 5. Project Performance Report Ratings

Implementation Period	Ratings	
	Development Objectives	Implementation Progress
From June 2003 to July 2010	Satisfactory	Satisfactory

#### D. Data on Asian Development Bank Missions

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members <sup>a</sup>
Inception	1–8 December 2003	3	24	2 (a), d
Loan Review 1	6–13 September 2004	2	16	a, d
Loan Review 2	10–16 March 2005	2	15	a
Loan Review 3	23–25 September 2005	1	3	a
Loan Review 4	31 January–4 February 2006	1	5	a
Special Project Administration Review	27 June 2007	1	1	a
Midterm Review	10–20 March 2008	2	22	a, d
Loan Review 5	13–20 August 2008	1	7	a
Special Project Administration Review	2–5 March 2009	1	2	a
Loan Review 6	23–30 September 2009	2	16	b, d
Project Completion Review <sup>b</sup>	6–24 June 2011	3	36	b, c, d

<sup>a</sup> a = education specialist, b = social development specialist, c = consultant, and d = National Officer/Administrative Staff

<sup>b</sup> The project completion report was prepared by Ms. Sofia Shakil, Social Sector Specialist and team leader, South Asia Department (SARD), and Ms. Cecilia Bantugon, Senior Social Development Officer and team member, SARD.

## I. PROJECT DESCRIPTION

1. The Asian Development Bank (ADB) funded the Distance Education Modernization Project<sup>1</sup> to help the Government of Sri Lanka strengthen access to and relevance, efficiency, and financing of higher education in Sri Lanka. The main objective of the project was to help the government implement its human resource strategy by modernizing the postsecondary education system, especially through the introduction of distance education and the promotion of PPPs to reduce pressure on public sector enrollment capacity. The specific objectives were to (i) support distance education technology to increase access to and quality of educational opportunities throughout Sri Lanka for secondary school graduates; (ii) promote more fluid private sector participation in postsecondary education to reduce pressure on public sector enrollment capacity and create partnerships to improve standards; and (iii) modernize the Open University of Sri Lanka (OUSL) to world-class standards in distance education by improving facilities, educational content, and methodology and staff.

2. The project was to complement World Bank-funded and ongoing ADB-supported projects aimed at training the educated unemployed to employment-oriented standards by interlacing distance education, PPPs, and open university studies.

3. The project was designed to achieve these objectives through three components:

- (i) **Establishment of the distance education partnership program to raise quality and enhance capacity.** This component was designed to improve program content and course distribution through establishment of the Distance Education Partnership Program (DEPP)—later renamed National Online Distance Education Service (NODES)—to provide curriculum development, training, research, marketing, and contract outsourcing management services for online distance higher education courses through a network of access centers that would form the National Distance Education Network (NDEN), the hardware side of this system.
- (ii) **Public-private partnerships to increase access and improve standards.** Policy development and programs supported under this component were to promote private sector participation in postsecondary education and included (i) universal accreditation standards, (ii) private participation in online distance education through matching grants support, (iii) link programs with foreign and domestic institutions, and (iv) scholarships and stipends to support education and training.
- (iii) **Capacity expansion of the Open University of Sri Lanka.** To help modernize OUSL to world-class standards in distance education, this component supported (i) development of an effective management information system (MIS) and cost-accounting system, and trainings in program budgeting, online admission, and performance-based evaluation, (ii) introduction of a student-centered admission system, (iii) establishment of modern facilities and equipment for educational learning technologies in natural and engineering sciences, (iv) upgrade of OUSL's central university press, library, and multimedia facilities, (v) development of administrative, academic, and technical staff in key areas, and (vi) proposal-based upgrade of facilities.

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<sup>1</sup> ADB. 2003. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the Distance Education Modernization Project*. Manila (Loan No. 1999-SRI).

## II. EVALUATION OF DESIGN AND IMPLEMENTATION

### A. Relevance of Design and Formulation

4. The project was fully aligned with the government's education policies and its strategies for the education sector and human development. The project supported the government's human resource strategy laid out in three documents: (i) *The Future – Regaining Sri Lanka*, (ii) *The Draft National Employment Policy for Sri Lanka*, and (iii) *e-Sri Lanka: An ICT Development Roadmap*. The project was also fully consistent with ADB's Country Strategy and Program Update (2002) and poverty reduction strategy for Sri Lanka, which prioritized poverty reduction and emphasized pro-poor investments to strengthen PPPs.

5. The design of the project focused on the implementation of government policies to increase access to quality programs for those excluded from conventional universities and institutions by modernizing the postsecondary education system—i.e., introducing information communication technology (ICT) in distance education. To boost access to education opportunities, the project included government provision of full grants to public postsecondary institutions and 50% matching grants to private postsecondary institutions to share common resources and activities. Adoption of a PPP mechanism along with the establishment of a distance education network addressed the equity issue by linking poor regions to better-off Colombo and promoting economic growth and social cohesion, including among plantation workers and in social conflict areas. The project interventions were well conceived in the context of and in line with programs implemented by OUSL since its establishment in 1980. Further, based on extensive stakeholder consultation during project preparation, the initial proposal of limiting the project's scope to OUSL was reassessed, and components were added to create a broader platform for distance education in which both public and private institutions would participate. The project design deliberately did not dwell on reforms in the traditional tertiary education sector, as those were being supported by the World Bank and other development partners, and instead focused on expanding the capacity of online distance learning.

6. Since the development of distance education infrastructure took more time than expected, some of the targets and goals set at appraisal proved unrealistic. They were revised, and necessary reallocation made, at the midterm review (Appendix 1). No major changes were made to the project scope. After a change in government in 2006, less than 3 years after becoming effective, the project was placed under the purview of the Ministry of Higher Education (MOHE) rather than the Ministry of Policy Development and Implementation and the Ministry of Tertiary Education and Training.

### B. Project Outputs<sup>2</sup>

7. Assessment of the outputs of all three components is briefly described in the following paragraphs:

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<sup>2</sup> In terms of ADB's results framework, achievements are: 24 classrooms upgraded (original target of 150, revised to 40 during MTR), 200 teachers trained (target of 141), and 11,878 student beneficiaries (original target of 20,000, revised to 8,000 during MTR).

## 1. Establishment of the Distance Education Partnership Program<sup>3</sup> to Raise Quality and Enhance Capacity

8. One of the project's most important outputs has been the creation of a conceptual framework for online distance education in Sri Lanka along with the design of a suitable model for its delivery. A national distance-learning network—comprising NODES and incorporating the Network Operation Center (NOC), a content development unit (CDU), a disaster recovery center, and 26 network access centers (NACs)<sup>4</sup>—was established to facilitate online distance learning in the country. Staff was hired and trained to operate the various parts of the network. The best network technology for delivering content to students across the country was selected. A suitable online program progressed in tandem with the establishment of the network and access points. A modern CDU was set up and 918 staff were trained in high-technology course design and development. Their knowledge was constantly upgraded through training and assignments. The project procured all hardware and software for NODES according to agreed specifications.

9. Awareness about online distance learning among provincial and zonal directors of education was raised through meetings in the provinces, although awareness raising among potential students was limited. Television and radio advertisements were created to reach out to students and parents, but these were not implemented widely. The generation of demand for online distance learning was weak, and so the number of students that participated in online learning was much lower than envisaged. While a comprehensive distance education network supported by impressive hardware and connectivity was created, its optimal use and sustainability, particularly the institutionalization of NODES, remain a concern (paras. 43–46).

## 2. Public–Private Partnerships to Improve Access and Standards

10. A major achievement of this project has been the introduction of partnerships in postsecondary education among private and public institutions, based on a comprehensive policy whereby partner institutions are offering various courses through the NODES system. These partnerships were established by offering matching grants and training to public and private institutions (100% for public and 50% for private institutions) to encourage participation in online education. The partner institutions were selected following strict criteria developed by a panel of experts, e.g., based on their institutional strength, and demand for and relevance of their proposed online courses to the labor market. Matching grants were offered to help purchase equipment and hire staff necessary to develop the online distance programs, and were closely monitored throughout the project. There were and remain administrative and logistical issues that need to be worked out to streamline these partnerships and the grant mechanism, and NODES and MOHE are encouraged to review these arrangements as part of the sustainability planning. By the end of the project, more than 40 programs had been developed and were being offered<sup>5</sup>. Foreign-link programs were also envisaged under this component but only two materialized, although the potential for expansion remains great. As a result, Sri Lanka now has a platform through which both public and private institutions are able to offer online distance education.

<sup>3</sup> Renamed National Online Distance Education Service (NODES).

<sup>4</sup> The 26 NACs are: CNAC 1—Kalutara, Galle, Kandy, Ambalangoda, Vauniya, Kandy, Kegalle, Monaragala, Trincomalee; CNAC 2—Gampaha, Polonnaruwa, Kalutara, Anuradhapura, Ambalantota, Rathnapura, Kurunegala; CNAC 2, Puttalam, Matara, Ampara, Batticaloa, Colombo area (4); CNAC 1—Gampaha area/Gampaha and Jaffna area/Jaffna.

<sup>5</sup> The target at appraisal was 150 degree and diploma programs, but this was revised to 40 at the midterm review in 2008, since it took considerable time to make this system functional. The revised target was later surpassed.

11. To support the quality and development requirements of institutions and programs, the CDU was established on schedule, and staff hired and trained to provide course design and development services. The project was also proactive in outsourcing course development work to information technology (IT) graduates or undergraduates of the University of Moratuwa. This became necessary toward the end of the project, when interest and momentum began to grow and CDU staff could no longer meet demand for course development work. Conceptual acceptance of distance education began to take place, and had the project continued for an additional period, the impact could have been significant.

12. Another key output was the National Assessment and Accreditation Policy for Distance Higher Education, incorporating accreditation standards, evaluation criteria and accreditation scheme, and performance indicators. A noteworthy achievement was that the Commonwealth of Learning internationalized the performance indicators developed under the project for use across Commonwealth countries. Further a glossary of terms used in Distance “Higher Education and Quality” prepared by the Project was also later adapted by the Commonwealth of Learning. Accreditation for distance higher education was absorbed under the National Quality Assurance Agency for Higher Education, which is a proposed reform within a package of higher education reforms now under consideration.

13. Perhaps the weakest of the expected outputs were the limited career guidance programs and low levels of awareness about distance education offerings, which minimized the overall project impact. The project would have greatly benefited from a social marketing element. An online career guidance program with special attention to the needs of those aged 18–25 could not be built, mainly due to the lack of a specialist in the field, although the position was advertised on several occasions. The task of establishing a labor market information system was pursued by a World Bank-supported project, Improving Relevance and Quality of Undergraduate Education. An ICT policy on distance education with the provision of subsidized internet fees is yet to be approved. Awareness-raising programs, including some TV and radio campaigns, to promote the availability of online postsecondary education opportunities were not effective and the message did not filter down as expected, and awareness creation at grass-roots level did not happen. Another demand-based objective of the project was to provide distance-learning stipends to poor, unemployed secondary school-leavers through a socially targeted program. Implementation of the stipend program was not effective in the absence of an awareness or mobilization campaign, and fell short of its original target of 20,000 (this was revised down to 8,000 at the midterm review and later achieved, where 11,878 unemployed secondary school-leavers were trained).

14. The project had also envisaged the development of an ICT policy for online distance learning. However, since the government has an overall ICT policy for the education sector that also contains recommendations for distance higher education, the project’s steering committee did not prepare a separate policy, which is deemed an appropriate decision.

### **3. Capacity expansion of the Open University of Sri Lanka**

15. OUSL capacity was expanded through new buildings or renovations in central campus and regional centers, upgrades of ICT infrastructure and facilities in support of the new MIS, domestic and overseas training for staff, and funding for the creation of educational material. The MIS for OUSL was developed and implemented to support administration, human resource and financial management, student services, research, and social marketing. Apart from the construction of buildings on university-owned land, the project provided new equipment, furniture, and vehicles to the faculties of science, engineering technology,

humanities and social sciences, and education, and to the regional centers, Media House, the central library, and the central press. The project management office (PMO) procured all items according to faculty specifications. ICT infrastructure with wide-area network connectivity was designed and established in all regional centers and 14 study centers to give them access to the MIS.

16. Staff development was an integral part of capacity expansion at OUSL. Academic and technical staff received local and international training. Long-term training abroad was offered to staff in pursuit of master's degrees and doctorates. Doctoral degrees were of the split type whereby study time was allocated in equal shares to the foreign university and Sri Lanka. Short-term foreign fellowships, usually 1–3 weeks, were arranged to raise awareness about open and distance learning and to increase exposure. In addition, fellowships were granted to technical staff for technical training in various disciplines.

17. Funding was provided for the development of instructional material to upgrade courses in existing OUSL programs and to build new programs in the four faculties. Demonstrations and workshops of three hours on average were held to help train staff in instructional design and computer operations, which 918 people attended. Selected staff from all four faculties also attended training to develop online courses. Finally, a well-defined mechanism to institute course development and delivery in electronic format was put in place at OUSL, resulting in the development of 69 module online courses that were included in OUSL's existing distance-learning program. The majority of the 69 courses are offered on a supplementary (optional) basis, and there is an option for two all-online courses. The first 33 supplementary courses were on offer by the end of 2007. Despite these achievements, the projected growth in enrollments at OUSL did not fully materialize—enrollments increased by about 40% rather than doubling.

18. The project completed most of the software for the four components (administration, human resource management, financial management, and student support) of OUSL's MIS, and most of the components have reached live status. The integrated system is working fairly satisfactorily, although further attention is necessary to optimize performance. The task of modernizing and decentralizing the student registration process is incorporated in the MIS.

19. The project funded several research activities related to online distance learning or subject-specific areas. It also conducted a study on future growth and funding requirements to ensure OUSL's sustainability. The study outlined 10 priority areas and action plans, such as setting new guidelines for fee structures, setting targets for new student enrollments, and streamlining arrangements to decentralize admissions, including incentive awards to regional or study centers that reach their enrollment targets.

### **C. Project Costs**

20. At appraisal, the total project cost was estimated at \$60 million. ADB provided a loan of \$45 million from its Special Funds resources. Three partial cancellations were made: (i) on 23 April 2008 for \$8.0 million (SDR4.9 million) in response to the government's request to cancel a substantial portion of the unallocated category and anticipated savings from various categories; (ii) on 13 May 2010 for \$4.1 million (SDR2.7 million) due to savings in stipends and scholarships—about 11,000 instead of an estimated 20,000 were awarded—and a reduction in the number of partnership programs from 150 at appraisal to 42 at project completion; and (iii) on 28 July 2010 for \$2.4 million (SDR1.6 million) at loan closing. The total cancellation amounted to SDR9.2 million or \$14.5 million equivalent. Given the appreciation of the SDR

against the US dollar in the loan period, the project gained 13%. The loan disbursement amounted to \$36.2 (SDR23.8 million). A summary of disbursements by ADB is in Appendix 2.

21. The cost of project management increased by 64%, from \$0.85 million to \$2.24 million. At appraisal, recurrent costs were estimated at \$2.9 million or 5.5% of the total project cost. However, no expenditure was listed under this item. The project completion review mission observed that the recurrent costs were instead charged to the project management, which is the reason for the 64% increase. The government provided an equivalent of \$10.7 million (and the beneficiaries of \$0.075 million) to partly finance costs of civil works, matching grants, and project management. The government also funded taxes and duties amounting to \$4.1 million or 9% of the actual total project cost.

22. The actual cost of equipment of \$17.7 million was 22% higher than the appraisal estimate, due mainly to much higher costs of network-related equipment and line charges. Also, there were cost increases in producing the online programs on offer through NODES and in giving all OUSL students access to the NODES network, both of which were not envisaged at appraisal. There were no significant overruns or underruns of expenditure. The actual project cost for ADB, government, and beneficiaries totaled \$46.988 million. The original and actual cost estimates and financing arrangements are in Appendix 3.

#### **D. Disbursements**

23. Disbursements were satisfactory and delays minor. The project schedule indicated that disbursements would be made over 6 years, from early November 2003 to completion in late December 2009, or 74 months. They were made in 80 months.

24. Loan proceeds were disbursed in accordance with ADB's *Loan Disbursement Handbook*. The imprest fund was released on 28 November 2003 and the last disbursement was on 28 July 2010. No major issues were experienced with the management of the fund. The imprest account was established as designed at appraisal for disbursements. The ceiling of \$2.0 million was disbursed to the PMO. The flow of funds for local training and consultants was provided directly to OUSL via an imprest fund subaccount. The use of the account facilitated timely payment of project costs. ADB's statement of expenditure procedure was followed to reimburse eligible expenditures and liquidate advances to the imprest account. Loan proceeds were reallocated twice, in May 2009 and September 2009, to finance an increase in the cost of civil works and an additional requirement by project management. Also, the executing agency had not settled payments to one partner institution when the project closed. Annual projected and actual disbursements are in Appendix 4.

#### **E. Project Schedule**

25. The project was implemented from 2003 to 2009, becoming effective on 4 November 2003 and closing on 28 July 2010. The midterm review was held during 10–20 March 2008. At appraisal, the implementation schedule indicated completion in 6 years from November 2003. The project closed in the allocated time without an extension after having achieved the single outcome of expanding access to postsecondary education in Sri Lanka by developing distance education technologies. (It must be stated that a 6-month loan extension until June 2010 was granted solely for closing project accounts and for preparing the government's project completion report.) The majority of outcome indicators met targets as revised at the midterm review, and only a few fell short. All output targets as revised at the midterm review were met.



Unrealistic goals and targets set at appraisal had necessitated a revision of outcome and output targets (para. 6).

26. Progress was tracked by measuring implementation of project activities and achievements against targets and evaluation. Findings were reported in quarterly and annual reports. ADB teams carried out periodic loan review missions to supervise project implementation and to advise on necessary action.

## **F. Implementation Arrangements**

27. At appraisal, the Ministry of Policy Development and Implementation was the designated executing agency and the Ministry of Tertiary Education and Training the implementing agency. However, in 2004 the government appointed the Ministry of Education and later, in 2006, the Ministry of Higher Education (MOHE) as both executing and implementing agency. MOHE retained both functions until project closure, having the overall responsibility for project implementation and supervision.

28. When the project started in November 2003, the Ministry of Tertiary Education and Training established the PMO to carry out overall implementation, reports, and monitoring. A project steering committee (PSC) was set up as the top decision-making body, chaired by the secretary of the executing agency. All key stakeholders were represented and included representatives from the National Education Commission, OUSL, private postsecondary institutes, the Chamber of Commerce, the External Resources Department of the Policy Development and Implementation Ministry, University Grants Commission, and the University of Moratuwa. The project director acted as the member-secretary of the PSC. The PSC met at least once every quarter in the initial years and then almost monthly toward the end of the project. Discussions with current and former project staff and stakeholders confirm that the PSC meetings covered all matters pertaining to the project and made the necessary decisions for smooth implementation and achievement of goals.

29. To reach the objectives of component a as designed at appraisal, DEPP and NDEN teams were formed and supported by the project director and managers. The two teams consisted of international and domestic consultants. The objectives of component b were pursued through the PMO, by the director and managers and by individual consultants hired by the PMO. Certain aspects of the OUSL upgrade were managed by project managers with the help of OUSL representatives, while the OUSL capacity expansion team looked after the other aspects. The capacity expansion team consisted of international and domestic consultants who worked closely with OUSL counterpart teams, which in turn comprised representatives from all faculties and administrative areas. The project's OUSL coordinator was responsible for coordinating activities between OUSL and the project, in the absence of an institutionalized mechanism for coordination.

30. A technical committee responsible for all ICT and other technical issues of component 1 helped set up the NDEN and offer online content. The committee was chaired by the project director and included members from the University of Moratuwa, OUSL, Sri Lanka Institute of Information Technology, and the DEPP and NDEN teams, and met monthly.

31. While the implementation arrangements were elaborate and comprehensive, they were also marred by a lack of coordination among the various stakeholders and, in particular, by weak links to senior policymakers. This is evidenced by the fact that while several policies and arrangements were developed and put forth for ministerial approval, many of these were never

approved (e.g., accreditation board, ICT policy for distance education, corporate successor organization of NODES).

## **G. Conditions and Covenants**

32. One covenant regarding executing agency was modified (due to change in executing agency) and another one—relating to the PMO's conduct of a tracer study to determine employment problems faced by students under the program—was found to be irrelevant at that time by the midterm review mission. Of the covenants for compliance, 23 were complied with in a timely manner and 18 were complied late.

33. Covenants relating to the engagement of consultants, procurement of equipment, and civil works were complied with. Project accounts had been audited and audited reports, including auditors' opinions, were submitted to ADB in a timely manner. Completion of a baseline study of OUSL's internal and external efficiency to determine future growth and funding requirements was delayed by 35 months, mainly because the executing agency delayed the appointment of OUSL staff to do the study. A public awareness campaign to promote the availability of postsecondary education opportunities and their links to the labor market with a special focus on women was not carried out because it had already been done under the World Bank's Improving Relevance and Quality of Undergraduate Education project, which ended in November 2006. Details of compliance with the covenants are in Appendix 5.

## **H. Consultant Recruitment and Procurement**

34. Consulting services were engaged in accordance with ADB's Guidelines on the Use of Consultants. Consultants were recruited in three packages (one each for OUSL, DEPP, and NDEN). Consultants were engaged for a total of 751.8 person-months (216.8 international and 535 national) compared with 552 person-months (193 international and 359 national) planned at appraisal. In addition, 61.5 person-months of individual consultants (2 international and 59.5 national) were mobilized—against the appraisal target of 151 person-months of individual consultants (10 international and 141 national)—with a focus on modifying course content for online learning systems. The increase in person-months was due to a greater need for technical capacities in developing an online distance education system, particularly for modifying course content into an online learning format. Compared with appraisal estimates, the actual expenditure on consultants increased by \$0.524 million and the actual share of expenditure on consultants reached 10.4%, compared with 7.24% estimated. The actual value of contracts for civil works, equipment and vehicles, and instructional material exceeded the appraisal estimate by \$7.69 million (27.6%). A summary of consulting inputs is in Appendix 6.

## **I. Performance of Consultants, Contractors, and Suppliers**

35. Overall, the performance of consultants was *satisfactory* (as reported also by the DEPP–NDEN technical committee and the OUSL team). Given that many of them were highly specialized and very much in demand, their input and time for the project was staggered, causing some delays and rescheduling of several activities at the onset. However, this had a beneficial effect because whenever these consultants returned to the project, they brought fresh ideas and experience in latest technologies and thus created a dynamic environment. Hiring local consultants with expertise in instructional design (DEPP package) and in ICT and network technology (NDEN package) was not easy due to their limited numbers in the country, but the performance and dedication of the chosen few was extremely good. The timing of the marketing consultancy under the DEPP package was inappropriate. For example, the

marketing specialists were hired at an early stage of the project when the products (online programs) were not yet available. An effective marketing campaign at that time was impossible. Thus, mere awareness campaigns were carried out to inform provincial education directors about online learning in the hope that the information would reach the schools. Had the consultants been hired 2 years later, an efficient marketing campaign would have been able to attract large numbers of partner institutes and students to online education.

36. The working relationship of the consultants with the staff of the executing agency was professional and cordial. All worked according to plans drawn up at the beginning of the consultancy. Technology transfer took place and there was a good exchange of ideas with counterpart staff. All worked well together as a team to achieve a common goal with mutual respect. The performance of the consultants as well as that of the civil works contractors was generally satisfactory. Satisfactory, too, was the overall performance of the suppliers of equipment and goods. Some delays in the procurement of equipment occurred due to limited local availability and a limited number of suppliers.

#### **J. Performance of the Borrower and the Executing Agency**

37. Despite the delayed implementation of several activities, late compliance with several of the covenants, and several changes in management and placement of the project, the performance of the borrower and the executing agency is rated *satisfactory*. The performance of the PSC was effective in ensuring steady implementation despite the several shifts of ministerial responsibility and the multitude of stakeholders involved. The government could have done more to strengthen the institutional framework for the transition of NODES into a business entity. However, this shortcoming should be viewed in light of the fact that the government did put in place all the systems necessary to institutionalize the online distance learning platform, which is still operational more than 1 year after closure of the project.

#### **K. Performance of the Asian Development Bank**

38. The performance of ADB was *satisfactory*. Loan review missions were fielded regularly to supervise and monitor project implementation, despite changes in mission and team leadership. The mission members were very committed to the project's objectives and proactively provided timely guidance and support to the executing agency. They systematically reviewed all activities and during their visits held regular meetings with the main stakeholders, i.e., project staff, MOHE officials, OUSL staff, project consultants, and staff of the partner institutions that were developing online programs. They participated in PSC meetings on several occasions to report on project progress and to lobby ministry officials on key policy actions required. The midterm review should have been carried out sooner than it was, giving more time to reflect on outcomes and find solutions if necessary.

39. There were delays on the part of ADB in providing timely approval for procurement of goods, and because of the lengthy processes associated with procurement of consultants under the quality- and cost-based selection method. Such delays should be minimized to expedite the procurement and implementation process.

### III. EVALUATION OF PERFORMANCE

#### A. Relevance

40. The project is assessed as *highly relevant* to Sri Lanka's articulated vision and strategies for educating the young and developing a well-trained and skilled workforce that is prepared for a knowledge economy and society. The project, at design and inception, was consistent with the country's education policies and human resource development strategies. It was also in line with additional and ongoing investments in the secondary education sector and in technical and vocational training. The project's design remains aligned with the government's continuing vision of preparing Sri Lanka as a knowledge hub and promoting public-private partnerships and innovative education models. Despite the commendable achievements in primary and basic education, Sri Lanka still needs to overcome low gross enrollment at the tertiary level (just above 15%, which is low relative to the high enrollment ratios at the primary and secondary level) and inequitable access to higher education in remote areas. Support for the modernization of distance and online distance learning is extremely relevant to the aim of greater access to higher education, and provides a platform and valuable lessons for extending ICT to other segments of education, such as technical and vocational training. The design of the project could have taken into account the need to create broader awareness and acceptance of distance education through social marketing activities, and the need for more stringent transition and sustainability arrangements.

#### B. Effectiveness in Achieving Outcome

41. The project is rated *less effective* in achieving the outcome of developing distance education to expand postsecondary school enrollment and help develop a modern, highly skilled population. While the project succeeded in creating an impressive platform for ICT-based postsecondary distance education, unless it is utilized more widely and optimally, it is likely that necessary investments into hardware and software upgrades will not occur, making the system obsolete and irrelevant within a few years. While the concept of online learning and a workable system have been established, there has not been widespread acceptance of distance learning as a respectable alternative to face-to-face education. The project's effectiveness in achieving the outcome should be assessed along with the likelihood of its sustainability (paras. 43-44).

#### C. Efficiency in Achieving Outcome and Outputs

42. The project is rated *less efficient*. Implementation and management processes, including procurement, were handled efficiently. As for cost efficiency, it is difficult to measure and therefore to assess the efficiency of the investment. Certainly, the project has the potential, at a low investment, to extend access to postsecondary education to a large number of students that are unable to enter traditional education systems. As it stands, the project facilities need to attract a larger number of students to become fully viable, but they continue to function and their use is at least steady; the courses are not cost-effective and the course fees set by the partner institutions have increased because of the fees payable to NODES (the IT policy to subsidize online costs is yet to be approved). While the rate of return envisaged at appraisal is not likely to be achieved because of these reasons, and especially because there are fewer project beneficiaries than projected and thus fewer graduates, this can easily be reversed if the recommended measures for sustainability and transition of NODES are taken. These steps could yield, within a few years, extraordinary benefits for Sri Lanka's higher education and the government's objectives in this regard.

#### **D. Preliminary Assessment of Sustainability**

43. The project is *less likely sustainable* unless the government recognizes the project's achievements and their full potential—the framework of distance education can have large outreach and public–private partnerships can provide a market-oriented selection of courses. Establishment of a corporate organization to succeed NODES is an absolute requirement for success and sustainability. Well before project closure, the guidelines for the formation and operation of the successor entity had been recommended. The legal framework, management structure, and business plans were drawn up for a tailor-made organization staffed with professionals who have the understanding, knowledge, and capacity to focus on achieving the goals for higher education. The Cabinet of Ministers granted approval to form a “NODES unit” under MOHE for executing the service's operational and management activities. At present however, large revenues to sustain the organization cannot be generated due to insufficient enrollments and the limited number of programs offered by the partner institutions. While funding has been granted for an initial 3 years after project closure, it is imperative that the steps for ensuring sustainability be taken immediately to avoid degradation and demise of the NODES-supported distance education platform. There is potential for strong links with other ICT-based initiatives, both in secondary education and in technical and vocational education, where similar resource centers for training exist. Thus, coordinated efforts are needed to ensure full utilization of the gains of this project.

44. While government ownership and support is essential, the earlier recommendation of embedding the NODES functions in a sound corporate structure is still relevant and also viable. As the demand for services provided by NODES will undoubtedly increase in the years to come, revenues to sustain the successor organization will be achieved. NODES also has the capability to offer a whole range of other services—e.g., network services, web technologies, online training workshops for course development, audio-video productions, and design and development of print media—that will bring in revenue and for which there is relatively high demand in the country.

#### **E. Impact**

45. The project's impact needs to be seen in the successful establishment of a platform for online distance education and learning. It is likely that the platform created by the project will have strong demonstration value and help extend various courses—formal postsecondary education, and vocational and technical subjects—to a wider range of students, particularly women who are unable to participate in traditional education opportunities, or vulnerable and neglected communities across the country, but especially in the northeast. Already, the project has been able to achieve the target of linking poor regions of the country to the capital through public–private initiatives in distance education. By entering into partnerships with the project, public and private education institutes were in a position to offer online programs to qualified students in any part of the country through the high-speed network set up in the virtual private network provided under the project that connects the NOC to 26 NACs in 19 districts. This enables students in outlying districts to access programs offered by premier education institutes in Colombo. Those who cannot visit a NAC or the few overseas students enrolled are able to access materials via the internet at home, at the office or in internet cafes. Socioeconomic growth is likely to occur from links with less privileged areas and the extension of education to the rural population. Appendix 7 summarizes the policy achievements against targets.

46. The long-term development objective of the project was to increase socioeconomic growth to raise human development levels. Indicators of growth included an increase in private sector employment from 25% to 30% of total employment by 2009, a decrease in unemployment of the educated from 15% to 10% by 2012, and economic growth above 6% annually. Key targets achieved by 2009 include: private sector employment reached 41.1% (2008); unemployment of O-level achievers was 9.9% and of A-level achievers 7.4% (2008); while in 2010, the unemployment rate of those educated at A-level and above was 11.6% (7.9% for males and 15.8% for females). However, these achievements are not attributed to project intervention, but to other development factors in the country. It would probably take much longer for the project to have an impact on socioeconomic growth, if it is sustained. Unemployment of A-level achievers could be expected to decline as large numbers of school-leavers would engage in labor-market-oriented online education—if NODES continues to deliver affordable quality programs well into the future and if the full potential of the distance learning platform is harnessed to improve competitiveness and preparedness for employment among the young. If so, the positive impact on private sector employment and economic growth is sure to follow.

#### **IV. OVERALL ASSESSMENT AND RECOMMENDATIONS**

##### **A. Overall Assessment**

47. Overall, the project was innovative and well designed, ahead of its time even in what it conceived as the mode and means for expanding access to postsecondary education. It was implemented largely as designed save for the inadequacy of the sustainability plans. It was relevant to the policy environment, aligned with the education sector objectives of promoting public–private partnerships and introducing ICT—making it even more relevant today—and complementary to other investments and programs to help modernize education at various levels. The design and monitoring framework remained relevant after some targets were adjusted to fit prevailing conditions, and the project was well managed despite the challenging institutional environment. Major shortcomings were the absence of a comprehensive social marketing campaign that would have helped generate greater demand for and subscription to the innovative learning system, and the inadequate sustainability arrangements. However, given what it achieved and how well its outputs continue to be utilized, the project is rated *less successful*.

##### **B. Lessons**

48. The project involved the establishment of an entirely new platform of learning, with investments in hardware and software and including creation of partnerships with institutions that were to develop their course content into online distance learning format. This constituted a major step toward a new concept of learning. There is a risk that the system will eventually collapse unless it is put on a sound business and strategic footing in the near future. In addition to the risk of dilapidation of equipment (which for now is still relevant and state-of-the-art), staff capacity that was sourced, developed, and placed to keep NODES and NACs operational risks being eroded as the highly skilled people begin to find alternative work in the market. One major lesson is that longer-term support could have been built into project design to enable more time for preparing a sustainability plan with concrete milestones, including adequate transition arrangements followed by approval of an institutional framework for the successor organization.

49. Another lesson arises from the novelty and innovation of the project—a higher priority should have been placed on social marketing and awareness raising among potential partner institutions and students, to ensure broad-based demand and a strong supply of market-oriented courses. There is great potential for self-sustainability in this model if its management is outsourced or it is transformed into a corporate entity, but inclusion of social marketing will be key to its success. Also, mobilization of the private sector requires effective communication and a credible monitoring mechanism to ensure that matching grants are used effectively.

50. An important lesson regards the nature of the courses that were offered and if they were the most appropriate ones for an online distance-learning platform. While the project was designed to create access to postsecondary (degree-level) programs for those A-level achievers who would not have an opportunity to enroll in traditional university programs, it may not have been suitable for students newly transitioning from secondary to tertiary education for whom distance learning was less desirable or appropriate, given the strong preference for more traditional modes of post-secondary education. Such a system may be of more relevance and therefore better used if it focuses on non-degree courses to supplement formal education, especially courses that help the employed broaden their skills or the unemployed making themselves more employable. This has deep implications for the future of NODES, as the “new management” or policymakers consider how they want to develop and use it.

51. Finally, an important institutional lesson arises from the need for better planning and coordination between all ministries and agencies that have a potential stake in a project's outputs. In the case of this project, NODES can be of relevance and use to the training and education programs offered and governed by various ministries and agencies—e.g., Ministry of Education, Vocational Training Authority. Already, several of these courses relate to vocational areas (hotel management; computer studies and/or software development; food and beverages; etc.) and their thrust is aligned with the government's priority goal of developing IT and tourism as focus areas for investment in technical education and vocational training, supported by public–private partnership and an ICT platform—all of which NODES offers.

## C. Recommendations

### 1. Project Related

52. **Future monitoring.** Although the project was well monitored, it is recommended that at least two annual policy meetings be held at the level of the ministerial secretary (similar to the PSC), attended by key planning and finance ministry officials, to ensure momentum for institutional strengthening of a follow-on system. Elevating project monitoring to the policy level will be useful for mainstreaming the concept of NODES into other initiatives that the government plans or initiates.

53. **Covenants.** Two project covenants remain essential. The one relating to the tracer study on employment of graduates was waived in the midterm review, as it was considered too early to conduct such a study. Given the questions about the impact of the project, particularly NODES, it is recommended that such a study be conducted now to trace the path of the graduates of an online system compared with those who graduated from conventional programs. Second, the covenant relating to the sustainability and business plan of NODES, which was partially complied with in that much work was done to prepare a business plan, now needs to be attended to immediately by reviving a committee or council of all key stakeholders. It is recommended that MOHE take the lead in convening such a group by September 2011

and present an action plan for sustainability arrangements and a corporate successor entity by December 2011.

54. **Further action and follow-up.** A two-pronged strategy may be adopted: (i) reviewing administrative and partnership arrangements under the system and (ii) moving NODES forward with a corporate agency operating under the business principle. To ensure that action on the NODES business strategy achieves maximum project benefits and sustainability, the government, under the leadership of MOHE (where NODES is currently placed), should convene a meeting of all stakeholders to form a “distance education council” and discuss the future course of action. It is recommended that this effort be seen as going beyond the utility of postsecondary online distance learning (the original objective of the project) and be broadened to review the usability of NODES for all types of distance learning and training. Prior to discussing sustainable institutional arrangements, regular meetings with the partner institutions and direct stakeholders should be initiated to review project implementation and partnership arrangements, and any outstanding issues relating to the administration of matching grants.

55. **Additional assistance.** While a second phase of this project is not envisaged, ADB and the government should link related projects in the pipeline, such as technical education and vocational training and further secondary and higher education programs, to fully utilize and integrate the use of NODES. This will help bring efficiencies in imparting quality education and training to a wider audience of students (helping ensure equity and inclusion), while stimulating private participation to make education more market-oriented. Planned and ongoing technical assistance can be used to explore and pinpoint the detailed links.

56. **Timing of the project performance evaluation report.** It is recommended that a project performance evaluation be conducted *after* the government has implemented a sustainability plan for NODES, when the achievements of the system are likely to show returns. The performance evaluation report should be undertaken in early 2013, giving the government ample time to move forward on the sustainability and business plan, with continued monitoring and support from ADB, and allowing NODES to begin functioning more optimally.

## 2. General

57. Three key recommendations on project appraisal and administration could help improve the implementation progress and likelihood of impact: (i) project readiness and management capacity should be improved by applying ADB's procurement procedures to ensure timely reviews and approvals of procurement decisions, so that there are minimal delays in project commencement and implementation; (ii) the project timeframe needs to be revisited for projects that embrace or support innovation and establishment of new systems, so that adequate steps are built in (including through use and monitoring of covenants) and time allowed for preparing and seeking approvals of sustainability plans; and (iii) for investments like those supported by the project, where institutional reforms are being initiated, more dialogue and direct engagement of the ministries of planning and finance are needed.

58. It is evident that in the case of Sri Lanka, where the government is clearly articulating the promotion and use of ICT and public–private partnerships to help its education system transform the country into a knowledge hub, the project can continue to yield results for years to come. Without the engagement of senior policymakers in the institutional strengthening of this innovative system, additional investments are likely to have insufficient impact. It is thus strongly recommended that planned and future support to education incorporate and leverage the model of distance learning created by the project.



## DISTANCE EDUCATION MODERNIZATION PROJECT PROGRAM FRAMEWORK

Design Summary	Performance Indicators		Monitoring Mechanisms
	Targets	Achievements	
<p><b>I. Goal</b></p> <p>Increase socioeconomic growth to raise human development levels</p>	<p>Increased private sector employment (small and medium-sized enterprises) from 25% to 30% of total employment by 2009</p> <p>Decreased unemployment among the educated from 15% to 10% by 2012.</p> <p>Increased economic growth above 6% annually</p> <p>Poor regions linked to better-off Colombo through public-private initiatives in distance education</p>	<p>The share of private sector employment decreased from 46.4% in 2004 to 41.1% in 2008 and 42.1% in 2009.</p> <p>Unemployment rate was 9.9% for A/L and 7.4% for O/L youths in 2008. Unemployment rate for A/L achievers and above was 11.6% in 2010 (7.9% for male and 15.8% for female).</p> <p>Economic growth for 2008 was 6%, which declined to 3.5% in 2009.</p> <p>Colombo was linked to outstations through NODES, covering 19 districts (26 access centers, including 4 in Colombo).</p>	<p>Household surveys</p> <p>Government's or funding agencies' poverty assessments</p> <p>Public-private business statistics</p>
<p><b>II. Purpose</b></p> <p>Develop distance education to expand postsecondary school enrollment to develop a modern, high-quality human resource base</p>	<p>OUSL enrollment doubling from 20,000 to 40,000 by 2012</p> <p>Core policies on academic accreditation, ICT for online distance learning, career guidance, and private participation in postsecondary education</p> <p>DEPP system established to accommodate 25,000 external degree students (2012) (<b>reduced to 10,000 for 2009 at MTR</b>)</p> <p>Public-private partnership task force operating among 150 postsecondary institutes by 2005 (<b>target reduced to 40 programs offered by PIs at MTR</b>)</p> <p>MTET helps private schools increase enrollment by 35,000 through equipment purchase, stipends for the poor, and access to distance learning by 2012 (<b>reduced to 10,000 for 2009 at MTR</b>)</p> <p>20,000 unemployed secondary school-leavers to be provided semiprofessional job training (<b>reduced to 8,000 at MTR and age limit increased from 21 to 30</b>)</p>	<p>OUSL enrollment up by 12.3% (from 23,508 in 2003 to 26,395 in 2009 and 30,355 in 2010)</p> <p>(a) National Assessment and Accreditation Policy approved by PSC in 2007 and Interim Board for Quality Assurance and Assessment for Distance Higher Education approved by PSC in 2009. (b) ICT policy for online distance learning not yet approved. (c) Career guidance policy outcomes pursued through World Bank-funded project.</p> <p>NODES established. Only 1,469 external degree students (499 of 4 national universities registered for 5 programs, and 970 from other PIs) through NODES. Low achievement since online program offered only after 2007.</p> <p>42 courses or programs launched by 24 PIs by January 2010.</p> <p>24 PIs (13 private schools, 2 professional associations, 3 public institutions, 5 national universities, and OUSL) supported and 1,469 PIs registered for online diplomas and postgraduate courses.</p> <p>11,878 unemployed secondary school-leavers trained (10,488 demand-driven, 1,065 on-the-job, and 325 online training). Stipends not offered to needy OUSL students.</p>	<p>Project reports</p> <p>PPMS surveys</p> <p>OUSL, DEPP, project data records</p> <p>ADB tracer studies</p> <p>MPD&amp;I, MTET monitoring reports</p>
<b>III. Project Deliverables/Outputs</b>			
<p>A. DEPP established to increase educational opportunities</p>	<p>DEPP national distance learning network operational in all OUSL campuses by 2006</p> <p>DEPP learning network available to 150 public and private educational institutions on a cost basis by 2006 (<b>reduced to 40 at MTR</b>)</p> <p>DEPP management; business plans; marketing strategy; and curriculum web writing, training, and multimedia operational by 2006</p> <p>DEPP engineering and technical services operate 150 multimedia center hookups by 2005</p>	<p>20 NACs in OUSL premises operational from 2007</p> <p>Learning network available to 24 PIs on a cost basis, which developed 42 courses/programs</p> <p>NODES established as an MOHE unit in 2010 (corporate unit yet to be established), and business plan prepared, social marketing program launched, a fully staffed CDU at NODES operational in 2007, 938 individuals trained in course design, development, and delivery</p>	<p>ADB project reports</p> <p>MPD&amp;I, MTET, and PMO reports</p> <p>OUSL reports</p>

Design Summary	Performance Indicators		Monitoring Mechanisms
	Targets	Achievements	
	DEPP online admission system, career guidance and labor market information system, and accreditation of transcript evaluation exist by 2006	NODES consisting of NOC, 26 NACs (including 20 at OUSL premises), and CDU operational NODES MIS completed but not utilized, labor market analysis completed, career guidance pursued through World Bank-supported project, accreditation service yet to be available	
B. Consortium of public-private partnerships established to improve standards	<p>MPD&amp;I and MTET policy in place to support public-private partnerships in postsecondary education institutes, by 2006</p> <p>Career guidance program linked to academic prerequisites, and labor market demand for male and females by 2006</p> <p>Foreign-domestic link programs in 150 schools to increase technology transfer by 2006 (<b>reduced to 40 PIs and 10 for foreign-domestic link</b>)</p> <p>Policy for accreditation tied to transcript transfer across postsecondary institutions and academic programs by 2005</p> <p>Stipends for 4,500 (annually) needy OUSL students, needy DEPP students, and unemployed A-level graduates seeking short-term skill development (<b>reduced to 8000 at MTR</b>)</p> <p>Public-private fund to 150 schools for equipment and stipends operational by 2004 (<b>reduced to 40 at MTR</b>)</p> <p>National ICT policy for distance learning completed by 2006</p>	<p>Policy supporting PPPs reflected in the provision of matching grants; training and support to PIs provided by NODES</p> <p>Career guidance activities pursued under World Bank-supported project</p> <p>2 programs being developed by OUSL and Informatics Institute of Technology</p> <p>Accreditation policy approved in 2007 but Interim Accreditation Board yet to be functional</p> <p>11,878 students granted stipends and trained, no stipends provided to needy OUSL and DEPP students</p> <p>Only 42 programs offered from 24 PIs. Stipends programs not implemented through PIs</p> <p>National ICT policy for distance learning submitted to PSC in 2008 and not yet approved</p>	<p>MPD&amp;I, MTET, and PMO reports</p> <p>ADB studies</p>
C. OUSL (central and regional centers) upgraded	<p>Effective MIS, cost-accounting system using modern management practices for outreach to all campuses, training and programs in budgeting, admission online, performance-based evaluation, with results-based budgeting in place by 2006</p> <p>Student-centered admissions system for males and females by 2006</p> <p>Establishment of modern facilities and equipment in educational learning technologies and in natural and engineering sciences to train master trainers and provide advanced labs for students in core science programs, functioning by 2006</p> <p>Upgrade of OUSL central university press, library, and multimedia facilities for use in preparing and upgrading curriculum to multimedia web-based learning, by 2006</p> <p>Staff development of administrative, academic, and technical staff in key areas by 2007</p> <p>Proposal-based upgrade of facilities of one new and four regional centers, and staff development by 2006</p> <p>Proposal-based upgrade of 21 of 17 existing and</p>	<p>Software for OUSL MIS developed, partly integrated, and utilized.</p> <p>Online student admission module tested and implemented in 2009</p> <p>Modern facilities and labs established in OUSL central campus and equipment provided</p> <p>OUSL's central library, multimedia center, and press facilities equipped to support online delivery</p> <p>Long-term training provided to 34 staff (14 completed, 2 discontinued, 1 left OUSL), short-term foreign training provided to 135 staff.</p> <p>Long-term domestic training provided to 31 staff (4 completed)</p> <p>16 regional centers, 7 new study centers and</p>	<p>Project reports</p> <p>PPMS</p> <p>Government policy on public-private partnerships</p> <p>OUSL progress reports</p> <p>MPD&amp;I, MTET, and PMO reports</p>

Design Summary	Performance Indicators		Monitoring Mechanisms
	Targets	Achievements	
	5 new OUSL study centers by 2009  Regional outreach admissions and accreditation by 2008	renovation of 3 study centers completed  Regional registrations taking place in OUSL centers through OUSL virtual private network	
<b>IV. Project Activities</b>			
A. Quality and efficiency of content and service delivery	Establish DEPP to develop online quality programs on a cost-recovery basis  Establish a business and marketing plan, curriculum, and training unit to produce multimedia materials for online access by students  Establish an ICT system network linking all OUSL centers with 150 postsecondary institutes	NODES established but basis of cost recovery not established  Five-year business plan approved by PSC in 2007, successor organization established, NODES/CDU fully equipped with multimedia equipment, staff hired and trained, services of CDU available, 8 programs outsourced to them by PIs, extensive staff training completed  ICT network formed connecting all NACs in a virtual private network	UGC program goals  Project reports and monitoring  PMO monitoring  UGC decision on performance-based systems  Development and installation of LMIS and job-listing system
B. Public-private partnership models to improve efficiency	Student stipend program for poor unemployed secondary school leavers and those using distance learning system  School development fund program to support postsecondary institutes  Public awareness for career guidance, job information system, and academic counseling  Foreign link programs to transfer technology to local institutions  National accreditation program to set standards and allow flexible transfer of credits  Results-based performance program linked to budgeting and recovering recurrent costs	Stipend program completed in 3 phases  Matching grants disbursed to 43 PIs  Career guidance to be pursued under World Bank-supported project  Applications called for foreign-domestic link and two institutions developed link programs  Draft accreditation policy yet to be implemented  PIs offer programs demanded by the market	PMO data  Special reports, advisory committee reports  MPD&I and MTET evaluations  ADB evaluation
C. OUSL programs to improve access to public goods	Upgrading of facilities, library, multimedia, university press, courseware, and faculty  Staff development for foreign and local fellowships, curriculum materials, research, and training  Performance-based administration, financing, budgeting, auditing, and student services	Upgrading of facilities completed  Staff development program implemented  OUSL MIS incorporating general administration, human resources, financing, and student support services installed, implemented, and partially integrated	Project documents/reports  Evaluation of private sector participation  Number of foreign universities linked to local universities
<b>V. Project Inputs</b>	Total \$60.0 million \$45 million loan from ADB \$10 from the government \$5 from beneficiaries  <b>Cost Category</b> Research studies: \$0.35 million Civil works: \$6.5 million Equipment/furniture: \$16.7 million Instructional materials: \$1.5 million	Total \$47.0 million \$36.2 million loan from ADB \$10.7 from the government \$0.1 from beneficiary  <b>Cost Category</b> Research studies: \$0.35 million Civil works: \$8.7 million Equipment/furniture: \$6.1 million Instructional materials: \$0.8 million	Project monitoring data  Progress reports  Project accounts

Design Summary	Performance Indicators		Monitoring Mechanisms
	Targets	Achievements	
	Staff development: \$2.4 million Consulting services: \$5.2 million Stipends: \$9.0million Matching grants: \$8.0 million Recurrent costs: \$3.4 million Project implementation: \$1.0 million Others: \$6.0 million	Staff development: \$1.6 million Consulting services: \$5.4 million Stipends: \$3.4million Matching grants: \$0.9 million Recurrent costs: \$0 million Project implementation: \$2.5 million Others: \$0.8 million	

ADB = Asian Development Bank, A/L = advanced level, CDU = content development unit, DEPP = Distance Education Partnership Program, ICT = information and communication technology, ILO = International Labor Organization, MIS = management information system, LMIS = labor market information system, MOHE = Ministry of Higher Education, MPD&I = Ministry of Policy Development and Implementation, MTET = Ministry of Tertiary Education and Training, MTR = midterm review, NAC = network access center, NOC = Network Operation Centre, NODES = National Online Distance Education Service, O/L = ordinary Level, OUSL = Open University of Sri Lanka, PI = partner institutions, PMO = project management office, PPMS = project performance and monitoring system, PPP = public-private partnership, PPSI private postsecondary institution, PSC = project steering committee, UGC = University Grants Commission.

## ALLOCATION, CONTRACT AWARDS, AND DISBURSEMENTS

Category Name	Original Allocation		Last Revised Allocation (May 2010)		% of	Contract Awards		Uncontracted		Disbursements		Undisbursed	
	\$	SDR	\$	SDR	Financing	\$	SDR	\$	SDR	\$	SDR	\$	SDR
Civil Works	2,000,151	1,467,000	2,944,014	1,948,700	32	2,807,379	1,870,169	136,635	78,531	2,807,379	1,870,169	136,635	78,531
Equipment and Furniture	15,200,879	11,149,000	18,798,706	12,292,000	100	18,430,011	12,013,671	368,695	278,329	18,430,011	12,013,671	368,695	278,329
Instructional Materials	1,299,349	953,000	866,015	578,000	100	796,457	516,382			796,457	516,382	69,558	61,618
Staff Development	2,099,682	1,540,000	1,891,519	1,240,000	100	1,627,741	1,083,839	263,778	156,161	1,627,741	1,083,839	263,778	156,161
Consulting Services	5,100,591	3,741,000	5,589,853	3,691,000	100	5,415,380	3,632,725	174,473	58,275	5,415,380	3,632,725	174,473	58,275
Research Studies	599,909	440,000	359,971	240,000	100	346,119	228,734	13,852	11,266	346,119	228,734	13,852	11,266
Stipends and Scholarships	9,000,000	6,601,000	3,841,067	2,589,000	100	3,370,215	2,219,048	470,852	369,952	3,370,215	2,219,048	470,852	369,952
Matching Grants	1,499,773	1,100,000	752,006	500,000	100	431,392	281,596	320,614	218,404	431,392	281,596	320,614	218,404
Project Management	849,417	623,000	2,260,347	1,466,284	100	2,242,231	1,474,152	18,116	(7,868)	2,242,231	1,474,152	18,116	(7,868)
Interest Charge	1,700,197	1,247,000	1,305,937	847,160	100	0	0	1,305,937	847,160	772,169	505,127	533,768	342,033
Unallocated	5,650,053	4,144,000	0	0		0		0	0	0		0	0
Imprest Account	0	0	0			0		0	0	0		0	0
<b>Total</b>	<b>45,000,000</b>	<b>33,005,000</b>	<b>38,609,435</b>	<b>25,392,144</b>		<b>35,466,925</b>	<b>23,320,316</b>	<b>3,072,952</b>	<b>2,010,210</b>	<b>36,239,094</b>	<b>23,825,443</b>	<b>2,370,341</b>	<b>1,566,701</b>

SDR = special drawing right.

Source: Asian Development Bank's Loan Financial Information System.

### COST ESTIMATES AND FINANCING ARRANGEMENTS

Category	Per Appraisal (\$ million)					Actual Cost (\$)					Total Actual ADB and Counterpart Funds (\$)	
	Foreign Exchange	Local Currency			Total	ADB			Counterpart Funds		Total	%
		ADB	Government	Bene-ficiaries		FX	LC	Total	Government	Bene-ficiaries		
<b>1. Base Cost</b>												
<b>A. Civil Works</b>	1.00	1.00	4.30		6.30	1,403,690	1,403,690	2,807,379	5,902,621		8,710,000	19%
<b>B. Furniture, Equipment, and Vehicles</b>	12.20	3.00	0.15		15.35	15,824,919	2,605,092	18,430,011			18,430,011	39%
1 Furniture	0.20	0.30	0.15		0.65	232,568	356,182	588,749				
2 Equipment	11.86	2.70			14.56	15,452,361	2,248,911	17,701,272				
3 Vehicles	0.14	0.00			0.14	139,990	0	139,990				
<b>C. Instruction Materials</b>	0.80	0.50			1.30	121,210	675,247	796,457			796,457	2%
<b>D. Staff Development</b>	1.30	0.80			2.10	1,491,986	135,756	1,627,741			1,627,741	3%
1 Foreign	1.30	0.00			1.30							
2 Domestic	0.00	0.80			0.80							
<b>E. Consulting Services</b>	3.90	1.20			5.10	4,867,782	547,598	5,415,380			5,415,380	12%
1 International	3.90	0.00			3.90	4,867,782						
2 Domestic	0.00	1.20			1.20		547,598					
<b>F. Research Studies</b>	0.10	0.50			0.60	648	345,471	346,119			346,119	1%
<b>G. Stipends, Scholarships</b>	0.00	9.00			9.00	0	3,370,215	3,370,215			3,370,215	7%
<b>H. Matching Grants</b>	1.00	0.50	2.00	2.50	6.00	326,200	105,192	431,392	403,608	75,000	910,000	2%
<b>I. Recurrent Costs</b>	0.00	0.00	0.40	2.50	2.90			0			0	0%
<b>J. Project Management</b>	0.00	0.85	0.15		1.00		2,242,225	2,242,225	267,775		2,510,000	5%
<b>K. Taxes and Duties</b>	0.00	0.00	3.00		3.00				4,100,000		4,100,000	9%
<b>Total Base Cost</b>	<b>20.30</b>	<b>17.35</b>	<b>10.00</b>	<b>5.00</b>	<b>52.65</b>	<b>24,036,434</b>	<b>11,430,486</b>	<b>35,466,920</b>	<b>10,674,004</b>	<b>75,000</b>	<b>46,215,923</b>	<b>98%</b>
<b>2. Contingencies</b>												
A. Physical contingency	1.00	1.40			2.40							
B. Price escalation	1.00	2.25			3.25							
<b>3. Interest Charge</b>	1.70	0.00			1.70	772,169		772,169			772,169	2%
<b>Total Project Cost</b>	<b>24.00</b>	<b>21.00</b>			<b>60.00</b>	<b>24,808,603</b>	<b>11,430,486</b>	<b>36,239,089</b>	<b>10,674,004</b>	<b>75,000</b>	<b>46,988,092</b>	<b>100%</b>
<b>Percentage</b>	<b>40%</b>	<b>35%</b>		<b>25%</b>	<b>100%</b>	<b>53%</b>	<b>24%</b>			<b>23%</b>	<b>100%</b>	

Sources: Asian Development Bank's Loan Financial Information System and Government's project completion report.

**PROJECTED AND ACTUAL DISBURSEMENT**  
(\$ million)

Year	Projected	Actual	Cumulative	
			Projected	Actual
2003	0.000	0.000	0.000	0.000
2004	9.264	0.374	9.264	0.374
2005	9.872	3.939	19.136	4.313
2006	10.750	3.848	29.886	8.161
2007	8.980	4.808	38.866	12.969
2008	3.510	6.466	42.376	19.435
2009	2.624	11.408	45.000	30.843
2010	0.000	5.397	0.000	36.239
<b>Total</b>	<b>45.000</b>	<b>36.239</b>		

Source: Asian Development Bank's Loan Financial Information System.

### STATUS OF COMPLIANCE WITH LOAN COVENANTS

Reference to Loan Agreements	Description	Schedule	Status/Remarks
Article IV, Section 4.02	The Borrower shall make available, promptly as needed, the funds, facilities, services, land and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Project and for the operation and maintenance of the Project facilities.	During implementation	Complied with.
Article IV, Section 4.06(a)	The Borrower shall maintain, or cause to be maintained, records and accounts adequate to identify the goods, services and other items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operations and financial condition of the agencies of the Borrower responsible for the carrying out of the Project and operation of the Project facilities, or any part thereof.	During implementation	Complied with.
Article IV, Section 4.06(b)	The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors .....; (iii) furnish to the Bank, as soon as available but in any event not later than nine (9) months after the end of each related fiscal year, certified copies of such audited accounts, and financial statement and the report of the auditors relating thereto (including the auditor's opinion on the use of the Loan proceeds and compliance with the covenants of this Loan Agreement as well as the use of the procedures for imprest account/statement of expenditures issued under the Project), all in the English language; and (iv) furnish to the Bank such other information concerning such accounts and financial statements and the audit thereof as the Bank shall from time to time reasonably request.	During implementation	Complied with.
Article V, Section 4.07(b)	The Borrower shall furnish, or cause to be furnished, to the Bank quarterly reports on the carrying out of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as the Bank shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter.	During implementation	Complied with.
Article IV, Section 4.07 (c)	Promptly after physical completion of the Project, but in any event not later than 3 months thereafter or such later date as maybe agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, in such form and in such detail as the Bank shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by the Borrower of its obligations under the Loan Agreement and the accomplishment of the purposes of the Loan.	March 2010	Complied with in March 2010
Schedule 6, Para 1	Project Executing Agency - The Ministry of Policy Development and Implementation shall be the Project Implementation Agency, responsible for the day-to-day implementation of the Project.	Nov. 2003	Complied with in Jan. 2004. The Ministry of Education (MOHE) was appointed as the EA by the Government in 2004; hence a major change in implementation arrangement.



Schedule 6, para 2	Project Implementation Agency - Ministry of Tertiary Education and Training shall be the Project Implementation Agency, responsible for the day-to-day implementation of the Project.	Nov. 2003	Complied with. However, 2006, the IA was changed to the Ministry of Higher Education.
Schedule 6, para 3	Project Steering Committee - Within 3 months of the Effective Date, MOHE shall establish the PSC which shall also function as the DEPP Board. The PSC shall be chaired by the Policy Development and Implementation Secretary and shall include the Tertiary Education Secretary, representatives from the National Education Commission, OUSL, private postsecondary institutes, the Chamber of Commerce, the External Resource Department of the Policy, Development and Implementation Ministry, UGC, the University of Moratuwa and the Task Force. The Project Director shall act as the member-secretary of the PSC. The PSC shall serve as the apex decision-making body. It shall meet whenever necessary but not less than once every quarter to (a) review Project progress; (b) take all decisions necessary for the smooth implementation of the Project and (c) fulfill its responsibilities as DEPP Board.	Feb. 2004	Complied with. PSC was appointed in Oct. 2003.
Schedule 6, para 4	Project Management Office – The PMO shall be headed by the Project Director, who shall report directly to the Secretary MOHE. Other than the Project Director, the PMO shall include the following full-time staff: the Deputy Director, two accounts officers, a procurement specialist, a building engineer, a monitoring and evaluation officer, two Project staff responsible for OUSL activities, one Project staff responsible for DEPP activities, and one special programs coordinator responsible for stipends and matching funds. All staff shall be in place within one month of the Effective Date.	Dec. 2003	Complied with.
Schedule 6, para 5	For DEPP related activities, the PMO shall be guided by the DEPP Technical Committee, to be established within 3 months of the Effective Date, chaired by MTET and comprising representatives from OUSL as well as the management firm that will oversee the activities related to DEPP Management and the installation and servicing of the NDEN. The DEPP Technical Committee shall report to the PSC.	Feb. 2004	Complied with in Aug. 2004.
Schedule 6, para 6	Within 2 years of the Effective Date, the PMO shall have completed an extensive base-line study of OUSL internal and external efficiency to determine future growth and funding requirements, and set targets and guidelines for enrollment and fee structures.	Nov. 2005	Complied with in Oct. 2008. OUSL internal and external efficiency report submitted in Nov. 2005. However, this covenant was addressed far behind schedule when a committee comprising senior OUSL staff was appointed by the OUSL Senior Mgt. Committee to evaluate the need for future growth and funding requirements. The report was submitted in Oct. 2008 with recommendations for effective performance and income-generation activities of the University.
Schedule 6, para 7	Within 4 years of the Effective Date, the PMO shall have reviewed the performance-based operations and enrollment growth of OUSL central and regional campuses to recommend the need and cost effectiveness for additional expansion to meet the social demand for education and training.	Nov. 2007	Complied with in July 2009. In 2009 at the Council level the OUSL began setting new guidelines for fee structures based on the level of OUSL financing that is recoverable from fees and setting new targets for student enrolment with special arrangements to decentralize admission. There are plans to award incentives to regional/study centers that reach their targets and perform well in order to encourage their involvement in enrolling rural students.

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Schedule 6, para 8	The Borrower shall take all necessary and appropriate measures to ensure that all OUSL staff benefitting from an overseas fellowship shall be required to return to OUSL for a period of 3 years after completion of the overseas program.	During implementation	Complied with. MOHE committed to comply with this provision. OUSL has implemented measures to prevent trainees from not returning to the country.
Schedule 6, para 9	Within 3 years of the Effective Date, MOHE shall have finalized a study on establishing transparent DEPP management services and shall have taken all necessary and appropriate measures to implement the recommendation of the study.	Nov. 2006	Complied with in Dec. 2007. MOHE finalized a NODES business plan which includes a governance and management structure of the future NODES as an enterprise.
Schedule 6, para 10	Within 6 months of the Effective Date, MTET, in coordination with MPD&I, shall have taken all necessary and appropriate measures to ensure that OUSL shall be allowed to utilize its discretionary funds from student fees for hiring both full time as well as part time academic and technical staff.	May 2004	Complied with in Nov. 2006
Schedule 6, para 11	Within 5 years of the Effective Date, MOHE and MOF shall have finalized a financial analysis of OUSL to determine the level of OUSL financing that is recoverable from fees. Based on the outcome of such analysis, the Borrower shall provide sufficient budget to OUSL to cover salaries of permanent staff to meet the 60% Government share under the 60:40 Government/OUSL contribution sharing target set for 2009.	Nov. 2008	Complied with in Sep. 2009. A committee comprising senior OUSL staff was appointed to evaluate the need for future growth and funding requirements. A report was submitted to Secretary, MOHE in Oct. 2008 with recommendations for effective performance and income generation activities of the University.
Schedule 6, para 12	The Borrower shall ensure that its counterpart funds shall be available in a timely fashion and according to the estimates agreed upon and indicated each year in the annual project implementation plan.	During implementation	Complied with
Schedule 6, para 13	Within one year of the Effective Date, MOHE shall introduce a career guidance public awareness campaign promoting the availability of postsecondary education opportunities and their linkages to the labor market with a special focus on females.	Nov. 2004	Complied with in Nov. 2006. A career guidance awareness program on online postsecondary education opportunities was conducted for student counselors at zonal level. An active public awareness campaign regarding online learning through NODES was conducted in the final year of the project. International and local consultants completed Labor Market analysis for 2 and 6 pm respectively. Career Guidance (CG) consultant was selected. However, appointment of CG consultant was not pursued since this was decided to be excluded from the project as the World Bank's IRQUE project has incorporated the LMIS into the NHEMIS being set up in MOHE; hence the output has been achieved through the IRQUE project.
Schedule 6, para 14	Within two years of the Effective Date, the PMO shall have established a foreign-domestic institutional exchange program aimed at allowing post secondary institutions to apply for funds to interchange staff, curricula and accreditation. Proposals for such exchange programs shall be submitted by the postsecondary institutions and evaluated by the PMO in accordance with guidelines agreed upon with the Bank.	Nov. 2005	Complied with in June 2006. Two link programs included in the matching grant application process.

Schedule 6, para 15	Within two years of the Effective Date, MOHE shall have finalized a policy, including guidelines and evaluation criteria, for standardizing the accreditation of all distance education programs. This shall include admission to such programs as well as the transfers of credits across programs and institutions.	Nov. 2005	Complied with in Dec. 2007. Standards, performance indicators and evaluation criteria for accrediting distance education institutions and programs developed. National Accreditation Policy and Plan has been formulated incorporating the above.
Schedule 6, para 16	The Borrower shall take all necessary and appropriate measures to ensure that within two years of the Effective Date, MPD&I shall fully implement the National IT Policy in as far as it relates to hardware, software and connection charge discounts for postsecondary education institutions.	Nov. 2005	Partly complied with in May 2007. A 4-member committee appointed by PSC prepared a document on ICT policy in distance education in 2Q 2008 and recommended that it be incorporated into ICT policy in education as a subset. Following request by the ADB Sep. 2009 review mission, MOHE included
Schedule 6, para 17	Within 3 years of the Effective Date, MOHE shall have developed a time-bound action plan to address the demand for external degree programs through DEPP and other institutions.	Nov. 2006	Complied with in Dec. 2007. This was addressed in part by the 4 conventional universities preparing 6 degree programs on line through NODES. Final report of the consultant submitted in 2008.
Schedule 6, para 18	Within 3 years of the Effective Date, MOHE shall have developed a time bound action plan to (a) oversee the implementation of policies on establishing, operating and monitoring accreditation standards; and (b) provide fair trade practices to protect students in postsecondary education institutions.	Nov. 2006	Complied with in Dec. 2007. Establishment of a National Accreditation Board (NAB) under the NEC was approved by PSC in 2006. A concept paper on the need, policies, guidelines and mechanisms for setting up an Accreditation Board has been submitted to Minister of Higher Education in 2008. At the 25th PSC held on 30 June 2009, the members decided to set up an interim NAB for distance education for the project period. The Accreditation Specialist was requested to prepare a proposal and budget for the interim board's operation which was done and presented at the 26th PSC. The Action Plan to oversee implementation and accreditation policies by the interim board was prepared. The OUSL has agreed to provide space for the Board.
Schedule 6, para 19	Scholarships and Matching Grants – Within 3 months of the Effective Date, MPD&I and MOHE shall have developed and started the implementation of a needs-based scholarship program for (a) needy OUSL students; (b) needy students registered at DEPP, allowing them to apply for on-line services provided under the Project; and (c) unemployed A-level graduates seeking short term skills training. Scholarships shall be granted in accordance with criteria developed by the PMO and approved by the Bank, which shall include both criteria related to financial needs as well as to academic performance.	Feb. 2004	Complied with in July 2004
Schedule 6, para 20	Task Force – Within one-month of the Effective Date, MOHE shall set up a task force comprising representatives of OUSL, MOHE, academics in the private sector, and the Chamber of Commerce to oversee the transparency in reviewing and selecting proposals for scholarship and matching grants. The Task Force shall also review the public-private partnership applications for matching grants and make recommendations to MOHE for approval. The Task Force shall recommend policy guidelines on public-private partnerships to operate and maintain quality standards.	Dec. 2003	Complied with in January 2004. Task Force for Stipend Program monitored stipends and scholarships.

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Schedule 6, para 21	The Borrower shall ensure that within 2 years of loan effectiveness, MPD&I and MOHE shall establish a permanent Board to replace the Task Force in managing and monitoring students' stipends and scholarships.	Nov. 2004	Complied with in January 2005.
Schedule 6, para 22	Land Acquisition and Resettlement – The Borrower shall ensure that all civil works to be implemented under the Project shall be on land owned by the Borrower and that no resettlement of people, including squatters, is involved. In the event that involuntary resettlement is unavoidable, the Borrower shall ensure that this is done in accordance with the Bank's policies and guidelines on involuntary resettlement.	During implementation	Complied with.
Schedule 6, para 23	Environment Concerns – The Borrower shall ensure that design, extension, upgrading, renovation and operations of facilities, under the Project shall follow the Borrower's environmental requirements, the Bank's environmental guidelines for Selected Infrastructure Development Projects, and other relevant Bank guidelines on environment.	During implementation	Complied with.
Schedule 6, para 24	Project Reviews – MPD&I, MOHE and the Bank shall jointly undertake a review of the Project at the end of the first and third years of Project implementation. The first review shall focus on the success of the implementation guidelines. The second review shall be the mid-term review and shall focus on overall benefits, achievements, necessary adjustments in Project design and reallocation of Project funds. At the latest one month prior to each review, the PMO shall submit to the Bank a comprehensive report on the areas under review.	During implementation	Complied with.
Schedule 6, para 25	Project Performance Mgt. System – Within 6 months of the Effective Date, the PMO shall develop and implement the PPMS, based on data collected from UGC, OUSL, SLIATE and other public and private educational institutions participating in the Project. The base-line data shall include annual enrollment registration, attendance, graduation and completion rates by course and program, and unit costs based on outputs and budgets. The data shall be disaggregated by gender, campus and program. The data collection shall be updated on an annual basis, starting in the second year of Project implementation.	During implementation	Complied with.
Schedule 6, para 26	The PMO shall carry out tracer studies in the fifth year of Project implementation with a view of determining employment problems faced by students covered under the Project.		Declared by the MTR mission as not relevant.

## SUMMARY OF CONSULTING INPUTS

**Table 1: Terms of Reference for Consulting Services**

Person-Months for Consultants Specialist Category	Appraisal		Actual	
	International	Domestic	International	Domestic
<b>I. Package 1 – Open University of Sri Lanka (OUSL)</b>				
1. Open and distance learning	38	15	25	10.5
2. Instructional design, multimedia	20	0	19	0
3. Social marketing, community outreach	4	24	5.5	14
4. Continuing education	2	10	2	10
5. Accounting, financial, and admissions system	8	62.9	2.9	5.5
6. Open University Mgt. Information System (OMIS)			16.5	59.5
<b>Subtotal</b>	<b>72</b>	<b>55</b>	<b>70.9</b>	<b>99.5</b>
<b>II. Package 2</b>				
<b>A. Distance Education Partnership Program (DEPP)</b>				
1. Distance education	17	50	19.5	57
2. Education and training	17	50	29.0	51.5
3. Course design	17	50	24.5	97.5
4. Tutorials and mentoring	17	50	18.5	83.5
5. Marketing and administration	15	40	16	46.5
<b>Subtotal</b>	<b>83</b>	<b>240</b>	<b>107.5</b>	<b>336</b>
<b>B. National Distance Education Network (NDEN)</b>				
1. Management/marketing	5	7	3	9
2. Multimedia centers	5	7	4.5	22
3. ICT network and testing	5	6	6	20
4. Educational technology	5	6	7	6
5. Information technology	5	6	5.5	16
6. Printing services	5	6	4.5	6
7. MIS audit, installation of new MIS	6	14	3	9.5
8. National software licensing	1	4	1	2
9. Operation & Maintenance of NDEN and staff trainers	1	8	3	18
<b>Subtotal</b>	<b>38</b>	<b>64</b>	<b>38.4</b>	<b>99.5</b>
<b>Total</b>	<b>193</b>	<b>359</b>	<b>216.8</b>	<b>535</b>
<b>III. Individual Consultants at Min. of Tertiary Education and Training (MTET) and Project Management Office</b>				
<b>A. Matching Grants, Stipends, and Foreign–Domestic Link Programs</b>				
1. Accountant and/or financial advisor	0	15	0	1
2. Local lawyer	0	2	0	0
3. ISO9002 consultant	0	2	0	0
4. Proposal screening	0	15	0	0
5. Matching grants specialists	3	4	0	0
<b>B. Career Guidance and Planning Specialists</b>				
1. Career guidance	3	12	0	0
2. Labor market analyst	2	6	2	6

Person-Months for Consultants Specialist Category	Appraisal		Actual	
	International	Domestic	International	Domestic
3. Program accreditation analyst	2	6	0	6
4. Marketing specialist (addition)			0	12
<b>C. PMO Policy Studies</b>				
1. Career guidance and International Labor Organization review study	0	10	0	0
2. Program accreditation study (accreditation board)	0	10	0	22.5
3. OUSL audit, projection, tracer study	0	10	0	0
4. Systems evaluation specialist	0	10	0	0
5. Public-private partnership study, task force	0	10	0	0
6. ICT policy on distance education and external degrees	0	10	0	12
7. Architect and/or engineer	0	19	0	0
<b>Subtotal</b>	<b>10</b>	<b>141</b>	<b>2</b>	<b>59.5</b>
<b>Grand Total</b>	<b>203</b>	<b>500</b>	<b>218.8</b>	<b>594.5</b>

Table 2: Procurement Packages and Mode of Procurement

Package	Appraisal		Actual		
	Amount \$ million	Mode	Amount \$ million	Mode*	
<b>A. Key Civil Works</b>					
1. OUSL Science & Technology building	2.1	ICB	3.16	ICB	
2. OUSL media resources building	0.65	LCB	0.78	LCB	
3. Colombo rehabilitation	0.16	LCB	0.29	LCB	
4. Kandy rehabilitation	0.50	LCB	0.47	LCB	
5. Jaffna rehabilitation	0.49	LCB	0.43	LCB	
6. Matara rehabilitation	0.24	LCB	0.25	LCB	
7. Anuradhapura rehabilitation	0.44	LCB	0.49	LCB	
8. Batticaloa rehabilitation	0.28	LCB	0.30	LCB	
9. Expansion 16 existing study centers (16 packages) (revised to 3 existing study centers)	1.50	LCB	2.39	LCB	
10. Five new study centers (5 packages) (revised to 7 new study centers)					
<b>Subtotal</b>	<b>7.66</b>		<b>8.55</b>		
<b>B. Key Educational and ICT Equipment</b>					
1. OUSL central campus	3.50	ICB	12.98	ICB/LCB/IS	
2. DEPP computer network	9.50	ICB	4.71	ICB/LCB/IS	
3. Colombo regional center	2.00	ICB	8.2	ICB/LCB/IS	
4. Kandy regional center	0.35	IS		IS	
5. Jaffna regional center	0.35	IS		IS	
6. Matara regional center	0.30	IS		IS	
7. Anuradhapura regional center	0.35	IS		IS	
8. Batticaloa regional center	0.35	IS		IS	
9. 15 study centers (15 packages)	1.00	LCB		LCB	
<b>Subtotal</b>	<b>17.70</b>			<b>25.89</b>	
<b>C. Vehicles</b>					
Multipurpose transport (6)	0.28	IS	0.13	IS	
<b>D. Locally Procured Furniture</b>					
All campuses	0.70	LCB	0.96	LCB	
<b>E. Instructional Materials</b>					
	0.30	IS		IS	

Package	Appraisal		Actual	
	Amount \$ million	Mode	Amount \$ million	Mode*
1. DEPP materials				
2. OUSL regional and study centers	1.20	DP		DP
<b>Subtotal</b>	<b>1.50</b>		<b>1.09</b>	
<b>Total</b>	<b>27.84</b>		<b>35.53</b>	

\*ICB = international competitive bidding, IS = international shopping, LCB = local competitive bidding.

## POLICY MATRIX OF REFORMS BY COMPONENT

Policy Change	Policy Outcomes		Coordination
	Targets	Achievements	
<b>Component 1: Establishment of DEPP to Raise Quality and Enhance Capacity</b>			
1. Adapt new learning technologies to improve quality	New distance learning materials and system at University of Colombo	Developed	JICA
2. Promote distance education to improve access, outreach, support for ICT, distance education	Online tutorials, multimedia centers More external degree students	Developed but online courses remain expensive	JICA
3. Provide student services on-line.	Career guidance, admissions, training, and tutorials	Pursued under World Bank-supported project	MTET
4. Establish NDEN network to link postsecondary education institutes and support multimedia university.	Hardware, software, and maintenance	NODES established	MPD&I, MTET
5. Provide multimedia center concept to link public-private partnerships, Internet cafes, schools, etc.	Network available for hookup for small fee, expanded access to learning for public and private institutes	Provided	MPD&I, MTET
<b>Component 2: Public-Private Partnerships to Increase Access</b>			
6. Coordinate public-private partnerships to increase enrollments in private schools and share facilities and provide student stipends.	Matching grant to increase enrollments Links to share facilities/staff	Matching grants provided, coordination program was weak	MPD&I, MTET
7. Develop public awareness for school prestige rankings, career guidance, and job placement	Policies Services online	Awareness program launched but not adequate	ILO
8. Establish accreditation standards based on performance and results	Independent review board Accreditation so students can transfer	Not yet established	UGC
9. Promote foreign-domestic link programs to transfer educational, technology, information, and knowledge.	Link programs, staff curriculum exchange, software purchase, degree recognition	Only two partner institutions established link	MTET
10. Promote enabling environment for public-private partnerships to expand enrollment in postsecondary schools while raising course quality on a cost-sharing basis.	Upgraded curriculum, access to distance learning, easy registration and transfer of credits	Partly satisfactory	MPD&I, MTET, UGC
<b>Component 3: Capacity Expansion of OUSL</b>			
11. Increase cost recovery through fees and use funds to contract staff.	25% to 40% through fees and enrollment increase	Inadequate	OUSL, MPD&I, MTET, UGC
12. Improve corporate, business, and marketing plans through modern administrative procedures across 26 campuses.	Raised OUSL prestige Information and choice for students	Plan prepared but not implemented	MTET, OUSL
13. Raise quality of demand-driven course programs and provide greater access to learning through expanded campus upgrades and tutoring to reduce student dropout.	Expanded facilities Tutorial system Administrative improvements form admissions	Capacity enhanced	Sida, NORAD
14. Perform school financial audit; assess student services, and internal and external efficiency.	Surveys, career guidance, expanded quality and capacity	Conducted in later part of project implementation	World Bank
15. Assess performance to determine accreditation standards	Academic audit Independent accreditation board and course revisions	Initiated	

DEPP = Distance Education Partnership Program, ICT = information and communication technology, ILO = International Labour Organization, JICA = Japan International Cooperation Agency, MPD&I = Ministry of Policy Development and Implementation, MTET = Ministry of Tertiary Education and Training, NDEN = National Distance Education Network, NORAD = Norwegian Agency for Development Cooperation, Sida = Swedish International Development Cooperation Agency, OUSL = Open University of Sri Lanka, UGC = University Grants Commission.  
Source: Ministry of Higher Education.



### LIST OF NODES PARTNER INSTITUTIONS AND PROGRAMS

Name of Institution	Name of Programs	Type of Institutions	LMS Usage 22 June 2011
1. Open University of Sri Lanka	Post Graduate Certificate In Medicine (CPD) Teacher Educator as an Education Technologist (stand-alone course)	University	1020 students
2. University of Rajarata	B.Sc. in Biological Science B.Sc. in Physical Science B. Sc. In Business Management (Tamil Medium)	University	44 students 12 students
3. University of Jaffna	Bachelor in Business Administration	University	74 students
4. University of Moratuwa	Bachelor of Information Technology	University	97 students
5. Institute of Technology, ITUM	Diploma in Civil Engineering Technology	University of Moratuwa	3 students
6. University of Peradeniya	Bachelor in Business Administration	University	233 students
7. University Of Colombo (BIT)		University	6 students (BIT)
8. University of Colombo	M.Sc. in Applied Organic Chemistry M. Sc. in Disaster Management Diploma/Certificate in Bioinformatics M.Sc. in Environmental Science	University	133 students
9. Institute of Agro Technology and Rural Sciences	Diploma in Agro Technology	University of Colombo	188 students
10. Centre for the Study of Human Rights	Diploma in Human Rights	University of Colombo	9 students
11. Post graduate Institute of Medicine (PGIM)	M.Sc. in Medical Toxicology Diploma in Family Medicine	University of Colombo	214 students
12. Institute of Engineering Technology (IET)	Diploma in building and structural engineering	Public	17 students
13. International Institute of Health Sciences (IIHS)	Diploma in Hospital Management	Public	2 students
14. National Institute of Health Sciences (NIHS)	Certificate in External Pharmacy Training Certificate in Exercise Therapy and Mental Training	Public	13 students
15. Sri Lanka Institute of Marketing (SLIM) Pvt Ltd	Post Graduate Diploma in Marketing Certificate In Marketing	Private	35 Students
16. Ladies College, Department of Vocational Studies	Diploma in Teaching Children with Special Learning Difficulties	Private	16 students
17. Open Arc School of Business and Technology	Diploma in Software Development Diploma in Computerized Drafting Diploma in Project Management	Private	54 students
18. IDM Computer Studies (Pvt Ltd)	Higher National Diploma in Teacher Education Higher National Diploma in E-business and ICT	Private	5 students
19. Society of Certified Management Accountants of Sri Lanka (CMA)	Technician and intermediate Professional I Profession II	Private	85 students
20. Damrivi Foundation	Diploma in English Diploma in Buddhist Studies	Private	8 students

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21. Informatics Institute of Technology	Diploma in Computing	Private	4 students
22. Institute of Supplies and Materials Management (ISMM)	Diploma in Purchasing and Materials Management	Private	1 students
23. Sri Lanka Library Association	Diploma in Project Management	Private	4 students
24. Institute of Quantity Surveyors	Certificate in Quantity Surveying	Private (dropped)	
25. Techland Institute of Computer Science Pvt Ltd	Certificate in Computer Science	Private	8 students
26. Indination Computer Institute	Certificate	Private	7 students
<b>TOTAL</b>			<b>2292 students</b>

Source: Government's Project Completion Report.

## **PROPOSAL FOR THE SUSTAINABILITY OF THE NATIONAL ONLINE DISTANCE EDUCATION SERVICE**

1. **Introduction.** The National Online Distance Education Service (NODES) comprises the Network Operation Centre (NOC), a disaster recovery site, a content development unit (CDU) and network access centers (NACs). At the end of the project the responsibilities were distributed on cost reimbursement plus a monthly management fee as follows to address the lack of skills to manage.

- (i) NOC – continued at NODES
- (ii) CDU – transferred to the University of Moratuwa
- (iii) NACs (26) – 20 NACs are at various premises of the Open University of Sri Lanka (OUSL); the others at the University of Colombo, University of Peradeniya, Institute of Engineering Technology, and Sri Lanka Institute of Advanced Technical Education.
- (iv) Disaster recovery center – to be hosted at OUSL

2. The memorandum of understanding with each institution is for 5 years but has a termination clause with three months' notice.

3. Until project completion, NODES was managed by a project director, and overall oversight was carried out by a project steering committee (PSC) established as the top decision-making body. It was chaired by the secretary of the Ministry of Higher Education (MOHE) and included representatives from the National Education Commission, OUSL, private postsecondary institutes, the Chamber of Commerce, the External Resources Department of the Ministry of Policy Development and Implementation, University Grants Commission, and the University of Moratuwa. Teams for the Distance Education Partnership Program (DEPP) and the National Distance Education Network (NDEN), formed and supported by the project director and managers, consisted of international and domestic consultants. A technical committee chaired by the project director with representatives from the University of Moratuwa, OUSL, Sri Lanka Institute of Information Technology, DEPP and NDEN teams was formed to handle all information and communication technology (ICT) and other technical issues of the DEPP–NDEN component.

4. To sustain NODES, the project envisaged the establishment and operationalization of a corporate body with a legal framework, management structure, and business plan. The business plan estimated that the DEMP would require 16,056 registrations to recover the investment made so far and remove the need for further government funding. For this, MOHE is required to charge a reasonable fee to undergraduate students and provide stipends to students who are not able to afford the fee. With the recommendation of a NODES establishment steering committee, a successor organization was proposed as a company limited by guarantee in 2009. Initially, the Cabinet of Ministers directed MOHE to explore the possibility of amalgamating this project with the Distance Education Centre operating as a limited company in the premises of the Sri Lanka Institute of Development Administration. In the end, the Cabinet did not approve a successor company, but instead granted approval to form a “NODES unit” within MOHE for operational and management activities, and government funding was provided for 3 years.

5. **Current status.** NODES was established by Cabinet paper dated 8 October 2009 as a separate unit under MOHE and started its activities on 1 April 2010. Its services include (i) providing a coursework hosting facility to partner institutions through high-speed countrywide internet; (ii) conducting training sessions on tutoring and mentoring of learning education technology, learning management system (LMS) orientation, multimedia skills workshops, and

any other tailor-made courses; (iii) providing education consultancy to existing and new partner institutions for their regular work tasks; (iii) coordinating work with partner institutions on content development; (iv) providing a net-surfing service through 26 NACs; and (iv) providing other information technology-related services. NODES is housed in a rented building near OUSL. It now directly manages all its units (NOC, CDU, disaster recovery center, and NACs).

6. NODES' monthly expenditure is more than SLRs5 million, of which more than 50% (SLRs3.77 million) is for salaries and wide-area network charges. Its average monthly income is SLRs0.21 million. According to NODES records, the amount receivable from partner institutions exceeds SLRs50.0 million, but many have been reluctant to pay the dues. No meeting of partner institutions has taken place since project completion.

7. NODES plans to sustain itself with income from OUSL subscriptions, NAC earnings, earnings from short courses, earnings from the CDU. To meet the gap it plans to implement (i) special training (Pre-Orientation Program); (ii) M-learning initiative for O-level and A-level students; (iii) foreign collaborative programs; (iv) online testing (UCSS, CIMA, Chartered); (v) Workshops and seminars through videoconferences; and (vi) collaborative work with NITA.

8. Both the PSC and the technical committee became dysfunctional after project completion in July 2010, which created a coordination gap in the system. Because of insufficient subscribers and the limited number of programs offered by partner institutions, NODES was unable to generate funds as estimated in the business plan, and it had to rely heavily on government grants. It is difficult to sustain NODES under the present structure, since it is unlikely to mobilize huge resources from the government for operation and maintenance and to replace old equipment.

9. **Observation.** Based on discussions with a large number of key stakeholders, the project completion review mission observed that in order to sustain and develop NODES, it is necessary to establish a credible management mechanism for the shared use of facilities by public, private, and business organizations, and for marketing the programs effectively.

10. **Recommendations.** The project completion review mission recommended that MOHE:

- (i) By 15 July 2011<sup>1</sup> notify a distance education council chaired by MOHE's secretary, with representation from the Ministry of Education, Ministry of Higher Education, Ministry of Youth and Sports (including TVEC, VTA), OUSL, University of Moratuwa, and 5 private and public institutions. The council will function as a NODES steering committee for guidance and oversight.
- (ii) By 15 July 2011<sup>1</sup> form a task force to help the council prepare a report with recommendations for NODES management, coordination and sharing mechanism, business plan, marketing strategies, and academic activities. This task force should submit its report within 4 weeks.
- (iii) Based on the task force recommendations, restructure NODES management as a corporate body limited by guarantee and provide a mandate for the council to approve the NODES business plan and oversee NODES activities.
- (iv) Authorize the council to approve the business plan with decreasing contribution from the government.
- (v) Recommend that the Ministry of Finance provide funds as per the approved business plan.

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<sup>1</sup> These dates and agreements reflect agreements reached during the PCR mission, action on which has been subsequently been initiated.

## ECONOMIC ANALYSIS

**Table 1: Enrollment Forecast (2005–2012) and Actual Enrolment (2003–2010),  
Open University of Sri Lanka**

Faculty	2003	2005	2006	2007	2008	2009	2010	2011	2012
<b>Education</b>		2,235	2,732	3,174	3,611	4,055	4,497	4,953	5,393
<b>Engineering</b>		3,308	3,766	4,074	4,731	5,077	5,523	6,239	6,466
<b>Humanities and Social Sciences</b>		9,253	11,236	12,599	13,963	15,404	16,908	18,538	20,336
<b>Natural Sciences</b>		1,204	2,020	2,445	2,970	3,030	3,895	4,445	4,545
<b>Total (Forecast)</b>	23,508	16,000	19,754	22,292	25,275	27,566	30,823	34,175	36,740
<b>Total actual enrollment</b>	<b>23,508</b>	<b>24,373</b>	<b>24,846</b>	<b>24,038</b>	<b>27,120</b>	<b>26,506</b>	<b>30,355</b>		

Sources: Forecast prepared by the Open University of Sri Lanka for the Asian Development Bank (2005) and the university's enrollment forecast (2006–2012).

**SUMMARY OF SUSTAINABILITY PLAN FOR THE  
NATIONAL ONLINE DISTANCE EDUCATION SERVICE (in SLRs)**

	2010	2011	2012	2013	2014	2015
<b>A. INCOME</b>						
1. From Government	46,000,000	27,000,000	20,000,000	15,000,000	10,000,000	5,000,000
2. From Partner Institutions						
Number of students	825	1,300	2,000	4,000	6,000	10,000
Annual fee per student	6,000	6,000	6,000	6,000	6,000	6,000
Income from partner institutions	4,950,000	7,800,000	12,000,000	24,000,000	36,000,000	60,000,000
3. Other sources						
OUSL contribution	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
From NACs	300,000	4,000,000	4,500,000	4,500,000	4,500,000	4,500,000
From Short Courses	500,000	500,000	1,000,000	2,000,000	2,500,000	3,000,000
From CDU	100,000	500,000	1,000,000	2,000,000	4,000,000	6,000,000
<b>Total income</b>	<b>57,850,000</b>	<b>45,800,000</b>	<b>44,500,000</b>	<b>53,500,000</b>	<b>63,000,000</b>	<b>84,500,000</b>
<b>B. EXPENDITURE</b>						
Telecom	27,000,000	27,240,000	27,240,000	30,000,000	36,000,000	48,000,000
Salary NODES	3,840,000	6,480,000	6,960,000	7,440,000	8,400,000	8,400,000
Salary NACs	7,680,000	10,080,000	12,480,000	13,920,000	14,400,000	17,280,000
Operating cost NODES	4,000,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000
Operating cost NACs	6,240,000	6,240,000	6,240,000	6,960,000	7,200,000	8,640,000
<b>Total expenditure</b>	<b>48,760,000</b>	<b>51,195,000</b>	<b>54,075,000</b>	<b>59,475,000</b>	<b>67,155,000</b>	<b>83,475,000</b>
<b>C. GAP</b>	<b>9,090,000</b>	<b>(5,395,000)</b>	<b>(9,575,000)</b>	<b>(5,975,000)</b>	<b>(4,155,000)</b>	<b>1,025,000</b>
<b>D. SOURCES TO MEET GAPS</b>						
Special training (Pre-Orientation Program)		3,000,000	5,000,000	1,000,000	1,000,000	0
M-Learning Initiative (O-level and A-level students)		450,000	2,250,000	4,500,000	5,400,000	6,750,000
Foreign collaborative program		500,000	750,000	1,000,000	1,200,000	1,500,000
Online testing (UCSC, CIMA, Chartered, etc.)		200,000	500,000	1,000,000	1,500,000	2,000,000
Workshops and seminars through VC		800,000	1,000,000	2,000,000	2,000,000	2,000,000
Collaborative work with national organizations		500,000	750,000	1,000,000	1,000,000	1,000,000
<b>Total</b>		<b>5,450,000</b>	<b>10,250,000</b>	<b>10,500,000</b>	<b>12,100,000</b>	<b>13,250,000</b>
<b>Overall Balance</b>		<b>55,000</b>	<b>675,000</b>	<b>4,525,000</b>	<b>7,945,000</b>	<b>14,275,000</b>

Note: Figures are projections.

( ) = negative, CDU = content development unit, CIMA = Chartered Institute of Management Accountants, NAC = National Advisory Council, NODES = National Online Distance Education Service, OUSL = Open University of Sri Lanka, UCSC = University of Colombo School of Computing, VC = videoconference.

Sources: National Online Distance Education Service and Ministry of Higher Education.

**OPEN UNIVERSITY OF SRI LANKA ENROLLMENT, FINANCING, AND COST RECOVERY**

(SLRs '000)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected
<b>1. Total Enrollment</b>	<b>23,508</b>	<b>24,692</b>	<b>24,373</b>	<b>24,846</b>	<b>25,251</b>	<b>26,296</b>	<b>26,395</b>	<b>30,355</b>	<b>35,000</b>	<b>40,000</b>
Colombo and Kandy		16,539	16,746	17,549	17,583	19,162	19,676	19,994	21,000	22,000
Other regions/centers		8,153	7,627	7,297	7,668	7,134	6,719	10,361	14,000	18,000
<b>2. Total Enrollment</b>	<b>23,508</b>	<b>24,692</b>	<b>24,373</b>	<b>24,846</b>	<b>25,251</b>	<b>26,296</b>	<b>26,395</b>	<b>30,355</b>	<b>35,000</b>	<b>40,000</b>
Male	12,505	13,050	12,587	12,527	11,660	11,745	11,525	12,587		
Female	11,003	11,642	11,786	12,319	13,591	14,551	14,870	17,768		
<b>3. Number increased</b>	2,398	1,184	(319)	473	405	1,045	99	3,960	4,645	5,000
<b>4. Total OUSL expenditure</b>	<b>377,489</b>	<b>400,215</b>	<b>463,392</b>	<b>590,368</b>	<b>669,661</b>	<b>740,329</b>	<b>819,177</b>	<b>878,078</b>	<b>957,000</b>	<b>1,000,000</b>
Recurrent	358,628	354,583	424,814	544,185	630,129	676,208	770,539	852,581	912,000	940,000
Capital	18,861	45,632	38,578	46,183	39,532	64,121	48,638	25,497	45,000	60,000
<b>5. Sources of Financing Recurrent</b>	<b>354,514</b>	<b>339,549</b>	<b>402,109</b>	<b>544,200</b>	<b>655,477</b>	<b>692,761</b>	<b>741,621</b>	<b>921,136</b>	<b>1,047,000</b>	<b>1,105,000</b>
<b>Government</b>	211,562	225,440	286,000	394,200	449,321	479,800	505,000	525,000	545,000	545,000
<b>Fees</b>	101,153	101,183	105,169	134,202	188,617	182,970	205,934	362,446	426,000	520,000
<b>Others</b>	41,799	12,926	10,940	15,798	17,539	29,991	30,687	33,690	36,000	40,000
<b>6. Amount paid to NODES</b>								<b>6,000</b>		
<b>7. Unit recurrent cost per student (SLRs)</b>	15	14	17	22	25	26	29	28	26	24
<b>8. Government share in total expenditure %</b>	56	56	62	67	67	65	62	60	57	55

( ) = negative, NODES = National Online Distance Education Service, OUSL = Open University of Sri Lanka.

Source: Ministry of Higher Education.