Sector Paper

Sri Lanka Country Assistance Program Evaluation:

Education Sector

August 2007

Operations Evaluation Department

Asian Development Bank

CURRENCY EQUIVALENTS
(as of 27 April 2007)

Currency Unit — Sri Lanka rupee (SLR)

SLR1.00	=	$0.0092
$1.00	=	SLR109.27

ABBREVIATIONS

ADB	—	Asian Development Bank
GDP	—	gross domestic product
ICT	—	information and communication technology
NVQ	—	national vocational qualifications
TA	—	technical assistance
TEVT	—	technical education and vocational training

NOTE

In this report, "$" refers to US dollars.

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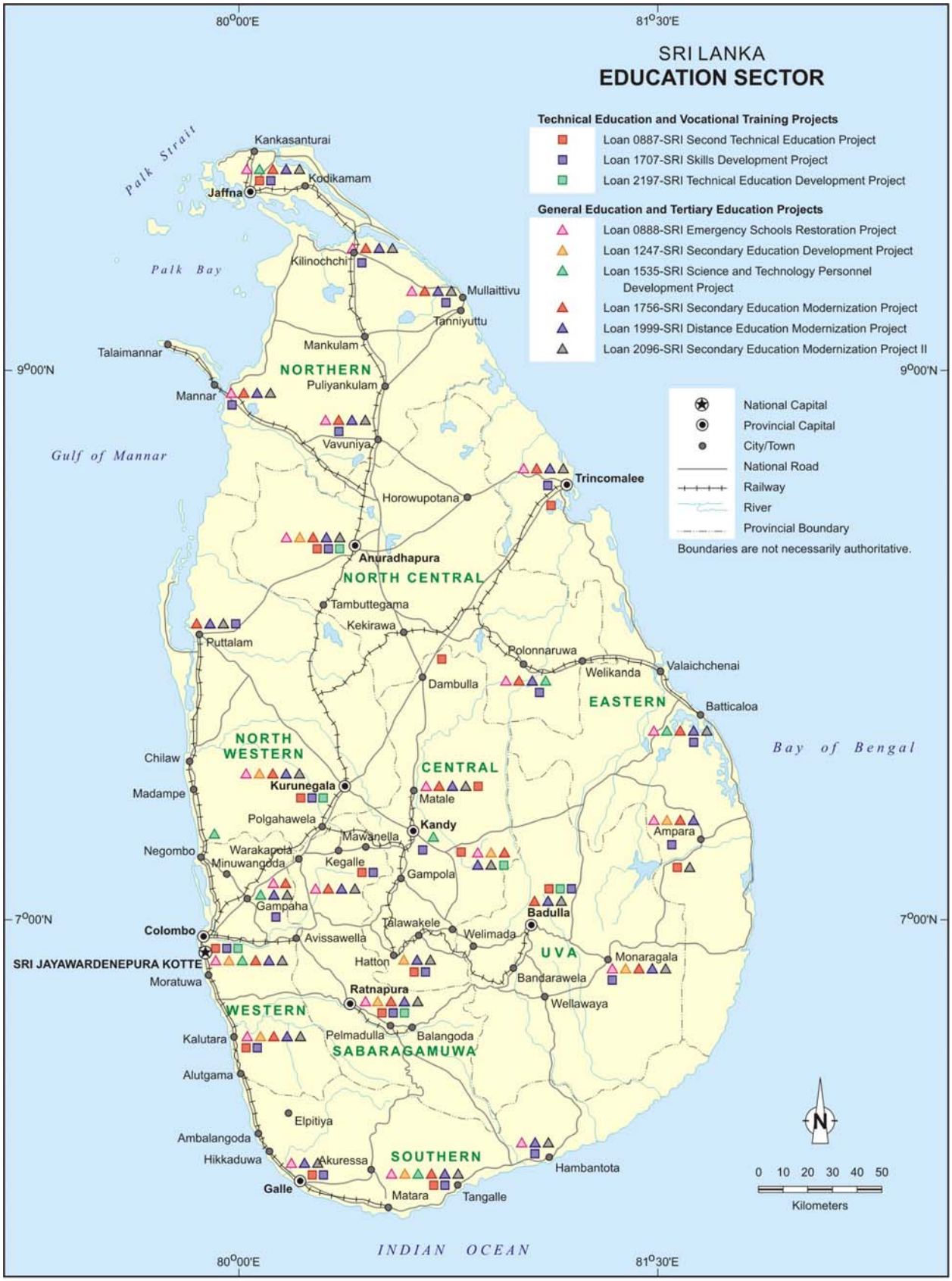
The guidelines formally adopted by the Operations Evaluation Department (OED) on avoiding conflict of interest in its independent evaluations were observed in the preparation of this report. To the knowledge of the management of OED, there were no conflicts of interest of the persons preparing, reviewing, or approving this report.


SRI LANKA
EDUCATION SECTOR
Technical Education and Vocational Training Projects
Loan 0887-SRI Second Technical Education Project
Loan 1707-SRI Skills Development Project
Loan 2197-SRI Technical Education Development Project
General Education and Tertiary Education Projects
Loan 0888-SRI Emergency Schools Restoration Project
Loan 1247-SRI Secondary Education Development Project
Loan 1535-SRI Science and Technology Personnel Development Project
Loan 1756-SRI Secondary Education Modernization Project
Loan 1999-SRI Distance Education Modernization Project
Loan 2096-SRI Secondary Education Modernization Project II
National Capital
Provincial Capital
City/Town
National Road
Railway
River
Provincial Boundary
Boundaries are not necessarily authoritative.
80°00'E
81°30'E
9°00'N
7°00'N
Palk Strait
Palk Bay
Gulf of Mannar
Bay of Bengal
INDIAN OCEAN
NORTHERN
NORTH CENTRAL
NORTH WESTERN
CENTRAL
EASTERN
UVA
WESTERN
SABARAGAMUWA
SOUTHERN
Kankasanturai
Kodikamam
Jaffna
Kilinochchi
Mullaittivu
Tanniyuttu
Mankulam
Talaimannar
Puliyankulam
Mannar
Vavuniya
Trincomalee
Horowupotana
Anuradhapura
Tambuttegama
Kekirawa
Puttalam
Polonnaruwa
Welikanda
Valaichchenai
Dambulla
Batticaloa
Chilaw
Kurunegala
Matale
Madampe
Polgahawela
Kandy
Ampara
Mawanella
Negombo
Warakapola
Minuwangoda
Kegalle
Gampola
Gampaha
Badulla
Colombo
Talawakele
Welimada
Avissawella
SRI JAYAWARDENEPURA KOTTE
Hatton
Monaragala
Moratuwa
Bandarawela
Ratnapura
Wellawaya
Kalutara
Pelmadulla
Balangoda
Alutgama
Elpitiya
Ambalangoda
Hikkaduwa
Akuressa
Galle
Matara
Tangalle
Hambantota
N
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Kilometers

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A. Scope and Purpose

1. This evaluation is part of the Country Assistance Program Evaluation for Sri Lanka.[1] It takes sector context into account and evaluates the strategies and assistance of the Asian Development Bank (ADB) in the education sector.[2] The positioning and performance of ADB's sector strategies and assistance were analyzed. This evaluation assesses the contribution of ADB to development results in Sri Lanka and identifies development issues and lessons in the education sector pertinent to the preparation of the next country partnership strategy. Situations discussed herein were updated in March 2007.

B. Sector Context

2. **Background.** The education system of Sri Lanka has been known in development policy circles and the economic literature for its success in providing widespread access to primary and secondary education.[3] Successive governments have regarded education as crucial for promoting equity and social mobility, enhancing human development, and contributing to economic growth. Education opens many social, economic, and political doors and increases access to income and employment opportunities. The strategic government decision to introduce free education, scholarships for disadvantaged students, mid-day meals, free textbooks, free uniforms, and subsidized transport enabled Sri Lanka to achieve an adult literacy rate of 90.7% in 2001 from 87.2% in 1981 (both census years). It attained a primary education completion rate of 98.4% and a secondary education completion rate of 87.1% in 2004.[4] Sri Lanka, moreover, was an early achiever in terms of the Millennium Development Goal of universal primary education, having reached a near-universal primary enrollment and completion in the 1990s relative to the target of 2015 for most countries.[5] The country also achieved gender equity in education. Table 1 shows various education indicators for selected countries.

Table 1: Education Indicators for Selected Countries

Indicator	Sri Lanka	India	Bangladesh	Malaysia	Republic of Korea
A. Adult Literacy Rate (%)[a]					
1. Female	89 (2000− 2004) 85 (1990)	48 (2000−2004) 36 (1990)	31 (2000−2004) 24 (1990)	85 (2000−2004) 74 (1990)	97 (2000−2004) 93 (1990)
2. Male	92 (2000−2004) 93 (1990)	73 (2000−2004) 62 (1990)	50 (2000−2004) 44 (1990)	92 (2000−2004) 87 (1990)	99 (2000−2004) 98 (1990)
B. Net Primary Enrollment Ratio[a]	97 (2004) 90 (1990)	90 (2004) 82 (2000)	94 (2004) 71 (1990)	93 (2003) 94 (1990)	99 (2005) 100 (1990)
1. Female	95 (2004) 88 (1990)	87 (2004) 73 (2000)	95 (2004) 66 (1990)	93 (2003) 94 (1990)	99 (2005) 100 (1990)
2. Male	99 (2004) 92 (1990)	92 (2004) 89 (2000)	92 (2004) 76 (1990)	93 (2003) 94 (1990)	100 (2005) 99 (1990)

[1] Referenced as Supplementary Appendix B in the main country evaluation report.
[2] ADB. 2006. *Guidelines for the Preparation of Country Assistance Program Evaluation Reports*. Manila. Available: http://www.adb.org/Documents/Guidelines/Country-Assistance-Program/default.asp
[3] World Bank. 2005. *Treasures of the Education System in Sri Lanka*. Washington, DC. Available: http://www.worldbank.lk
[4] Ministry of Education. 2004. Planning Division Database. Colombo.
[5] World Bank. 2005. *Attaining the Millennium Development Goals in Sri Lanka*. Washington, DC. Available: http://www.worldbank.lk

Indicator	Sri Lanka	India	Bangladesh	Malaysia	Republic of Korea
C. Gross Secondary Enrollment Ratio (% of Age Group)[a]					
1. Female	83 (2004)	47 (2004)	54 (2003)	81 (2003)	93 (2005)
2. Male	82 (2004)	59 (2004)	49 (2003)	71 (2003)	93 (2005)
D. Gross Tertiary Enrollment Ratio (% of Age Group)[a]					
1. Female	4 (1997)	9 (2004)	4 (2003)	38 (2003)	69 (2005)
2. Male	6 (1997)	14 (2004)	9 (2003)	27 (2003)	110 (2005)
E. Female Enrollment (% of Total)[b]					
1. Primary Education	49 (2002)	47 (2002)	50 (2002)	49 (2002)	47 (2003)
2. Secondary Education	51 (2003)	43 (2002)	51 (2002)	51 (2002)	47 (2003)
3. Tertiary Education	53 (2004)	38 (2002)	32 (2002)	55 (2002)	36 (2003)
F. Public Expenditure on Education					
1. As a Percentage of Gross Domestic Product[a]	2.6 (2005) 3.0 (1990)	3.3 (2003) 4.8 (1995)	1.9 (2005) 1.4 (1990)	5.4 (2005) 5.5 (1990)	2.8 (2005) 3.0 (1990)
2. As a Percentage of Total Government Expenditures[b]	8.9 (2004) 9.2 (2002)	12.7 (2000/2001)	15.5 (2002)	20.3 (2002)	15.5 (2002)
G. Internal Efficiency of Technical and Vocational Schools[c]					
1. Student-Teacher Ratio	38 (2005)	n.a.	n.a.	n.a.	n.a.
2. Dropout Rate (%)	27 (2005)	n.a.	n.a.	n.a.	n.a.
3. Completion Rate (%)	73 (2005)	n.a.	n.a.	n.a.	n.a.
4. Pass Rate (%)	59 (2005)	n.a.	n.a.	n.a.	n.a.
H. Internal Efficiency of Basic Education[b]					
1. Student-Teacher Ratio, Primary	23 (2002)	41 (2002−2003)	56 (2002−2003)	19 (2002−2003)	30 (2004)
2. Percent of Repeaters, Primary	0.7 (2003−2004)	3.6 (2002−2003)	6.0 (2002−2003)	n.a.	0.2 (2003−2004)
3. Completion Rate (%)					
(i) Primary	95.0 (2002)	61 (2002)	54 (2002)	100 (2000)	99 (2004)
(ii) Secondary	82.0 (2001)	n.a.	n.a.	84 (2001)	99 (2001)
I. Pass Rates (%)[d]					
1. Ordinary Level Examination (O-Level)	24.0 (1990) 45.0 (2004)	n.a.	n.a.	n.a.	n.a.
2. Advanced Level Examination (A-Level)	45.0 (1990) 55.0 (2004)	n.a.	n.a.	n.a	n.a.
3. Unemployment Among the Educated, A-Level (%)[e]	29.4 (1990) 16.8 (2002) 13.8 (2005)	n.a.	n.a.	n.a.	n.a.

n.a. = not available.
Note: Not all data sets are available on an annual basis. Hence, some indicators do not have the same year.
[a] Asian Development Bank. 2006. *Key Indicators*. Manila.
Available: http://www.adb.org/documents/books/key_indicators/2006/default.asp
[b] United Nations Educational and Scientific Organization. Statistical Tables 2006. Available: http://portal.unesco.org/education/en/ev.php-URL_ID=43366&URL_DO=DO_TOPIC&URL_SECTION=201.html
[c] Ministry of Vocational and Technical Training.
[d] Department of Examinations of Sri Lanka.
[e] Department of Census and Statistics. *Bulletin of Labour Force Statistics of Sri Lanka*. Colombo.
Available: http://www.statistics.gov.lk

3. Sri Lanka has a network of about 10,000 schools that provide opportunities for primary and secondary education.[6] More than 99% of these schools are public schools. Since the free education legislation of 1945, education has been free up to the first-degree university level.

[6] United Nations Development Programme and National Council for Economic Development of Sri Lanka. 2005. *Millennium Development Goals Country Report*. Available: http://www.mdg.lk

The education system in Sri Lanka consists of several cycles: (i) primary cycle (grades 1−5); (ii) junior secondary cycle (grades 6−9), and senior secondary cycle (grades 10−13); and (iii) tertiary education and a parallel technical education and vocational training (TEVT). Education is compulsory up to grade 9. Entry into TEVT is open at grade 9 upon completing basic education, and at grade 11 upon passing the ordinary level (O-level) national examination. Tertiary education and training is open to students successfully completing the advanced level (A-level) examination, the highest level of senior secondary education, or graduating from a technical institution. A policy since the 1960s banned the establishment of private schools from grades 1 to 9. The political economy context of Sri Lanka also makes it impossible to invest in private universities, although there is no explicit legal barrier (footnote 2). From the 1990s onwards, nevertheless, it has been possible to establish private degree awarding institutions, provided they do not carry the title university.[7]

4. **Key Sector Issues/Challenges.** Although Sri Lanka achieved notable gains in literacy, gender equity in education, and universal primary education, several gaps have existed in the sector: (i) lack of responsiveness of the education system to labor market requirements, (ii) disparities in access to quality education, (iii) lack of an effective linkage between secondary and tertiary education, and general education and TEVT, (iv) inadequate management capabilities that constrain decentralization, (v) inadequate teacher deployment and management, (vi) declining government expenditures on education, and (vii) limited public-private partnerships.

5. Addressing the mismatch between the skills acquired through the education system and the requirements of the labor market has been a central concern during the last decade. This mismatch led to paradoxical situations in which high unemployment among school leavers coexisted with a growing need for skilled and semi-skilled workers. The traditional focus on the certification function of education in screening and selection for both higher education and the job market had generally made the teaching-learning process in Sri Lanka subservient to passing the examinations. Shortfalls have also existed in the non-cognitive dimensions of education quality, particularly in terms of a disciplined work ethic, capacity to work with others in a team, a problem solving approach, creativity, initiative, flexibility, adaptability, drive, and communication skills.[8] Most of the young school leavers found themselves ill-prepared, having neither enough academic nor vocational training to fit into the world of work. The Education Reforms of 1997 sought to change this situation.

6. In general, improving access to quality education, and providing competency-based skills amid declining levels of public expenditure on education as a percentage of the gross domestic product (GDP), have been key concerns. The lack of access to quality of education has been largely due to disparities in the distribution of facilities and resources; inadequate teacher deployment to rural areas; uneven distribution of skills among teachers; inadequate cost recovery in tertiary education; lack of accountability, effective supervision, monitoring, and evaluation; and lack of linkages within and outside the educational system. Lack of resources and teacher shortages are worse for smaller schools mostly situated in rural areas, particularly schools in conflict-affected North and East, in remote plantations, and in less developed provinces. Inadequate management capabilities at various levels of administration have been linked to frequent changes in the organization and management systems, political influence

[7] Outside the 15 state-run universities, there are degree-granting institutions that deliver foreign university degrees, as well as education providers for degree-equivalent qualifications (accounting, information technology, etc.).

[8] ADB. 1993. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance to the Democratic Socialist Republic of Sri Lanka for the Secondary Education Development Project.* Manila.

over resource allocation and personnel appointments, and centralized decision-making. Table 2 presents development issues by education subsector.

Table 2: Evolving Development Issues by Education Subsector

Period	Primary Education	Secondary Education	TEVT	Tertiary Education
1990s	(i) shortfalls in mastery of fundamental language and numeracy skills	(i) need to improve education quality; (ii) inefficient service delivery; and (iii) inadequate management capabilities.	(i) lack of responsiveness to labor market requirements; (ii) lack of coordination among multiple organizations administering TEVT; (iii) need to upgrade teaching-learning processes and teacher competencies; and (iv) poor coordination between general education and TEVT.	(i) limited capacity of state-run universities to provide access to tertiary education; (ii) lack of responsiveness to labor market requirements; and (iii) lack of adequate alternative opportunities for university education.
2000s	(i) need to improve the quality of schooling and learning outcomes; and (ii) reduction of disparities in teacher deployment.	(i) lack of access to quality secondary education; (ii) disparities in access to resources and teacher deployment, particularly in schools in conflict-affected Northern and Eastern Provinces, in plantations, and in less developed provinces; (iii) lack of generic personality skills, human and civic values, and national harmony; (iv) weak mechanisms for supervision and monitoring at all levels; (v) lack of a human resource policy; (vi) poor quality of knowledge on subject matter and pedagogy; and (vii) weak linkage with TEVT and higher education.	(i) need to promote TEVT as an alternative career path toward more rational human resource development; (ii) no systematic TEVT link with secondary education and tertiary education; (iii) inadequate forecast on labor market trends to guide human resource development planning; (iv) need to further improve relationships between TEVT providers and industry; (v) further strengthening of the legal and regulatory framework for TEVT and mechanisms for planning, coordination, and monitoring; (vi) lack of exposure	(i) limited intake capacity of the university system (only 13% of those who qualified enrolled in 2004/2005); (ii) poor quality and weak administration of external degree programs; (iii) lack of an accreditation system for all tertiary education programs; (iv) need to improve the relevance and quality of higher education for human and national development; (v) paucity of information on labor market requirements for educational planning; (vi) limited public-private partnerships; (vii) need to find new ways to increase efficiency with existing budgets; (viii) for distance education, lack of trained personnel in web-based and

Period	Primary Education	Secondary Education	TEVT	Tertiary Education
			to new technologies and trends; and (vii) shortage of qualified TEVT staff.	interactive online education, lack of a policy against software piracy, and inadequate infrastructure for information and communication technology; and (ix) need for cost recovery measures.

TEVT = technical education and vocational training.
Sources:
ADB. 2004. *Report and Recommendation of the President for a Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the Secondary Education Modernization Project II.* Manila.
Key informant interviews and education sector workshops conducted by the Operations Evaluation Mission in 2006 in Sri Lanka.
Nanayakkara, G. 2006. *Universities toward 2016*. University Grants Commission. Colombo.
World Bank. 2005. *Treasures of the Education System in Sri Lanka.* Washington, DC. Available: http://www.worldbank.lk
World Bank. 2005. *Attaining the Millennium Development Goals in Sri Lanka*. Washington, DC. Available: http://www.worldbank.lk

7. Given budgetary constraints on the part of the Government, which holds a quasi-monopoly in the education sector, and the limits to public-private partnerships under the prevailing political economy, addressing the situation is a daunting challenge which is likely to continue in the near future. Sri Lanka's ratio of public expenditure on education to GDP declined from 3% in 1990 to 2.1% in 2004 due, in part, to (i) low public revenue, (ii) competition for government resources of a broad range of public services, and (iii) a defense expenditure that accounted for about 5% of GDP over the mid-1990s to early 2000s. The ratio improved to 2.6% in 2005, but still fell short of the 1990 level. Recently, the Government allocated a higher education budget equivalent to 3% of GDP in 2007, and 4% in 2008. During 2002−2004, Sri Lanka's public expenditure on education as a percentage of total government expenditures was about 9%. However, this figure is far behind that of Southeast Asian countries such as Malaysia (20.3%) and the Philippines (17.8%), as well as neighboring South Asian countries such as Nepal (14.9%), Bangladesh (15.5%), and India (12.7%).

8. **Government's Sector Policies.** Investment in education has been a central pillar of government policy in Sri Lanka. The education ordinances of 1939 and 1947 and free education in state primary, secondary, and tertiary education introduced in 1945 were among the earliest policies that highlighted the role of education in achieving economic and social equity. More recent policy statements from the National Education Commission in 1997 and 2003 reaffirmed that advancing equity through education is a fundamental principle of national policy.[9]

9. The educational reforms of 1997 focused on five main areas:
   (i) providing educational opportunities for all and enforcing compulsory education legislation for the 5−14 age group, which became effective in January 1998;
   (ii) improving the quality of education through curriculum reforms in primary and secondary education and promoting the equitable distribution of quality secondary education by developing at least one school in each Administrative

[9] Ministry of Human Resource Development, Education and Cultural Affairs. 2003. *Education for All: National Action Plan, Sri Lanka*. Colombo.

Division as a center of excellence on the model of the successful Central School Scheme of the 1940s;

(iii) developing practical and technical schools through Activity Rooms in the junior secondary curriculum, and technical subjects in senior secondary grades;

(iv) providing education and training opportunities for all teachers; and

(v) improving management of resources and delivery of services through school-based management and strengthening administrative structures at the central, provincial, and local levels.

10. In subsequent years, some of these reforms were implemented with the assistance of development partners. Three documents have spelled out proposals for a further phase of reforms: (i) Envisioning Education for Human Development formulated by the National Education Commission in 2003, (ii) the National Plan of Action for the Children of Sri Lanka 2004−2008, and (iii) the Education Sector Framework and Programme (2006−2010) formulated by the Ministry of Education with the support of the World Bank, which drew also on the National Education Commission proposals of 2003. The Education Sector Development Programme has been incorporated into the new Ten-Year Horizon Development Framework 2006−2016 prepared under the aegis of the Department of National Planning. All of these documents address the same critical issues of educational opportunities, particularly at senior secondary level; the quality of education, encompassing facilities, curriculum, and the teaching-learning process; bridging the urban-rural and gender digital divide in access to information technology; the inequitable distribution of qualified teachers; and the inefficiency of the management system. The Education Sector Development Programme, based on a sector wide approach to general education that commenced implementation in 2006, is structured under four themes: (i) equity in access to education, (ii) equity in the quality of education, (iii) efficiency and equitable access to resource allocation, and (iv) strengthening governance and delivery of services. Hence, policy recommendations have focused on

(i) universalizing primary and junior secondary education and continuing free education and related incentives such as scholarships and material support;

(ii) developing schools of high quality in each division that have been selected based on transparent criteria;

(iii) improving the quality of primary and secondary education, introducing activity-based learning-teaching process to foster generic personal skills, human values and rights, and national harmony, as well as orientation to the world of work by promoting career guidance and programs that develop practical and technical skills that are currently underresourced;

(iv) incorporating information and communication technology (ICT) in the core curriculum and as a vocational-oriented subject in senior secondary education;

(v) strengthening the school-based assessment scheme, which was a departure from the examination-oriented evaluation system, aiming to improve learning, teaching, and assessment to make teaching and learning more effective;

(vi) promoting the development of teaching education and providing an incentive allowance for service in difficult areas to ensure a more equitable distribution of teaching resources; and

(vii) introducing capacity building measures to ensure effective educational governance and management, from school to national levels.

11. The majority of school leavers have no access to skills development program, resulting in a high incidence of youth unemployment. Due to the absence of alternative paths to higher education, the Government initiated major reforms in restructuring the TEVT system since 2000 after decades of ad hoc developments. Major policy priorities have included

(i) improving the quality and relevance of programs by introducing national skill standards, a national vocational qualifications (NVQ) system in all participating institutes, and registration and accreditation of courses of all vocational institutions. Labor market linkages through career guidance, job placement, and support for entrepreneurship development are intended to promote relevance to employment needs;
(ii) increasing opportunities for the enrollment of secondary school leavers and employees, ensuring equality of access to all centers for women and those from disadvantaged families, encouraging public-private sector partnerships in the organization of training programs, improving the management efficiency of TEVT institutions by local and foreign staff development programs, and developing effective management and monitoring mechanisms.

12. The university subsector in higher/tertiary education is beset with problems of resource constraints in meeting demand and in improving the quality and relevance of courses. It is vulnerable to pressure caused by the lack of alternative avenues to higher education. Those who cannot enter public universities enroll in external degree programs or in non-degree private postsecondary institutions. Others enroll in private institutions affiliated with foreign universities. However, external degree programs are generally marked by the absence of an accreditation system, poor quality, and weak administration.[10] The amendments to the University Act have yet to be finalized but programs have been introduced to improve quality and relevance, and universities have developed corporate plans.

13. An alternative path in higher education policy is envisaged through distance education as a viable method of extending the outreach of university and other tertiary education avenues to those without access to such programs, particularly in the rural sector. Policies are directed to strengthen universities, offer stipends to disadvantaged students, and use new technology for online learning, on a cost recovery basis. In addition, a plan is underway to establish a University of Vocational Technology, which will award degrees under the NVQ framework. The draft legislation is under preparation.

14. The *Mahinda Chintana* (2005), which embodies the vision of the current Government, reinforces and gives momentum to some of these policy priorities. With its pro-poor orientation, it reiterates commitment to the right to education, including the right of all segments of the population to pursue higher education. Support policies proposed are midday meals, school transport, infrastructure facilities for all schools, and equitable distribution of educational opportunities through the development of at least one quality school in each division, the rapid development of information technology, and promoting proficiency in Sinhala, Tamil, and English through all schools. It is also envisaged that there will be a significant expansion of opportunities for higher education, training of educational professionals, and vocational training facilities for school leavers including those in the informal sector.

[10] ADB. 2005. *Technical Assistance to the Democratic Socialist Republic of Sri Lanka: Preparing the Education Sector Development Program*. Manila.

C. The Country Sector Strategy and Program of ADB

1. ADB's Sector Strategies in the Country

15. **Evolution of the Sector Strategies.** ADB's education sector strategies in Sri Lanka were largely shaped by the country's evolving needs and development agenda and, in recent years, by ADB's poverty reduction strategy and education sector policy. After the signing of the 1987 Indo-Sri Lanka Peace Accord,[11] meeting immediate reconstruction and rehabilitation needs in conflict-affected areas was a priority concern of ADB's 1988−1992 education sector strategy in Sri Lanka, apart from continued support for technical education. Since 1993, finding solutions to the country's poverty and unemployment problems has been at the core of the Government's development agenda. This issue received due attention during strategy preparation. Poverty reduction became an explicit focus of the 2004−2008 sector strategy with the signing in 2002 of the Poverty Reduction Partnership Agreement and the preparation of the ADB Poverty Reduction Strategy in Sri Lanka,[12] which supported and called for improved access to quality education, improved public-private partnerships, and better social cohesion. Gender disparities were addressed since 1993, largely by improving women's access to technical and vocational education, information technology, microcredit, and other services. Given the recognition by ADB's education policy[13] of growing competitiveness in an era of globalization and rapid advances in information technology, the 2004−2008 education sector strategy in Sri Lanka took an opportunity to support distance learning at the tertiary education level, and ICT at the secondary education level. Thus, the ADB education sector strategies were not only responsive to prevailing needs but also sensitive to new development opportunities.

16. **Positioning.** Six criteria guided the assessment of the positioning of ADB's education sector strategies: (i) sufficient basis for the strategy, (ii) Government's absorptive capacity and ownership, (iii) ADB's comparative advantage in the sector and harmonization of sector strategies with other development partners, (iv) focus/selectivity and synergies, (v) long-term continuity of the sector strategy, and (vi) risk assessments and monitoring mechanisms to achieve the sector strategy's envisaged results. ADB formulated detailed education sector strategies from 1993 onwards, which increasingly drew inputs from a wider range of relevant sources that provided a basis for diagnosing sector issues and assessing opportunities for development assistance. The 1993−1997 education sector strategy was based on the country economic review, dialogue with external funding agencies such as the World Bank and International Monetary Fund, and postevaluation studies on project performance and lessons identified. However, the sector strategy did not cite any specific economic, thematic, and sector work, which could have provided a more solid grounding for strategy formulation. Subsequently, the 1998−2003 sector strategy went much further, drawing insight from economic and sector analysis, poverty assessment, distributive and social policies of the Government, the operations of development partners, and stakeholder consultations. With the Government's subsequent focus on poverty reduction, the 2004−2008 sector strategy used ADB's poverty reduction strategy to guide the sector strategy formulation, along with ADB's education policy, economic, thematic, and sector work, and multi-level consultations with stakeholders and development partners. The positioning is detailed in the Appendix of this paper.

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[11] An agreement signed on 29 July 1987 by the Prime Minister of India and the President of Sri Lanka. This agreement included devolution of power to the provinces, merger of the northern and eastern provinces, and an official recognition of the Tamil language. India agreed to help Sri Lanka to establish order in the North and East with an Indian peace-keeping force.

[12] ADB. 2002. *Poverty Reduction Strategy in Sri Lanka: Issues, Findings, and Approaches*. Manila.

[13] ADB. 2002. *Education Policy*. Manila. Available: http://www.adb.org/Documents/Policies/Education/Education.pdf

17. In terms of country ownership of the strategy, the 1998−2003 and 2004−2008 education sector strategies were explicit on the strategy formulation process, which involved interaction with the Government, nongovernment organizations, private sector, academe, and external funding agencies. The interactive discussions, workshops, and stocktaking meetings helped stakeholders to agree on the focus of the sector strategy and to harmonize it with the strategies of major development partners. However, the 1998−2003 sector strategy fell short of analyzing the sector's absorptive capacity, given the magnitude of past and current development assistance to the sector. The overall 1998−2003 country strategy recognized Sri Lanka's increasing external debt and security situation. Nevertheless, the country was in a position to absorb some official development assistance. The 2004−2008 sector strategy noted the limited absorptive capacity in postsecondary levels, including vocational and technical institutes, but did not provide details to support this observation.

18. The 1993−1997 strategy retained the thrust of the previous strategy (1988−1992) on improving the quality of technical education but went beyond curriculum development, teacher training, and upgrading of facilities. It sought to improve the institutional framework and develop a national training policy to integrate public and private efforts and strengthen the links between training providers and industry. The main instruments for implementing the strategy included loans and advisory technical assistance (TA) for identifying current and future skills required by industry and ways of increasing women's participation in TEVT. Among the sector strategies, the 1998−2003 education sector strategy was the most coherent and the most explicit in terms of its choice of issues, focus, and instruments. Given the challenge of addressing quality slippages in education and the lack of responsiveness of the educational system to labor market requirements, the sector strategy targeted the development of marketable skills and attitudes, and recognized the need to rationalize the complex and fragmented institutions and programs in TEVT. The 1998−2003 sector strategy excluded primary education due to the role and interest of development partners in this area and the Government's request. The specialization that ADB has acquired over time, Sri Lanka's favorable human development indicators, and discussions during strategy formulation pointed to development of marketable skills as an area where ADB could play a distinctive role. The varied mix of instruments to address this focus consisted of (i) concessional loans and TA, (ii) promotion of public-private partnerships, (iii) innovative arrangements for alternative service delivery systems, and (iv) economic, thematic, and sector work on institutional arrangements for skills development and technical education. The 2004−2008 sector strategy sought to reduce poverty through targeted investments in the education of low-income groups, develop higher-level human resources to achieve skills-based competitiveness, narrow the gender gap in access to TEVT and information technology, and improve curriculum design. It also underscored the need to work closely with private sector institutes.

19. The clear focus on developing marketable skills provided selectivity and coherence to the strategies, and justified a phased ADB support for the education sector that systematically built on earlier efforts and supported education sector reforms. Reducing the mismatch between the skills produced by the education system and the requirements of the labor market has been a central concern that provided continuity to the education sector strategies over the last decade. Improving the quality of TEVT and secondary education has been a long-term thrust, along with improving the efficiency of the system externally and internally. ADB initially supported technical education (1980s), and diversified to secondary education (1993) and distance learning (2004) at the tertiary education level. There was uninterrupted support for TEVT throughout over the last decade. Given high unemployment among the educated

population,[14] the TEVT sector has been a strategic sector, particularly in promoting employability of new entrants to the labor market and in facilitating school-to-work transition for school leavers.

20. Consistent with prevailing practice, risk assessment and results-based indicators were absent from the 1993−1997 sector strategy. The 1998−2003 and 2004−2008 sector strategies did not also attempt to analyze risks at the sector level. However, these latter strategies were results-oriented to some extent, specifying expected outcomes and impacts which included efficiency improvements introduced to the educational system, institutional changes, and reduced unemployment. Country economic reviews, sector reviews, and performance reports on projects and TAs were the primary monitoring mechanisms for tracking the sector strategy's expected results. In addition, supportive measures, such as the strengthening of the project directors' forum, development of action plans, creation of a procurement bureau, and active involvement of ADB's Sri Lanka Resident Mission in coordination, were meant to improve implementation performance of projects and TA.

21. Overall, the positioning of the education sector strategies during the last decade was assessed "satisfactory". Table 3 summarizes the ratings for each sector strategy over time.

Table 3: Rating of the Positioning of the Education Sector Strategies

	Criteria for Positioning						
Sector Strategy	**Sufficient Basis for the Strategy**	**Government's Absorptive Capacity and Ownership**	**ADB's Comparative Advantage and Strategy Harmonization with Other Development Partners**	**Focus/ Selectivity and Synergies**	**Long-Term Continuity**	**Risk Assessment and Monitoring Mechanisms to Achieve Envisaged Results**	**Average[a]**
1993−1997	1 (PS)	0 (US)	2 (S)	2 (S)	3 (HS)	0 (US)	1.33 (PS)
1998−2003	3 (HS)	1 (PS)	3 (HS)	3 (HS)	3 (HS)	1 (PS)	2.33 (S)
2004−2008	3 (HS)	2 (S)	3 (HS)	2 (S)	3 (HS)	1 (PS)	2.33 (S)
Overall							**2.00 (S)**

ADB = Asian Development Bank, HS = highly satisfactory, PS = partly satisfactory, S = satisfactory, US = unsatisfactory.

[a] Note: HS = 3 points; S = 2 points; PS = 1 point; and US = 0 point. An equal weight is applied to each of the six criteria for positioning/coherence. The ratings are as follows: (i) HS > 2.5, (ii) 2.5 ≥ S ≥ 1.6, (iii) 1.6 > PS ≥ 0.6, and (iv) 0.6 > US.

2. ADB's Sector Assistance Program

22. **Evolution of the Sector Assistance Programs.** The evolution of ADB's education assistance programs since the late 1980s was parallel to that of the sector strategies. Thus, overall, the sector assistance programs were in harmony with the sector strategies (Table 4) and were delivered according to the envisaged program.

[14] The unemployment rates among the educated population (with General Certificate of Education/A-level qualifications) were relatively high at 29.4% in 1990 and 19.3% in 1997. This situation partly justified the positioning of the education sector strategies in terms of developing marketable skills. In the current decade, the rates declined to 16.8% in 2002 and 13.8% in 2005, based on the Bulletin of Labour Force Statistics of Sri Lanka. Available: http://www.statistics.gov.lk.

Table 4: Alignment of the Education Sector Strategies and Assistance Programs

Strategy/Program	1988−1992	1993−1997	1998−2003	2004−2008
A. Sector Strategy Coverage	(i) improvement of the quality of technical education; and (ii) rehabilitation of schools	(i) improvement of the quality of TEVT and its institutional framework, along with strengthening links with industry to improve market responsiveness; and (ii) equitable access to quality secondary education	(i) development of marketable skills and attitudes: TEVT, secondary, and tertiary education; and (ii) rationalization of fragmented TEVT institutions and programs	(i) improved access to quality education and information technology; (ii) skills-based competitiveness; (iii) narrowing the gender gap in TEVT access; (iv) improvement of curriculum design; and (v) public-private partnerships
B. Sector Assistance Program Coverage	(i) improvement of the quality of technical education; and (ii) rehabilitation of schools	(i) improvement of the quality and relevance of technical education; (ii) support for secondary education; and (iii) upgrading of education facilities	(i) improvement of education quality and relevance; (ii) sector efficiency; (iii) better match between training and labor market needs; and (iv) support for education reforms	(i) quality improvement and decentralization of school management; and (ii) introduction of information technology
1. Projects by year of approval	(i) Loan 887-SRI: Second Technical Education Project (1988); and (ii) Loan 888-SRI: Emergency Schools Restoration Project (1988)	(i) Loan 1247-SRI: Secondary Education Development Project (1993); and (ii) Loan 1535-SRI: Science and Technology Personnel Development Project (1997)	(i) Loan 1707-SRI: Skills Development Project (1999); (ii) Loan 1756-SRI: Secondary Education Modernization Project (2000); and (iii) Loan 1999-SRI: Distance Education Modernization Project (2003)	(i) Loan 2096-SRI: Secondary Education Modernization Project II (2004); and (ii) Loan 2197-SRI: Technical Education Development Project (2005)
2. Advisory TAs by year of approval	(i) TA 985-SRI: Education and Training Sector Study (1988); and (ii) TA 1672-SRI: Second Technical Education (1992)	(i) TA 1937-SRI: Organizational Development and Institution Building (1993); and (ii) TA 2612-SRI: Resource Rationalization Action Plan (1996)	(i) TA 3073-SRI: Improving Education Planning (1998); and (ii) TA 3219-SRI: Capacity Building of the Ministry of Vocational Training and Rural Industries (1999)	(i) TA 4663-SRI: Strengthening Technical Education (2005)

SRI = Sri Lanka, TA = technical assistance, TEVT = technical education and vocational training.
Sources: ADB Country Operational Strategy; Country Operational Program Paper; Country Strategy and Program; Country Strategy and Program Updates; and Country Assistance Plan. Various years.

23. **Positioning.** The basis for education sector assistance programs over the last decade had a common denominator: country and sector strategies, government priorities, public investment programs, policy dialogue with development partners and with the Government, aid coordination, and sector work (labor market demand and supply, scientific and technical education, and institutional arrangements for skills development and TEVT). Stakeholder consultations had helped shape the assistance programs. Overall, the sector assistance programs accorded priority to the improvement of the quality and relevance of education, and support for education reform initiatives of the Government. ADB had supported TEVT since the 1980s. The ADB loan portfolio for secondary education and distance learning at the tertiary education level, by contrast, is comparatively young, having begun in 1993 and 2004, respectively. In the current decade, ADB's sector strategy and program (2004−2008) demonstrated sensitivity to new development opportunities by being in step with the needs of the 21st century on computer-assisted learning and distance learning. Reinforcing the sector focus were loan covenants at the project level that required action plans to increase the internal efficiency of the education system, establish linkages with industry, implement cost recovery measures, and approve a national policy to implement career guidance. Loan covenants were also used as instruments to restructure technical colleges and reorganize the Department of Examinations.

24. The education sector program had been consistent with ADB's comparative advantage, and harmonized with those of other development partners. The 1998−2003 and 2004−2008 assistance programs, in particular, identified such areas as information technology and career guidance as complementary to those provided by other development partners. In secondary education, ADB's assistance program complemented the World Bank's support for teacher training and elementary education. Furthermore, ADB support for career guidance and job search training for postsecondary school students blended with the International Labour Organization's job net for young adults. In TEVT, ADB has been the lead development partner. However, similar to the sector strategies, the sector assistance programs fell short of an in-depth assessment of the sector's absorptive capacity and of the risks affecting program implementation. The expected outcomes of the sector assistance programs were not explicit, except for the 2004−2008 program that spelled out a roadmap with targeted sector indicators. Overall, the education sector assistance programs over the last decade were assessed "satisfactory". Table 5 summarizes the ratings for each assistance program over time.

Table 5: Rating of the Positioning of the Education Sector Assistance Programs

	Criteria for Positioning						
Sector Program	**Sufficient Basis for the Program**	**Government's Absorptive Capacity and Ownership**	**ADB's Comparative Advantage and Harmonization of Assistance with Other Development Partners**	**Focus/ Selectivity and Synergies**	**Long-Term Continuity**	**Risk Assessment and Monitoring Mechanisms to Achieve Envisaged Results**	**Average[a]**
1993−1997	1 (PS)	0 (US)	2 (S)	2 (S)	3 (HS)	0 US)	1.33 (PS)
1998−2003	3 (HS)	1 (PS)	3 (HS)	3 (HS)	3 (HS)	1 (PS)	2.33 (S)
2004−2008	3 (HS)	2 (S)	3 (HS)	2 (S)	3 (HS)	1 (PS)	2.33 (S)
Overall							**2.00 (S)**

ADB = Asian Development Bank, HS = highly satisfactory, PS = partly satisfactory, S = satisfactory, US = unsatisfactory.

[a] Note: HS = 3 points; S = 2 points; PS = 1 point; and US = 0 point. An equal weight is applied to each of the six criteria for positioning/coherence. The ratings are as follows: (i) HS > 2.5, (ii) 2.5 ≥ S ≥ 1.6, (iii) 1.6 > PS ≥ 0.6, and (iv) 0.6 > US.

25. **Trends in Lending Program.** The ADB education sector assistance programs in the last two decades (1986−2005) had been consistent with the declared sector strategies. ADB had approved loans for 9 education projects amounting to $270.8 million, of which 42.8% went to secondary education; 27.7% to TEVT; and 24.0% to tertiary education, specifically to distance learning and development of science and technology personnel. Moreover, there was a close alignment of the timetable for pipelined projects with that of actual project approvals, except for a delay of 1−2 years in a few cases. ADB had provided phased investments in secondary education and TEVT within a long-term strategy. Of the nine approved projects, only five had been completed. None of these completed projects had been rated through a project performance evaluation report, but three had been rated in project completion reports: (i) one "highly successful" (Loan 1247-SRI: Secondary Education Development Project); (ii) one "successful" (Loan 1535-SRI: Science and Technology Personnel Development Project); and (iii) one "partly successful" (Loan 887-SRI: Second Technical Education Project). Loan 888-SRI: Emergency Schools Restoration Project was not rated, but the project completion report highlighted that it exceeded the physical targets at appraisal. Loan 1756-SRI: Secondary Education Modernization Project, which was completed in June 2006, has yet to be rated. Project successes, in general, were linked to a strong and effective project implementation unit, market-responsive curriculum, better quality of teacher education, and improved pass rates.

26. Compliance with major loan covenants was generally satisfactory, particularly those pertaining to the restructuring of teacher training colleges, career guidance for students in grades 11−13, implementation of school-based management, and granting greater autonomy to the Tertiary and Vocational Education Commission, among others. The only exceptions were those relating to (i) cost-sharing through the charging of fees, which was not politically feasible because the introduction of fees required a major policy change in a country where tuition-free public university education has been the norm; (ii) monitoring of the financial transactions of School Development Boards, whose fund-raising role was rather limited because subsequent government policy did not allow financing to be their central role; (iii) the formal establishment of the National Evaluation and Testing Service as an autonomous agency because it is already deemed to be exercising autonomy; and (iv) public-private partnerships in secondary education, in which a review of a change in legislation for cost recovery and cost-sharing could not be carried out due to the lack of a supportive political environment. Given the political economy of Sri Lanka, policy changes had to contend with opposition from students. Loan covenants may be necessary but are not sufficient to bring about reforms if readiness, government commitment, and political support are lacking to effect and manage the necessary changes and processes.

27. **Trends in Technical Assistance.** The total amount of education advisory TA grants amounted to $2.6 million, of which 46% was allocated to sector studies and education planning. About 40% went to TEVT and skills development for capacity building and resource rationalization, and 14% to organizational development for basic education. The TA grants were relatively modest[15] and were mostly provided by ADB in the 1990s. Of the seven advisory TA grants in the last two decades, six had been completed but only one had a TA completion report (TA 3073-SRI: Improving Education Planning). TA 3073-SRI was rated as partly successful because of problems with the original TA team, which had to be replaced due to its inability to establish rapport with the executing agency. The next TA team did better. Overall, the completed advisory TA grants contributed to (i) assessing the weaknesses of the education and training system, (ii) identifying investment areas, (iii) strengthening planning and project management, and (iv) improving the utilization of training facilities. ADB also provided 10 project

[15] ADB. 2006. *Lessons in Capacity Development: Sectoral Studies in Sri Lanka*. Manila. Available: http://www.adb.org/Documents/Reports/Evaluation/sst-sri-2006-04/ses-sri.asp

preparatory TA amounting to $4.24 million, of which 35% went to TEVT, 35% to education sector development, 24% to tertiary education, and 6% to basic education. These subsequently led to approved projects. The economic, thematic, and sector work supported the implementation of the sector strategy and program by reviewing technical and scientific education, labor market demand, and institutional arrangements for TEVT. Policy dialogue, likewise, was in harmony with the concerns of the sector assistance program because it addressed underutilization of ADB-financed facilities, improvement of the internal and external efficiency of the education system, reduction of gender disparity in technical education, and access to education by the disadvantaged. Through policy dialogue, ADB had urged the Government to improve efficiency through good governance, and sustainability of the education system through cost recovery and partnerships with the private sector.

28. **Factors Affecting Implementation.** During interviews, key informants and observers indicated that competent project management, team effort, coordination with participating agencies, capacity development, and speedy procurement were enabling factors in program implementation. Other important factors were responsiveness to the country's development needs and continuity of support for development of marketable skills. Hampering implementation were (i) poor maintenance of some project facilities after completion due to financial constraints, putting at risk the realization of future benefits; (ii) lack of political support for charging fees to effect cost-sharing with students because cost recovery ran counter to the free education policy of Sri Lanka; (iii) limited success of public-private partnerships, which to date had been largely associated with ICT, curriculum design, and arrangements for student visits to industry facilities; (iv) lack of institutionalized project benefit monitoring and evaluation system within the government system to track outcomes and impacts over time; (v) lack of counterpart funds; (vi) bureaucratic delays; and (vii) corruption. Earlier in 2002, based on perceptions, Transparency International ranked Sri Lanka's education sector as the third most corrupt sector, next to the police and health sector.[16]

D. Assessment of ADB's Sector Strategy and Assistance Program

29. **Relevance to Evolving Challenges and Opportunities and to Government Priorities.** In general, ADB's education sector strategy and program for Sri Lanka over the last decade has been "highly relevant" to evolving needs, opportunities, and government priorities. Its distinctive theme was reducing the dissonance between education/training and the needs of the labor market by improving the quality, relevance, and efficiency of education and training over time.[17] The sector strategy also addressed the reduction of disparities in access to quality education and training by the poor and disadvantaged.[18] The sector strategy and program has been in harmony with government priorities on promoting equity, social mobility, and human development. The Government has been committed to improving quality, access, equity, and student competencies throughout the country's education system—a system that covers general education, TEVT, and institutions of advanced learning. The focus on human capital enhancement and knowledge creation is a cornerstone for developing the economy, reducing poverty, and fostering social harmony.

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[16] Transparency International. 2002. *Corruption in South Asia Report: Insights and Benchmarks from Citizen Feedback Surveys in Five Countries*. Berlin. Available: http://www.transparency.org/news_room/latest_news/press_releases/2002/2002_12_17_south_asia_survey

[17] This was evident in the objectives of four projects: (i) Loan 887-SRI: Second Technical Education (1988), (ii) Loan 1535-SRI: Science and Technology Personnel Development Project (1997), (iii) Loan 1707-SRI: Skills Development Project (1999), and (iv) Loan 2197-SRI: Technical Education Development Project (2005).

[18] This was evident in (i) Loan 1247-SRI: Secondary Education Development Project (1993), (ii) Loan 1756-SRI: Secondary Education Modernization Project (2000), (iii) Loan 1999-SRI: Distance Education Modernization Project (2003), and (iv) Loan 2096-SRI: Secondary Education Modernization Project II (2004).

30. More specifically, recent projects have been structured to meet critical needs and lacunae in programs. For example, the first phase of the Secondary Education Modernization Project supported the curriculum reforms initiated in 1997 and responded to the continuing need for activity-based learning using modern technologies. The Government has given priority to promoting ICT as an educational and development tool. Surveys and studies have indicated that access to ICT is very limited and that the urban-rural and gender gaps are wide. A major instrument to reduce the gap is the education process. The establishment of 1,000 computer learning centers in secondary schools is a step in this direction. Importantly the project focuses on the senior secondary stage in education in which participation rates are low and dropout rates high, and access to science education is limited to one fourth of the schools with senior secondary grades. Relevant to government efforts to reduce poverty are the stipends program to assist students from disadvantaged families to pursue senior secondary education, particularly grades 12 and 13, which is the avenue to higher education, and the provision of science laboratories. The ongoing Secondary Education Modernization Project II, which started in mid-2006, is responsive to evolving trends in education policy. It supports decentralization of education and school-based management.

31. Two projects in TEVT—the Skills Development Project and the Technical Education Development Project—have supported strategies to achieve the government objective of reforming this sector to increase its external efficiency. Project components are relevant to reducing the high incidence of male and female youth unemployment and meeting increased demand for skills at craft, middle, and higher technological levels and for entrepreneurship development. They also meet the need to establish a structure that permits an alternative career path to higher education.

32. The Distance Education Modernization Project is consonant with government policy to expand opportunities in higher education, in which less than 10% of the relevant population has access to public and private institutions. The project is also relevant in that it uses ICT to achieve this objective by using online open and distance learning, strengthening the Open University of Sri Lanka, and creating a network of participating public and private institutions.

33. **Relevance to ADB's Poverty Reduction Strategy, Policies, and Selected Thematic Objectives.** The sector strategy and program has been "highly relevant" to the ADB poverty reduction strategy. Making education and TEVT responsive to market needs and broadening access to education supported economic growth and social development. The sector strategy and program aimed to reduce the gender gap in access to TEVT and information technology, and recognized that education and skills development must be complemented by women's access to microcredit and other vital services. This was consistent with expanding women's economic opportunities to reduce poverty, and was aligned with ADB's policy on gender and development (1998), which supports strategic and multifaceted solutions to redress gender disparities. In the current decade, the sector strategy and program fitted well with the ADB education policy (2002). This policy accords priority to reaching the poor, improving education quality and efficiency, and mobilizing resources. It also supports public-private partnerships and innovative learning approaches through ICT and distance education.

34. **Relevance to ADB's Evolved Comparative Advantage and to Harmonization of Development Assistance with Other Development Partners.** The sector strategy and program has been highly relevant to ADB's comparative advantage in TEVT and harmonized with the efforts of development partners in secondary and tertiary education. ADB had financed and sequenced investments in these areas, built on previous efforts, and identified complementarities with other funding agencies. For instance, the sector strategy and program

complemented the World Bank's projects for teacher training and basic education. It was also in harmony with the assistance program of the Japan International Cooperation Agency, whose assessment of computer needs in lower secondary education was useful for ADB interventions in ICT. ADB's support for career guidance development and job search training for postsecondary school students blended with the job net for young adults of the International Labour Organization. Germany has mainly provided technical expertise and has recently focused on children in conflict- and tsunami-affected areas. In 2005, the World Bank initiated a sector-wide approach to education as the basis for coordinating investment of all development partners—a positive step in harmonizing development assistance. ADB has been an active participant in this major effort.

35. **Effectiveness.** Overall, the sector assistance program was "effective". Based on project reports and key informant interviews, various outcomes were achieved in terms of improving the quality of education and its responsiveness to labor market requirements. For secondary education, these included

(i) improved pass rates over the period 2001 to 2004 from 37% to 47.3% at the O-level national examination, and from 50.5% to 55.0% at the A-level;
(ii) relatively high qualification rates for entry to higher level education: 72.7% of the students who received scholarships under the first Secondary Education Modernization Project qualified for entry to grade 12, and 58.1% to university education;
(iii) access to senior secondary education (grades 10−13) by nearly 50,000 children from economically disadvantaged families in which there has been a relatively high dropout rate of 50%, particularly at grade 11;
(iv) access to senior secondary science education, which is an avenue to higher education and to remunerative employment;
(v) improved infrastructure in the Central Schools that have been agents of upward education and socioeconomic mobility for rural children;
(vi) access of students, teachers and administrators to ICT, through the establishment of computer learning centers, computer resource centers, and a school network. The new buildings in some schools and the equipment of computer learning centers with 10−20 computers in each of the target 1,000 schools have enabled students to appear for the General Information Technology national examination in grade 12 and to offer ICT as a technical subject at the General Certificate of Education O-level examination at grade 11, and thereby acquire employable skills. Boys and girls from grade 6 upwards and in some schools, even in primary grades in urban as well as rural schools, were responsive to the opportunity offered to enter the world of ICT, an opportunity that contributes also to reducing the wide urban-rural and gender digital gap in the country. Instruction process has been limited, however, chiefly to imparting basic computer skills to teachers and students resulting in a lacuna in the utilization of these skills effectively in the teaching-learning process in the classroom. Computer-assisted learning has yet to be developed effectively;
(vii) the traditional rote learning process in schools has seen little change but a beginning has been made in the use of ICT equipment in multimedia programs, in activity-based learning in the few field centers that have been established, and in introducing school-based assessment as a component of the secondary school examination—the General Certificate of Education O-level in grade 11 and A-level in grade 13;

(viii) a strengthened National Evaluation and Testing Service but minimum capacity building of the National Institute of Education, and little visible improvement in management and monitoring.

36. In TEVT, planned development has replaced ad hoc interventions in national policy and a sense of direction has been given to this sector, as seen in the following:

(i) an institutionalized competency-based training system, starting with 45 trades;
(ii) an NVQ system comprising seven levels that establish standards from craft level to middle and higher level technological courses and offers a career path and an alternative avenue to higher education. Vocational training centers have worked toward the goal of offering courses, approved for NVQ levels;
(iii) vocational training centers registered with and accredited by the Tertiary Education and Vocational Commission, at 337 and 75 centers, respectively;
(iv) opportunities for local or overseas staff development programs;
(v) career guidance and placement by district Career Guidance Units of around 20,000 persons for on the job training, and linkages with the job net program of the Ministry of Labour;
(vi) an Information Technology Program for Rural Youth at well equipped regional and village centers;
(vii) self-employment for graduates of the entrepreneurship development program who benefited from 823 loans ranging from SLR25,000 to SLR250,000 under the Self-Employment Promotion Initiative;
(viii) autonomy given to two technical colleges at Kandy and Maradana to generate income through special mechanisms (issuance of a ministerial order and establishment of a private Guaranteed Company) to ensure sustainability; and
(ix) job relevance to 73% of the students of the engineering drafting technology course conducted by the National Institute of Technical Education of Sri Lanka in 2001 and 2002, based on tracer studies of the Skills Development Project.

37. Although significant progress has been made, equity in the distribution of physical and human resources needs to be further addressed. For instance, while there are well equipped skills development programs in district vocational training centers, some rural vocational training centers have limited curricula, minimal staff, and little prospect of accreditation for NVQ levels. There is still a shortage of qualified staff despite the provision of about 15,000 training opportunities.

38. For tertiary education, the outcomes included (i) an overall employment rate of 71.5% for graduates of ADB-assisted science and technology institutions in 2002, (ii) access to tertiary education through distance learning, and (iii) quality assurance for distance learning. In the case of TA grants, however, not all recommendations were acted upon in the post-TA phase, particularly those pertaining to the enactment of the New University Act 2000, the promulgation of the policy on private education, and the establishment of the Commission on Private Education. Allowing privately-run universities to emerge has yet to gain political acceptance in Sri Lanka. Despite the delay in the New University Act, programs to improve the quality of courses, staff development, career guidance, and linkages with employers are in progress. An innovative development has been the support for open and distance learning by the Distance Education Modernization Project since 2003. Increasing access to tertiary education is being done through the (i) stipends offered to students from disadvantaged families, (ii) strengthening of the infrastructure and resource of the Open University of Sri Lanka and its regional and study centers, and (iii) support given to four universities and three professional institutes to prepare

materials and train staff to offer online learning in specific programs such as business administration and management, library science, and quantity surveying.

39. Tracer studies for Loan 1535-SRI: Science and Technology Personnel Development Project indicated a good match between the outputs of ADB-assisted science and technology institutions and industry requirements. About 18.3% of the science and technology graduates secured their first job before graduation, 69.8% within a year, and 96% within 2 years of graduation. The private sector absorbed 54% of these graduates. More than half (54.3%) of the graduates earned monthly incomes of SLR10,001−30,000, higher than the average government salary of SLR6,000 for new graduates. Loan 887-SRI: Second Technical Education Project helped strengthen the National Institute for Technical Education, whose independent system of in-service training for technical teachers was essential for maintaining the quality of classroom and laboratory instruction. However, the project completion report noted that this project fell short of raising the quality and efficiency of technical education offered by the Ministry of Labour and Vocational Training in the early 1990s due to the lack of industrial training, gaps in the content of the fellowship program, and management problems within the TEVT system at that time.

40. **Efficiency.** Overall, the sector assistance program was "efficient". In terms of processes, the design and implementation of education projects adopted multi-level consultations with various stakeholders, and noted the shortfalls of previous projects, such as a heavy focus on the supply side and weak linkages with industry. The education projects in the last two decades had an average time overrun of 2 years due to delays in procuring goods and services, changes in project scope, lack of counterpart funds, and slow appointment of qualified project management staff. Cost overruns were not a problem. However, the underutilization in the past of some TEVT facilities had affected cost effectiveness. For example, the severe underutilization of TEVT facilities prompted an advisory TA in 1996 to avert a waste of resources that went into technical education in the 1980s and early 1990s by redistributing physical assets and staff, and reenergizing the technical education system.[19] At project appraisal, economic internal rates of return were estimated at 13%−23% but completed projects did not indicate the extent to which these were achieved.

41. Implementation delays characterized certain projects. For example, the Secondary Education Modernization Project I (2000−2006) gained momentum only after the 2003 midterm review. Subsequently, 90% of civil works were completed such as the construction of 1,000 computer learning centers, 100 science laboratories, science rooms and computer resource centers, refurbishing central schools; and organizing multimedia rooms. The provision of stipends for students from disadvantaged families in grades 10−13 exceeded targets (103.2%), but monitoring has been weak. Around 800 teachers and 200,000 students acquired basic computer skills. Grade 12 students and grade 10 students were able to study ICT for the General Information Technology examination in grade 12 and the ICT course in grade 10. Three fourths of the target in staff training was achieved and school- based assessment was included in the General Certificate of Education (O-level and A-level) examinations.

42. There were some shortfalls. A delayed start meant that career guidance, quality assurance, and school-based management (promotion of school improvements) were only at the initial stage of development. Curriculum change was minimal due, in part, to policy constraints, the absence of learning materials, and the simplistic assumption that training in

[19] ADB. 1996. *Resource Rationalization Action Plan under the Department of Technical Education and Training*. Manila (TA 2612-SRI, for $100,000, approved on 22 July 1996).

basic computer skill is computer assisted learning. A significant development in 2006 has been facilitating access of computer learning centers to the school network through the Secondary Education Modernization Project I. The Secondary Education Modernization Project II began operations in mid-2006 and construction work is in progress.

43. The Distance Education Modernization Project in tertiary education was scheduled for implementation during 2003−2009 but concrete activities started only in 2005 due to the delay in the TA. Nevertheless, pioneering work has been done in developing seven new online learning programs by universities and professional institutions, which are expected to be implemented in 2007. Current project activities include providing stipends to students, developing a tutorial manual, monitoring online materials, providing matching grants to participatory institutes, and developing a quality assurance framework. The strengthening of the Open University of Sri Lanka has started, and its staff at the regional and study centers have been trained. Collaboration with professional organizations as part of the public-private partnership program is in process.

44. In TEVT, the Skills Development Project has seen steady progress. It has achieved its targets in developing skills standards and computer-based training, vocational training center registration and accreditation, training of around 800 staff, and establishment of a learning resource development center in Colombo and 50 learning resource utilization centers in different vocational training centers. The project has also established a National Information Center, 5 regional centers, and 59 village centers conducting a fee levying national certificate course and a 1-year diploma course in information technology, and 52 career guidance units. It has organized a management information system in 90 vocational training centers, established linkages with industry, and conducted awareness programs to improve the social image of TEVT. In a sector which has a multiplicity of centers and at least four island-wide institutionalized networks, inevitably, much more needs to be done to reduce disparities.

45. **Sustainability.** Overall, the sector assistance program is “likely to be sustainable”. Various measures have been pursued by executing agencies to safeguard sustainability into the future and reduce the budgetary burden on the Government. In secondary education, cost recovery measures have been implemented by some computer learning centers. The fees collected for the use of these centers after school hours are now being used to defray electricity bills and other related expenses. Schools with relatively well-off School Development Societies, moreover, are optimistic that they can secure financial support from these societies after completion of the Secondary Education Modernization Project (Phases I and II). The financial condition of these societies, however, is mixed. Not all are in a position to assist secondary schools in the maintenance of project-provided facilities in a country where 22.7% of the population live below the official poverty line,[20] implying that recurrent budgets are vital for schools in poorer areas. In this situation, government commitment is required to provide resources for operation and maintenance expenditures. To facilitate this process, school authorities must request funds for recurrent costs from the Treasury and discuss the request with the Finance Commission. Government budgeting tends to follow a historical basis if a new allocation request is absent. Cost recovery remains a complex issue. In populous areas, some heads of schools expressed reservations about the viability of after school classes because schools could not compete with formal vocational centers, which offer official certificates that facilitate employment. Schools are even at a greater disadvantage when state agencies and

[20] As of 2002, the official poverty line was SLR1,423 (real total food and non-food consumption expenditure per person per month). Department of Census and Statistics. Available: http://www.statistics.gov.lk

nongovernment organizations offer free training facilities. There were also instances of power supply cut off in poorer schools that were unable to pay their electricity bills.

46. Under the Skills Development Project for the TEVT sector, the measures for safeguarding sustainability include (i) a financial and managerial scheme, which decentralizes authority to the principal of the technical college and empowers him/her to determine locally needed courses and charge fees to private industries to recover costs, (ii) a performance contracting scheme that allows qualified nongovernment organizations and private institutions to take over the facilities of poorly performing technical colleges, (iii) implementation of district resource rationalization plans to promote synergies among training providers, and (iv) improvement of administrative systems of vocational training institutions. The new Technical Education Development Project, which became effective in April 2006, is meant to provide further investment and build on the achievements of the Skills Development Project. It will work further on higher NVQ levels (supervisory and managerial), strengthen the TEVT quality assurance system, and establish the University of Vocational Technology to provide students and TEVT personnel with a new pathway for upward mobility.

47. In tertiary education, cost recovery measures had been attempted, but the political economy hampered implementation due to the free public education norm that has prevailed in Sri Lanka for several decades. The project completion report on Loan 1535-SRI: Science and Technology Personnel Development Project reported that the participating universities increased their revenues up to full cost recovery for postgraduate students,[21] but this was not achieved at the undergraduate level due to resistance from the students. Three of the five participating research and development institutions increased their revenue generation beyond 35% from consultancy fees and other services. The project completion report indicated that the 2004 policy of the Ministry of Science and Technology on prioritizing state-supported research of national interest might decrease revenue generation among some institutions but others might try to maintain current levels. The Government has also committed to finance recurrent incremental cost after completion of projects but deterioration in the country's fiscal position and escalation of the civil conflict may affect compliance.

48. For the Distance Education Modernization Project, future sustainability will depend on affordability to the rural sector of the technology for distance learning, the cost of accessing the program, good quality assurance mechanisms, and upgraded capacity to meet the future demands of online education. The use of the two modalities of online learning and public-private partnerships by the Open University of Sri Lanka, the conventional universities, and professional organizations to meet the needs of those in the rural sector, those outside the university system, or are employed are likely to be sustainable if the costs are affordable for students from non-affluent families.

49. **Impact.** The impact of the sector assistance program is likely to be "substantial". Key informants indicated that, had ADB not provided assistance to the education sector, it would not have been possible to introduce important innovations. ADB's distinctive contributions to the TEVT sector have been in (i) streamlining TEVT under the Ministry of Vocational and Technical Training, which brought multiple and fragmented TEVT institutions under a single umbrella; (ii) establishing an NVQ framework, which has served as a unifying policy mechanism for bringing coherence to the TEVT sector and for formulating qualification standards; (iii) introducing

[21] ADB. 2006. *Project Completion Report on Loan 1535-SRI: Science and Technology Personnel Development Project*. Manila.

competency-based training; and (iv) strengthening of the Tertiary and Vocational Education Commission as a policymaking and regulatory body for TEVT.

50. In tertiary education, ADB's distinctive contribution has been in elevating recognition at the national level of the importance of distance education. In addition, ADB assistance has also opened up distance education to different educational providers, both public and private; provided a quality assurance framework in a national context to address standards setting; and broadened access to tertiary education through online and distance learning. Students who cannot afford to study in Colombo can enroll in distance education in areas that have computer networks.

51. One impact study on TEVT and another on secondary education had been conducted. The TEVT study (1999) found that the project-funded technical colleges were underutilized and operated below capacity due to the lack of recurrent expenditure budget.[22] The effectiveness of the teaching-learning process was hampered by the lack of textbooks, teachers' lack of practical skills, and absence of continuing staff development. The 2006 impact evaluation study on Loan 1756-SRI: Secondary Education Modernization Project I noted that the project provided access to the burgeoning field of ICT, and that the stipends program was important in providing educational opportunity to children from economically disadvantaged families.[23] The low dropout rate from scholarship holders (<1%) suggested a possibility for the poor to have economic mobility in the future. A survey of students receiving stipends from the project indicated that they would not have been able to continue their education without the stipends. The study also noted that it was premature to expect a discernible impact from the school-based assessment, which the project enforced in 2005. Consequently, there was no significant difference in quality and program strength ratings between project and non-project schools. The students of project schools, however, expressed higher satisfaction levels.

52. A beginning has been made in the extension of science education at General Certificate of Education/A-level. Denial of such opportunities has deprived high ability students from non-affluent and rural families of access to remunerative employment. Students in 40% of schools with senior secondary grades have been exposed to the ever expanding world of ICT and have the opportunity to acquire skills through the General Information Technology examination and the ICT Technical Course at General Certificate of Education/O-level. ICT is likely to enhance employment prospects.

53. Unemployment among the educated population who passed the A-level national examinations declined from 29.4% in 1990, to 16.8% in 2002, and then to 13.8% in 2005. This downtrend cannot be attributed solely to the ADB education sector assistance program due to other macroeconomic forces at work, but the program contributed to this impact through efforts to make the curriculum market-responsive, strengthen linkages between training providers and industry, and improve access to quality education.

54. In relation to the Millennium Development Goals, Sri Lanka was an early achiever in universal primary education, having reached a near-universal net primary enrollment in the

[22] ADB. 1999. *Impact Evaluation Study of the Technical and Vocational Education Projects in Malaysia, Pakistan, Papua New Guinea, and Sri Lanka*. Manila. In Sri Lanka, the study covered two projects: (i) Loan 585-SRI: Technical Education Project, for $16.1 million, approved on 30 September 1982; and (ii) Loan 887-SRI: Second Technical Education Project, for $36 million, approved on 21 April 1988.

[23] MG Consultants. 2006. *Impact Evaluation of the Secondary Education Modernization Project I*. Final Draft report. Colombo.

1990s relative to the target of 2015 for most countries.[24] Gender parity in education, moreover, was also achieved. Almost half of the students enrolled at the primary level were girls. This trend, however, cannot be attributed to ADB assistance because primary education was not part of ADB's program for Sri Lanka. It is likely, however, that Sri Lanka's human development index and rank will improve with the increase in senior secondary and tertiary enrollment.

55. **Overall Sector Rating.** Given the five evaluation pillars of relevance, effectiveness, efficiency, sustainability, and impact, the overall performance of the education sector assistance program was rated "successful" (Table 6).

Table 6: Overall Sector Performance Rating

Rating	Relevance	Effectiveness	Efficiency	Sustainability	Impact	Overall Rating
Score	3	4	2	4	4	17
Rating	Highly Relevant	Effective	Efficient	Likely	Substantial	Successful

(i) Relevance: highly relevant (3 points), relevant (2 points), partly relevant (1 point), irrelevant (0 point).
(ii) Effectiveness: highly effective (6 points), effective (4 points), less effective (2 points), ineffective (0 point).
(iii) Efficiency: highly efficient (3 points), efficient (2 points), less efficient (1 point), inefficient (0 point).
(iv) Sustainability: most likely (6 points), likely (4 points), less likely (2 points), unlikely (0 point).
(v) Impact: high (6 points), substantial (4 points), modest (2 points), negligible (0 point).
(vi) Overall rating: highly successful (20 points and above), successful (16−19 points), partly successful (11−15 points), unsuccessful (10 points or less).
Source: ADB. 2006. *Guidelines for the Preparation of Country Assistance Program Evaluation Reports*. Manila. Available: http://www.adb.org/Documents/Guidelines/Country-Assistance-Program/default.asp

E. ADB's Performance in the Sector

56. ADB's operations in the education sector have been consistent with ADB's corporate mandate, including the poverty reduction strategy, and policies on education, gender and development, and anticorruption. ADB responded to the evolving needs of the country, strengthened client capacity, and provided various education facilities. Advisory TA grants on capacity development and resource rationalization supported project implementation. Key informants, including government officials and observers, expressed appreciation for ADB's flexibility and responsiveness. On the downside, ADB's lending sometimes exceeded the capacity to maintain and operate the facilities, as seen in the underutilization of certain facilities and equipment. Certain components of projects and TA grants were also complex and/or could not be implemented realistically within the envisaged timeframe.[25] Better design and closer supervision could have led to better performance, and early solutions to problems could have reduced delays. Two projects had been delegated to the Sri Lanka Resident Mission.[26] Key informants acknowledged the resident mission's efforts in facilitation, information collection, explanation of ADB guidelines, and conduct of portfolio reviews. Services could be further improved, however, in terms of (i) a stronger advisory role for the Sri Lanka Resident Mission; (ii) better tracking of official communications and quicker response to loan disbursement requests; and (iii) closer supervision and dialogue.

[24] World Bank. 2005. *Attaining the Millennium Development Goals in Sri Lanka*. Washington, DC. Available: http://www.worldbank.lk
[25] Examples included Loan 1535-SRI: Science and Technology Personnel Development Project and TA 3073-SRI: Improving Education Planning.
[26] These included (i) Loan 1535-SRI: Science and Technology Personnel Development Project; and (ii) Loan 1707-SRI: Skills Development Project.

F. Identified Lessons

57. Lessons identified from the experience of implementing education projects and TA grants in Sri Lanka offer insight into improving future implementation. These are given below for secondary education, TEVT, and tertiary education.

1. Secondary Education

(i) The relatively high incidence of poverty and socioeconomic disparities in the country must be considered in proposals for cost recovery to ensure sustainability.
(ii) Failure to adhere to relevant criteria for selecting educational institutions for fast track development can defeat the objectives of the program.
(iii) The records of stipend recipients must be updated to provide feedback for evaluation and corrective measures.
(iv) Lack of conceptual clarity that equates proficiency in basic computer skills with computer assisted learning has affected adversely the development of programs that integrate the use of computer skills in curriculum development and the teaching-learning process. Teacher education institutions that are responsible for this function have been underutilized.
(v) Timely recruitment and development of staff and provision of equipment must complement building programs. Selection of consultants and allocation of fellowships must be based on well defined criteria.
(vi) The potential of project activities cannot be maximized without effective monitoring and the commitment of officials trained in monitoring and evaluation.

2. Technical Education and Vocational Training[27]

(i) More proactive social marketing programs are necessary to change the negative attitudes of private sector employers, parents, and students to state TEVT institutions.
(ii) The poor employment record of those who have attended short courses needs to be considered in planning programs.
(iii) Career guidance centers in isolated locations have had little impact.
(iv) Six months on the job training after the completion of a course facilitated access to employment. Support services are vital to utilize loans for self-employment.
(v) While policies have been gender sensitive, they have been relatively ineffective without concomitant motivation programs to encourage women to enroll in technical training programs. Gender disaggregated data are necessary to monitor progress in reducing gender imbalances.
(vi) More tracer studies are necessary for monitoring and future planning.

[27] These TEVT lessons were considered in the preparation of Loan 2197: Technical Education Development Project (approved in November 2005). In particular, this project incorporated social marketing, gender dimensions, collection of gender-disaggregated project-related information, and tracer studies.

3. Tertiary Education

(i) As the Distance Education Modernization Project is a pioneering venture, more awareness programs are necessary to promote readiness for online learning as well as to expedite the participation of non-state agencies.
(ii) Greater care should be taken in the selection of consultants. Overseas consultants should be selected only for areas in which there is no local expertise available.
(iii) A revolving fund is necessary to enable participants from non-affluent families to acquire computers.
(iv) Capacity building of public sector institutions and increasing the matching grant for small professional bodies should receive priority.
(v) Regular monitoring is required at every stage of the project.

G. Future Challenges and Opportunities

58. ADB support for secondary education, TEVT, and tertiary education has introduced innovative programs and has facilitated far-reaching reforms. Key challenges and opportunities for future assistance pertain to reducing disparities in access to education, developing and sustaining a high quality and relevant education system, and improving its internal and external efficiency. Support for results-based monitoring and evaluation is also vital, along with strengthening linkages among general education, TEVT, and tertiary education.

59. In secondary education there are yet ‘unfinished tasks’ in two areas in which ADB has almost a niche—access to quality senior secondary education and to ICT through the education system—in which sustainability has to be achieved, without detriment to the principle of equity that has determined education policies over decades. The stipends program needs to be supported to contribute toward the universalization of education in grades 10 and 11 and around 80% participation in grades 12 and 13 in the foreseeable future, which will be a major strategy in reducing poverty and social exclusion. Educational opportunity encompasses access to two critical areas in an increasingly technological and globalizing environment: science education and ICT. The percentage of schools with ICT facilities in senior secondary grades needs to increase from the current 40% to about 75%−80% in the near future.

60. The Government has been engaged in developing schools selected as ‘centers of excellence’ for almost a decade, hopefully to replicate the successful experience of the Central Schools in the 1940s and 1950s as agents of upward socioeconomic mobility for disadvantaged families. These efforts have been stymied by lack of resources and by the adverse impact of extraneous, non-educational pressures. It is possible to accelerate progress by coordinated planning, selection of schools by an independent panel on the basis of objective criteria, focusing on the quality of education offered by these schools, and regular supervision and monitoring.

61. The multifaceted and seemingly intractable issue of the inequitable distribution of teachers has been a critical concern over the years. Possible approaches to the problem include the provision of incentives such as an adequate allowance, residential facilities, and opportunities for the education of their children in quality schools to (i) qualified and experienced teachers to work in schools in disadvantaged locations, (ii) university graduates and ex trainees of National Colleges of Education from disadvantaged areas to work in their ‘home districts’ for a fixed term, and (iii) university graduates and ex-trainees of National Colleges of Education from more developed areas to work in these disadvantaged schools for a fixed term. For

teachers in the second and third categories mentioned above, an additional incentive would be to offer them opportunity and equipment to seek professional and further education through distance education by facilitating linkage with the regional centers of the Open University of Sri Lanka. A prerequisite would be political commitment that will forestall deviations from the implementation of these policies.

62. A major problem in secondary education has been the piecemeal introduction of changes in the curriculum that have not impinged qualitatively on the teaching-learning process and on teacher education. The rote learning process therefore continues, providing little space for activity-based teaching and learning that will, inter alia, develop generic personal skills and human values, which will impact positively on both individual development and employability. Teacher education institutions need to be involved in this transformative process and in spearheading innovative practices such as computer assisted learning. Support is also required for the technical subjects in the grades 10−11 curriculum that have been underresourced and given low priority for decades. While the vocationalization of secondary education is neither desirable nor feasible, performance in these technical subjects and the extension of career guidance to all secondary schools will facilitate employment as well as improve the quality of entrants to TEVT institutions. Linking senior secondary education with technical colleges and vocational training centers within the district and province is crucial.

63. The virtual absence of quality assurance at school level and effective monitoring at all levels has affected adversely the implementation of many programs. It is necessary for Secondary Education Modernization Project II and other assistance to build on the experience of recent projects and ensure continuity as well as change, where necessary.

64. The Skills Development Project and the Technical Education Development Project have injected dynamism into a sector that has stagnated over the years. The challenge is to continue this momentum and to optimize the benefits of the changes that have been introduced. Programs need to be directed toward achieving three crucial goals: (i) meet the labor market demand for relevant skills and the demand for training and employment by over 200,000 secondary school leavers each year, (ii) improve the quality of training to make it an acceptable alternative path to further education, and (iii) reduce geographical disparities in the provision of TEVT facilities. Action has been initiated but further efforts are called for.

65. The demand for skills is at craft level as well as at middle and higher technological levels where the supply is low. The need, therefore, is to maximize the resources of the existing networks of institutions and to expedite the development of the Colleges of Technology and University of Vocational Technology. It is necessary at the same time to be proactive in reducing gender imbalances in technical-related training. A major challenge is to improve the poor image of TEVT institutions among private sector employers, parents, and students. While awareness programs are necessary, the most effective strategy would be to improve the quality of TEVT and their output in terms of standardized qualifications and employment, to reduce dropout and failure rates, and recruit, train, and retain qualified staff. Useful interventions would be on the job training, equitable distribution of career guidance units, a revolving fund for loans for self-employment with flexibility on the part of banks to ensure easy access to loans, and support for the currently marginalized section of the informal sector. The establishment of production units can generate income for the training centers and facilitate the application of the knowledge and skills acquired in the TEVT institution. If profitable, these production units can help market/promote the training center as well.

66. It is clear from the situation prevailing in vocational training centers, particularly in the rural sector, that standards are uneven and that some rural centers are as yet outside the ambit of recent developments such as competency-based training, NVQs, and provision of qualified staff and modern equipment. These undeveloped centers are a legacy of the past but they need to be reached as early as possible to reduce disparities that affect access to sustainable livelihoods and create frustration. The magnitude of the task is evident. Effective management, ongoing monitoring, and more tracer studies are required to prevent dilution of current programs and their outcomes. A review of the distribution of training centers/institutions is also warranted to further improve access, monitoring, effectiveness, efficiency, and sustainability of training programs. Moreover, fostering commitment to the TEVT development strategy and NVQ, mapping NVQ with international qualification frames, developing a TEVT development plan that is in harmony with a human resource development policy, and building effective linkages with secondary education and tertiary education are vital.

67. Tertiary education has been almost synonymous with university education in the perceptions of many school leavers but only 3% of the relevant age group is in state universities and around 8% in other tertiary education institutions, both public and private. The University Act has yet to be amended but curriculum reforms are in progress. In addition to the development of higher technical education, efforts are being made to expand distance education to reach those outside formal institutions. Ongoing developments include the strengthening of the Open University of Sri Lanka and its Regional Centers and the promotion of online learning. Opportunities are manifold but constraints need to be overcome.

68. As a pioneering venture, social marketing has to be carried out for the acceptance of online learning using new technologies as an alternative medium for tertiary education. The print media dominated the programs of the Open University of Sri Lanka in the past. Other key constraints that must be overcome include an inadequate ICT infrastructure, the lack of an ICT policy against software piracy, limited access to electricity in some localities, reduction of costs of utilization, resistance to charging fees, the lack of English language proficiency, and paucity of information on labor market requirements for educational planning. Moreover, staff in universities and in private organizations must be trained in the preparation of web-based curriculum materials and in their use in interactive teaching and learning. Performance indicators need to be developed.

69. Also important are implementing a national quality assurance and accreditation for online and distance learning, developing linkages and credit transfers among tertiary institutions for upward mobility, formulating work norms and payment schemes for online tutors, and promoting English as the medium of instruction for ICT. Establishing an apex independent body for quality assurance to cover all tertiary education programs (including university education, professional education, foreign university education in Sri Lanka, and overseas degrees for employment and accreditation/credit transfer purposes) may have to be done by a separate Act of Parliament outside the University Act. A network linking tertiary education institutions, professional organizations, and other groups also merits future consideration. The matching grants of small professional bodies must be enhanced to ensure their participation, and effective coordinating and monitoring mechanisms established. Online and distance learning must be incorporated in the corporate plans of universities and official work plans of other institutions to provide a sense of ownership and to enhance sustainability. Moving online and distance learning forward also calls for developing the ICT infrastructure, converting external degree programs to online and distance learning, promoting online and distance learning at secondary schools and introducing it to the vocational training sector, and initiating cost recovery measures to boost sustainability into the future.

POSITIONING OF ASIAN DEVELOPMENT BANK'S EDUCATION SECTOR STRATEGIES IN SRI LANKA

		CAPE PERIOD		
Criteria for Positioning/Coherence	**1988−1992 Country Strategy**	**1993−1997 Country Strategy**	**1998−2003 Country Strategy**	**2004−2008 Country Strategy**
Basis for the sector strategy	• The 1988 Country Operational Strategy did not have a separate section on the education sector in Sri Lanka. • The overall country strategy and the 1987 Special Aid Meeting highlighted that the immediate requirements of reconstruction and rehabilitation were paramount after the signing of the 1987 Indo-Sri Lanka Peace Accord. These essentially drove the education sector strategy, along with the development objective pertaining to human resource development and meeting basic needs. Education was considered a basic need.	• The 1993 education sector strategy was closely linked to finding solutions to Sri Lanka's twin problems of unemployment and poverty, which was at the core of the Government's development agenda. • The overall strategy was based on the country economic review, ADB's postevaluation findings on project performance and lessons from past experience, and dialogue with external funding agencies.	• The 1998 education sector strategy drew inputs from a wide range of relevant sources, providing a sound basis for its formulation: (i) economic and sector analysis, (ii) poverty assessment, (iii) policy dialogue, (iv) the Government's distributive and social policies, (v) postevaluation studies of ADB, and (vi) operations of other external funding agencies/development partners.	• The sector strategy was based on (i) the Government's new development strategy that underscored poverty reduction; (ii) the ADB Poverty Reduction Strategy in Sri Lanka, which supported efforts to improve access to quality education, promote social cohesion, and improve public-private partnerships; (iii) the ADB Education Policy that welcomed efforts in postsecondary and tertiary education; (iv) thematic and sector analysis; (v) stakeholder consultations throughout the strategy formulation process; (vi) meetings with external funding agencies; and (vii) a stock-taking meeting in October 2003, which facilitated agreement on the rationale and directions for the 2004–2008 strategy.
Government's absorptive capacity and ownership	• There was no sector-specific discussion, but the overall country strategy acknowledged constraints on absorbing development assistance, along with institutional and human resources constraints on effective project implementation. • The education sector strategy was a response to	• A sector-specific assessment of absorptive capacity was lacking. • The extent of country ownership of the strategy and the strategy formulation process were not explained.	• There was no sector-specific assessment. At the country level, the strategy recognized that project loans to Sri Lanka could not be very large, given the absorptive capacity of the country and of sector institutions. The external debt of Sri Lanka was about 56% of the gross domestic product in 1998. Its external debt-service ratio stood at about	• The sector strategy noted that the limited absorptive capacity in postsecondary levels, including vocational and technical institutes, was a key constraint. However, it did not provide details.

		CAPE PERIOD		
Criteria for Positioning/Coherence	**1988–1992 Country Strategy**	**1993–1997 Country Strategy**	**1998–2003 Country Strategy**	**2004–2008 Country Strategy**
	the reconstruction and rehabilitation program proposed by the Government. In this context, the strategy was country-driven.		13% of exports of goods and services. The country strategy indicated that the high debt level and the security situation suggested caution, but the country was nevertheless in a position to absorb some official development assistance.	
			• The strategy, as a whole, was prepared in close cooperation with a government focal point group, which contributed to and reviewed its contents at various stages during preparation. Consultations were done through workshops and discussions with government and non-government representatives.	• Multi-level consultations and meetings were integral to the inclusive and interactive process of strategy formulation. The country team discussed the strategy with the Government, nongovernment organizations, private sector, academe, and external funding agencies, and secured agreement on the strategy and its proposed implementation.
ADB's comparative advantage in the sector and harmonization of sector strategies with other development partners	• In line with harmonizing strategies and development assistance with those of the World Bank and the International Monetary Fund, ADB participated in a Special Aid Group Meeting for Sri Lanka held in Paris on 4 December 1987. This meeting endorsed government efforts to end the ethnic conflict and implement a reconstruction and rehabilitation program. The development partners viewed the establishment of peace as critical for Sri Lanka's economic recovery	• ADB paid increasing attention to dialogue, donor coordination and strategy harmonization, including consistency of loan covenants with those of other development partners for policy-based assistance (World Bank and International Monetary Fund). • At the macro level, the World Bank and the International Monetary Fund agreed to take the lead in assisting the Government's economic stabilization and structural adjustment	• Given the role of other development partners in the education sector and in line with the Government's request, ADB's sector strategy excluded primary education. Based on ADB's past involvement, the sector strategy opted for the promotion of market-relevant skills and attitudes development at the technical and vocational levels. It was also open to assisting secondary and higher education.	• ADB has been a major development partner in education, particularly in secondary education, skills development, and distance education (tertiary level). The sector strategy noted that the bilateral funding agencies of Japan, Sweden, and Great Britain had given the most assistance to pilot programs for primary education. The World Bank had supported basic education as well as tertiary education, largely in terms of enhancing institutional capacity to achieve greater relevance and

		CAPE PERIOD		
Criteria for Positioning/Coherence	**1988−1992 Country Strategy**	**1993−1997 Country Strategy**	**1998−2003 Country Strategy**	**2004−2008 Country Strategy**
	but the reconstruction program itself was vital to sustain the peace.	programs. ADB concentrated on institutional and policy reforms that were consistent with the macroeconomic program.		quality in undergraduate programs.
	• As a result of the Special Aid Group meeting in 1987, ADB supported the education sector through the rehabilitation of schools, along with other sectors (roads and agriculture).	• Bilateral aid was expected to play a lesser role over the medium term because of the slowdown in the economies of the industrialized countries. • The strategy noted several bilateral agencies involved in the education sector: (i) the Canadian International Development Agency (education and women-in-development); (ii) the Swedish International Development Cooperation Agency (general education); and (iii) the Norwegian Agency for Development Cooperation (gender issues and education). However, there was no explanation on how ADB harmonized its strategy and development assistance with those of bilateral funding agencies.	• The strategy identified key external funding agencies that were assisting the education sector, along with their corresponding sector focus. The World Bank was involved in general education; the United Kingdom, in primary education; and Australia, in tertiary scholarships and training. ADB was in skills development and secondary education. Germany was in technical and vocational education and was rehabilitating education facilities in Jaffna. Norway was strengthening the Vocational Training Authority. There was no indication of the magnitude of development assistance by funding agency in the education sector. This was discussed at the country level, not at the sector level.	• The ADB sector strategy complemented the basic education and teacher training of the World Bank. It was also in harmony with the strategy of the Japan International Cooperation Agency, whose assessment of computer needs in lower secondary education was useful for future ADB interventions in ICT. The job net for young adults of the International Labour Organization fitted well with ADB interventions in career guidance and job search training for postsecondary school students. Other development partners in the education sector included the Department for International Development (United Kingdom), which addressed curriculum development and social conflict resolution, and Norway and Sweden, which assisted universities in setting up university accounting systems.
			• Discussions held during the preparation of the strategy and the specialization acquired over time pointed to areas where ADB was well placed to play a distinctive	• ADB participated in a joint strategy seminar organized by the Japan Bank for International Cooperation in Tokyo in 2003, wherein ADB and the World Bank

		CAPE PERIOD		
Criteria for Positioning/Coherence	**1988–1992 Country Strategy**	**1993–1997 Country Strategy**	**1998–2003 Country Strategy**	**2004–2008 Country Strategy**
			role. The combination of favorable human development indicators and considerable interest by other funding agencies in specific education subsectors suggested that ADB's role needed to be narrowly targeted on marketable skills development.	exchanged views on their respective strategy formulation.
Focus/Selectivity and Synergies				
(i) Issues/challenges addressed	• The signing of the Indo-Sri Lanka Peace Accord in July 1987 called for hastening the return to normalcy. A key challenge was restoring damaged schools and other facilities in the Northern and Eastern provinces of Sri Lanka, as well as in other provinces with similar rehabilitation needs.	• The education sector strategy underscored that an acute shortage of marketable skills existed across occupations as a result of the mismatch between the nature of the skills possessed and the requirements of the labor market. While training institutions have been established by both the public and private sectors to cater to the needs of the market, the quality of training was inadequate.	• The education sector strategy recognized quality slippages in education. These called for increasing the external efficiency of the education and training system and improving the targeting and financing of services. The mismatch between the skills and expectations produced by the system and the demands of the labor market partly accounted for the phenomenon of unemployment among the educated, and impeded faster economic growth. Literacy rates and access to education were high and not gender biased, but the link to market demand was weak.	• The education sector strategy identified four key issues: (i) regional inequalities in access to education; (ii) limited absorptive capacity in postsecondary levels, including vocational and technical institutes; (iii) weak public-private partnerships and cooperation at the tertiary education level; and (iv) restricted coverage of ICT in secondary schools and poor distance learning capacity among postsecondary school institutes.
				• The strategy recognized that at a macro level, Sri Lanka is still mired in policies that limit the growth of public-private partnerships in education and that hamper innovations for making education relevant to the needs of society.

		CAPE PERIOD		
Criteria for Positioning/Coherence	**1988–1992 Country Strategy**	**1993–1997 Country Strategy**	**1998–2003 Country Strategy**	**2004–2008 Country Strategy**
				• Policies are required to target poor areas and provide additional resources to bring schools up to threshold norms of proficiency, including hardship incentives to get teachers to teach in rural communities.
(ii) Sector focus	• The sector focus was straightforward and selective—immediate rehabilitation of schools. Apart from this, ADB continued its support for improving the quality and efficiency of technical education.	• The sector focus was clear, but somewhat diffuse. It opted for improving the institutional framework for technical and vocational training and developing a comprehensive national training policy to upgrade and integrate the efforts of the public and private sectors, strengthen the links between training institutions and industry, and provide funding for training expertise in short supply. For secondary education, it recognized the need to address its shortcomings so that school graduates are in a better position to benefit from the improved post-school training facilities available to them. • Institutional strengthening, moreover, was seen as vital in relation to projects, including efforts to devolve key developmental responsibilities to Provincial Councils and local authorities.	• The sector focus was selective and sharp. It narrowly targeted the development and promotion of marketable skills and attitudes at the technical, vocational, and possibly secondary and higher education level. It also recognized that reforms and rationalization were needed in the complex and highly fragmented panorama of institutions and programs in vocational and technical training.	• The sector focus was relatively broad but relevant to emerging needs. It continued to focus on secondary education, yet diversified into distance learning at the tertiary education level. Moreover, the strategy sought to accelerate poverty reduction through targeted investments to raise the educational attainments of low-income groups; develop Sri Lanka's higher-level human resources to achieve skills-based competitiveness; narrow the prevailing wide gender gap in access to technical and vocational education as well as to information technology; and help influence the advancement of curriculum design to reflect the needs of the labor market. • In general, the sector strategy supported poverty reduction, human development, and economic growth, with special efforts to ensure gender and development.
			• Attention was also given to cost recovery and beneficiary	• The education sector strategy recognized that the

		CAPE PERIOD		
Criteria for Positioning/Coherence	**1988–1992 Country Strategy**	**1993–1997 Country Strategy**	**1998–2003 Country Strategy**	**2004–2008 Country Strategy**
			financial contributions, and to the expansion of the role of the private sector in providing education services. The strategy recognized that this must be done with sensitivity, given the prevailing view in Sri Lanka that social services should be publicly financed.	Government needed to work closely with private sector institutes to encourage expansion and help close the demand gap for postsecondary education. • The sector strategy supported the career channeling of students at age 16 by providing wider skills acquisition opportunities in vocational-technical courses for which students apply when they do not qualify for higher secondary school education. These included apprenticeship and technical education. • The sector strategy also supported 18 year olds in their choice of education after secondary school graduation. New learning technologies, including distance education, were seen as a means of reaching a wider audience of external degree students throughout Sri Lanka.
			• Considering that the critical problem of the rural poor was low income due to underemployment, and the most relevant gender issue was labor market discrimination, the education sector strategy underscored that skills development programs needed to be complemented by women's improved access to microcredit and other services	

		CAPE PERIOD		
Criteria for Positioning/Coherence	**1988−1992 Country Strategy**	**1993−1997 Country Strategy**	**1998−2003 Country Strategy**	**2004−2008 Country Strategy**
			to reduce poverty and gender disparity.	
(iii) Instruments used to address challenges	• To address the identified challenge and sector focus, the education sector strategy adopted two key instruments: (i) loans (for emergency schools restoration, and for a technical education project, phase 2), and (ii) TA for a sector study on education and training to assist policy development.	• The main instruments for implementing the sector strategy included (i) loans for technical education, and (ii) advisory TA for identifying current and future skills required by industry; reviewing the current skills shortage and developing a program for its reduction; and identifying ways to increase women's participation in technical and vocational training. Loan covenants were incorporated in projects that required enactment of legislation for the restructuring of technical colleges and reorganization of the Department of Examinations to separate educational testing from civil service recruitment examinations.	• At the strategy level, the mix of instruments to address the selected sector challenges and sector focus was varied and appropriate, consisting of (i) concessional loans, (ii) TA, (iii) modalities for public-private partnerships and innovative arrangements for alternative service delivery systems, and (iv) economic and sector work on institutional arrangements for skills development and vocational/technical training. Complementing these were loan covenants at the project level that required an action plan to increase the internal efficiency and effectiveness of teaching science and technology programs and to monitor and evaluate teaching quality; the establishment of linkages with industry; cost recovery measures; approval of a national policy to implement career guidance; and granting greater autonomy and authority to the Tertiary and Vocational Education Commission to increase private sector participation in the vocational training sector, among others.	• The instruments for strategy implementation included (i) loans and (ii) TA. In support of the sector strategy, loan covenants were also incorporated into projects which called for action plans on public-private partnerships, teacher transfer to rural and disadvantaged areas, ICT in secondary schools, and distance education partnership program at the tertiary education level, among others.
(iv) Coherence of issues, focus, and instruments	• The education sector strategy was coherent and straightforward, given the choice of issues, focus, and	• The education sector strategy was logical. The choice of issues, sector focus, and instruments for	• Given the education sector's key challenges, constraints, and aid harmonization efforts that were cited in the	• The education sector strategy's choice of issues, focus, and instruments was coherent, given its poverty

		CAPE PERIOD		
Criteria for Positioning/Coherence	**1988–1992 Country Strategy**	**1993–1997 Country Strategy**	**1998–2003 Country Strategy**	**2004–2008 Country Strategy**
	instruments discussed above.	implementing the strategy were defined.	preceding discussion, the sector strategy was coherent. Its choice of issues, clear sector focus, and appropriate mix of instruments to support the sector strategy contributed to a well-positioned strategy. The selected instruments, moreover, were designed to complement each other.	reduction focus. The strategy was harmonized with the efforts of development partners in the sector. • Its support for ICT and for distance education was in harmony with achieving competitiveness in an age of globalization.
Long-term continuity of the sector strategy	• Except for emergency assistance to schools restoration, the sector strategy had continuity with previous ADB assistance to technical education, which aimed to strengthen the technical education system, including curriculum development, training of technical teachers, and upgrading of the physical facilities of technical colleges.	• The education sector strategy continued to support technical education and vocational training, but began to address secondary education as well.	• The sector strategy built on previous ADB efforts to support secondary education and technical and vocational training to reduce the mismatch between the supply and demand for skills from the business community. Thus, the strategy had an element of continuity.	• The sector strategy continued to build on previous ADB assistance to technical education/skills development and to secondary education, but also supported distance learning to broaden access to education.
Risk assessment and monitoring mechanisms to achieve the sector strategy's envisaged results	• There was no risk assessment in relation to the education sector strategy.	• An assessment of risks was not done at the sector level.	• The strategy identified risk factors for the country as a whole. It did not address risks that were specific and unique to the education sector.	• The strategy did not cite sector-specific risks.
			• Recent measures, such as the strengthening of the project directors' forum, development of an action plan, and creation of a procurement bureau were expected to help improve implementation performance across sectors. ADB's Sri	

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			Lanka Resident Mission was seen as important in fostering coordination and following up implementation concerns.	
		• The overall country strategy recognized the need to assess macroeconomic performance in terms of meeting the numerical targets and its impact on the poor and unemployed, as well as of sector performance to determine the sources of overall growth and employment. However, it did not spell out the institutional mechanisms and instruments for carrying out the review.	• The strategy highlighted monitoring at two levels: (i) at the risk level, to allow adjustments to ADB operations when warranted by changing domestic or international circumstances to mitigate their negative impact or take advantage of the opportunities they create, and (ii) at the sector level, to focus on operations and improvements brought about by sector interventions. Country economic reviews and annual sector reviews were the primary monitoring mechanisms cited in the strategy.	• The annual update of the Country Strategy and Program was the primary instrument for monitoring and evaluating achievements, along with performance reports on projects and TA under the ADB performance management system.
	• The strategy was not results-based, given prevailing practice at that time. The expected outcomes and impacts and the mechanisms for monitoring their achievement were not specified.	• The sector strategy did not specify the envisaged outcomes and impacts in relation to its stated objectives and focus.	• The education sector strategy underscored that its success in the medium term would be measured in terms of the degree of institutional change and efficiency improvements introduced to the system of vocational and technical training and skills development.	• The sector strategy included a roadmap with sector indicators and spelled out its envisaged outcomes by year 10.
Overall Sector Rating = S		**OEM Rating: PS**	**OEM Rating: S**	**OEM Rating: S**

ADB = Asian Development Bank, CAPE = Country Assistance Program Evaluation, HS = highly satisfactory, ICT = information and communication technology, OEM = Operations Evaluation Mission, PS = partly satisfactory, S = satisfactory, TA = technical assistance, US = unsatisfactory.

Note: HS = 3 points, PS = 2 points, S = 1 point, and U = 0 point. An equal weight is applied to each of the six criteria for positioning/coherence. The ratings are as follows: (i) HS > 2.5, (ii) 2.5 ≥ S ≥ 1.6, (iii) 1.6 > PS ≥ 0.6, and (iv) 0.6 > US.