



Validation Report

Reference Number: PCV: SRI 2008-32
Project Number: 31283
Loan Number: 1707(SF)
August 2008

Sri Lanka: Skills Development Project

Asian Development Bank
Operations Evaluation Department

ABBREVIATIONS

ADB	–	Asian Development Bank
BME	–	benefit monitoring and evaluation
CBT	–	competency-based training
EA	–	executing agency
IT	–	information technology
LMIS	–	labor market information system
LRDC	–	learning resource and development center
LRUC	–	learning resources utilization center
MIS	–	management information system
MTR	–	midterm review mission
M&E	–	monitoring and evaluation
NGO	–	nongovernment organization
OED	–	Operations Evaluation Department
PCR	–	project completion report
PPTA	–	project preparatory technical assistance
SEPI	–	self-employment promotion initiative
TEVT	–	technical education and vocational training
VTC	–	vocational training center

NOTE

In this report, “\$” refers to US dollars.

Key Words

asian development bank, skills development project, project completion report, validation

Director	R. B. Adhikari, Operations Evaluation Division 1, Operations Evaluation Department (OED)
Team leader	K. Hardjanti, Principal Evaluation Specialist, Operations Evaluation Division 1, OED
Team members	A. Anabo, Senior Evaluation Officer, Operations Evaluation Division 1, OED C. J. Mongcopa, Assistant Knowledge Management Administrator, Operations Evaluation Division 1, OED

OED PCR Validation Report Form

A. Basic Project Data		PCR Validation Date:	July 2008	
Project and Loan Number:	31283, 1707-SRI(SF)		Appraisal	Actual
Project Name:	Skills Development Project	Total Project Costs (\$M):	38.50	39.19
Country:	Sri Lanka	Loan (\$M):	18.80	19.49
Sector:	Education	Total Cofinancing (\$M):	12.00	13.74
ADB Financing (\$M)	ADF: 18.8	Borrower (\$M):	7.70	5.96
	OCR: 0.0	Beneficiaries (\$M):	0.00	0.00
Cofinanciers:	(i) Nordic Development Fund (ii) Organization of Petroleum Exporting Countries	Others (\$M):	0.00	0.00
Approval Date:	28 Oct 1999	Effectiveness Date:	21 Mar 2000 ¹	21 Mar 2000
Signing Date:	5 Nov 1999	Closing Date:	31 Oct 2006	31 Jan 2007 ²
Project Officers:	Name: Motilal Sharma Jouko Sarvi Jeoung-Keun Lee Hiroyuki Ikemoto Amarasena Gamaathige	Location (HQ or RM): HQ HQ HQ HQ SLRM	From 1999 2001 2002 2003 2004	To 2001 2002 2003 2003 2007
Evaluator:	Pedrito B. dela Cruz, Consultant	Director:	R. B. Adhikari, OED1	
Quality Control Reviewer/ Peer Reviewer:	K. Hardjanti, Principal Evaluation Specialist, OED1			

ADB = Asian Development Bank, ADF = Asian Development Fund, HQ = headquarters, OED = Operations Evaluation Department, PCR = project completion report, SF = special fund, SLRM = Sri Lanka Resident Mission, SRI = Sri Lanka.

B. Project Description (Summarized from RRP)

- (i) **Rationale.** There is a strong demand for skills training in Sri Lanka, such that only 58% of applications received by four major public sector vocational training providers in 1997 were accepted. Course offerings have mushroomed in response to the high demand, but at the expense of quality. Vocational training institutions offer 321 courses, most (70%) of which are not very relevant to the employment market, resulting in a gross mismatch between the skills provided by the vocational training institutions and the skills demanded by industry and the services sector. There is a need to improve the quality and relevance of skills training programs to ensure graduates are employable. There is also an urgent need to address unemployment among youth and females, whose unemployment rate is twice that of males. About 85% of the unemployed are from rural areas, and 54% of them are female. Close to half (46%) of the targeted beneficiaries fall below the poverty line. A presidential task force on implementation of reforms in the Technical Education and Vocational Training (TEVT) sector was established by the Government. The

¹ As per the PCR. Based on the Loan Financial Information System, the loan was expected to take effect on 3 February 2000.

² The loan account was closed on 23 July 2007.

reforms focus on quality and standards, relevance, access, institutional efficiency, and resource mobilization through active partnership with the private sector and nongovernment organizations (NGOs).

- (ii) **Impact.** The Project envisioned substantially impacting poverty by raising the income of male and female trainees from poor families. The more senior and technical staff of vocational training centers and employees of private training institutions, who also belong to poor households, were expected to gain from capacity development activities that would enable them to compete for higher salaries.
- (iii) **Objectives or Expected Outcomes.** The Project's main objective was to improve the quality and relevance of skills-training programs by building a high-quality workforce to address the issues of skills mismatch and unemployment among rural and urban youth. The project aimed to restructure and reorient the vocational training system through introduction of competency-based training (CBT) to ensure a closer partnership between vocational training institutions and the private sector.

The Project was designed to support upgrading of facilities and capacity building in selected existing vocational training institutions, including six national vocational training institutions, 34 technical colleges, 200 selected vocational training centers (VTCs), and vocational training institutions spread over eight provinces and 21 districts managed by the private sector and NGOs. Although the intervention was focused on rural youth, it was anticipated that youth in tea plantations and urban areas would also benefit.

- (iv) **Components and/or Outputs.** The Project comprised the four following components:

Component 1: Improving the Quality and Relevance of Skills Development Program

- (a) Development of a policy framework for the institutionalization of CBT;
- (b) Establishment of a national CBT learning resource and development center (LRDC) at the Ministry of Vocational Training and Rural Industries and CBT learning resources utilization centers (LRUCs) and career guidance counseling centers at selected training centers, to be staffed by trained personnel and equipped with adequate equipment and learning materials to provide quality services at the district level;
- (c) Upgrading of VTC facilities with the purchase of appropriate equipment and furniture;
- (d) Development of 20 new courses and conversion of 25 existing courses into CBT format, and development, testing, production, and distribution of CBT materials for the selected 45 skills training courses;
- (e) Introduction of entrepreneurship and basic management skills development courses in vocational training curricula, and development of learning materials;
- (f) Development of skills standards and corresponding training standards and trade tests for the 20 new and 25 existing courses converted into CBT, as well as the development and testing of evaluation materials; and
- (g) Establishment of a national vocational qualification framework.

Component 2: Institution Building and Human Resource Development

- (a) Strengthening of the policy and planning systems through the provision of adequate hardware and software to establish a management information system (MIS) with adequately trained staff;
- (b) Institution building and strengthening of core competencies in the areas of planning, policy making, CBT curriculum development, standards setting, evaluation (including benefit monitoring and evaluation [BME]), and quality control through staff development (overseas and in-country training) to strengthen the institutional capacities of the Ministry of Vocational Training and Rural Industries and national vocational training institutions, national and district VTCs, the Department of Technical Education and Training, and two district pilot training centers, the National Youth Services Council career guidance and

- (c) counseling, CBT resource centers, and private sector and NGO VTCs;
- (c) Establishment of a labor market information system (LMIS) to make high-quality labor market information readily available to planners and policy makers;
- (d) Establishment of a BME system by providing adequate equipment and trained staff for its implementation;
- (e) Construction and provision of facilities, equipment, and furniture for a national LRDC to institutionalize the CBT learning strategies and consolidate all vocational training-related institutions;
- (f) Construction of a vocational training complex equipped with furniture and equipment, and upgrading of certain facilities of selected VTCs; and
- (g) Support for research studies, tracer studies and a training needs assessment.

Component 3: Resource Mobilization and Sustainability

- (a) Improvement of vocational training institutions' procurement, accounting, budgeting, and auditing systems and strengthening of their financial MIS;
- (b) Implementation of a district resource rationalization plan to maximize the use of existing vocational training resources in each district; and
- (c) Development of appropriate policies and effective mechanisms to institutionalize community support for establishment and management of rural training centers to improve cost-sharing and resource mobilization.

Component 4: Innovative Interventions to Strengthen NGO and Private Sector Participation

- (a) Introduction of environmental education in skills training;
- (b) Launch of a self-employment promotion initiative;
- (c) Piloting of financial and managerial autonomy schemes for training centers in two selected districts; and
- (d) Introduction of a performance contracting scheme.

In response to a government proposal relating to training of rural youth in information technology (IT) to address the issue of unemployment among rural youth as well as use of IT for poverty reduction, the Special Loan Administration of the Asian Development Bank (ADB) signed a memorandum of understanding that incorporated IT for rural youth as a new subcomponent under component 4. This subcomponent included: training of rural youth, including women, in IT skills; development of information systems for rural areas; designing and development of learning resource materials for IT skills training; upgrading of existing IT training facilities; and cost recovery through provision of IT services.

C. Evaluation of Design and Implementation (PCR assessment and Validation)

- (i) **Relevance of design and formulation.** The project completion report (PCR) found that the Project was "relevant," based on a number of factors. First, the project design and formulation drew from the results of assessments and evaluation of two previous ADB-assisted projects³ in the TEVT sector in 1982 and 1988. The assessments emphasized that physical facilities and equipment were poorly utilized, with staff shortages and poor maintenance of improved facilities being major concerns. The project design, therefore, builds on the two earlier investments in physical infrastructure and human resources. Second, the project was designed and formulated in a way that took into consideration the multiple agencies—often with overlapping mandates—involved in providing TEVT in Sri Lanka, as well as the multitude of training centers offering a proliferation of courses featuring wide-ranging variations in program duration, content and instructional methodology that confused students, parents and employers. Reforms undertaken by the project

³ ADB. 1994 and 1999. *Project Completion Report for Technical Education Project (LA 585)*, 28 October 1994 and *Project Completion Report for Second Technical Education Project (LA 887)*, 20 August 1997. Manila.

included introduction of CBT programs and career guidance, implementation of district resource rationalization plans, and increased autonomy for two technical colleges. Third, the project design took advantage of existing TEVT policies that can accelerate development of the sector, namely: (a) The Tertiary and Vocational Education Act 20 of 1990, which introduced a policy to harmonize training and curricula and rationalize the provision of TEVT; and (b) The Vocational Training Act 12 of 1995, which created the Vocational Training Authority, with the responsibility of providing vocational training to rural youth. The Project developed mechanisms to bring together new TEVT providers under the registry of Technical and Vocational Education Commission. Lastly, the project design was based on a needs analysis of what was required to further strengthen TEVT. The project preparatory technical assistance⁴ (PPTA) included surveys to determine stakeholders' attitudes and preferences. A demand and supply study conducted in this regard covered 846 establishments and 10 key occupational areas. The study confirmed that the skills training provided in many occupations did not meet industry standards and that there was greater demand for long-term than short courses. Analysis of the data pointed to the need to (a) improve the quality of vocational training programs, (b) provide financial support to trained youth to help them start self-employment, and (c) establish an efficient TEVT management system.

With the pressing need to address unemployment among youth, especially among females, the Project was designed to benefit 100,000 trainees at 200 selected VTCs by launching new courses and converting existing courses to CBT mode. Institutional strengthening was expected through training of management personnel and instructors.

The project furthered ADB's aim of poverty alleviation through investments in LRUCs, career guidance and counseling centers, and IT centers, with greater support provided to the districts and provinces with the greatest need; the PCR acknowledges with regret, however, that census and other data are not available for districts in the northern and eastern provinces.

The PCR's overall assessment of the relevance of the project design is valid, although the rating should have been qualified due to design weaknesses that were identified in the PCR, namely: (a) the mismatch between the gender objective for introducing the Self-Employment Promotion Initiative (SEPI) Fund and the actual number of females who utilized the loan, which can be attributed to weak evidence-based targeting; (b) the mutually deleterious relationship between the LRUCs and the centers where they are lodged, as well as confusion over the purpose, role and reporting structures of the LRUC's, and doubts regarding their sustainability; (c) difficulty in introducing the performance contracting scheme, which was designed without due regard for the context of public education in Sri Lanka; and (d) the weak congruence of the IT subcomponent with the Project's goals, objectives and methods, due to the late addition of this subcomponent, and the failure to integrate it into the original project design's existing components.

- (ii) **Project Outputs.** The discussion in the PCR on outputs is complete and fair. Deviations from planned outputs (e.g., female beneficiaries of the SEPI Fund and performance contracting) are also adequately described in both the body of the report and the appendix. With respect to the deviation from the performance contracting scheme, the net amount available and the amount disbursed are reflected in the Basic Data section of the PCR. Delays in the delivery of outputs (e.g., policies and procedures under component 1, establishment of the LRDC, and implementation of 45 CBT courses in the targeted centers) were accounted for.
- (iii) **Project Cost, Disbursements, Borrower Contribution, and Conformance to Schedule (as relevant to project performance).** The discussion and various tables on project cost (Basic Data), disbursements (Appendix 6), and co-financing (Appendix 5) contain adequate data.

⁴ ADB. 1999. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the Skills Development Project*. Manila.

⁵ Project Implementation Management Unit. 2007. *Country Project Completion Report of the Skills Development Project* (dated 10 July 2007). Colombo.

Conformance to or deviation from the schedule, especially as it affects project performance, was also adequately discussed in both the body of the PCR, and supported in the Project Schedule Table (Basic Data), which compares the dates for various milestones estimated during appraisal with the actual dates they were accomplished, and Appendix 7, which contains a Gantt Chart showing the difference between the planned and actual implementation schedule. The reasons for delays in project implementation were cited. The PCR suggested that attempting to recover from approximately 18 months of slow progress and low disbursements may have been less effective than requesting a 1-year extension for project completion. The PCR also noted that the overall impact of the Project might have been greater had the pace of the implementation more closely followed the original schedule.

- (iv) **Implementation Arrangements, Conditions and Covenants, related Technical Assistance, Procurement and Consultant Performance.** The Project was intended to improve private sector and NGO participation, but the PCR does not adequately address where efforts were (or could have been) made to institutionalize private sector and NGO participation, and how these efforts could be sustained via project implementation arrangements.

The PCR also does not mention the changes in the Project's Executing Agency (EA), and whether it affected implementation. Due to changes in government and in the organization of cabinet ministries, five different ministries were successively named as the project EA. In order of succession, they were: (1) Ministry of Vocational Training and Rural Industries, from April to October 2000; (2) Ministry of Technical Education and Vocational Training from October 2000 to December 2001; (3) Ministry of Tertiary Education and Training from December 2001 to April 2004; (4) Ministry of Skills Development Vocational and Technical Education from April 2004 to November 2005; and (5) the Ministry of Vocational and Technical Training from November 2005 to project completion.⁵

Paras. 39–40 and Appendix 8 of the PCR address conditions and covenants, and adequately discuss compliance with loan conditions and covenants, including the reasons for non-compliance and partial compliance with 7 of 53 conditions and covenants.

The Project had no related technical assistance, but the Skills Development Project PPTA (footnote 3) was undertaken prior to loan approval. This PPTA was not evaluated in the PCR, as is required by Project Administration Instruction 6.07.

The section on consultant recruitment and procurement would have been more informative if information on consultants (e.g., whether they were local or international, the name of firm if applicable, actual versus planned mobilization, and length of engagement) was presented per component. In addition, the section on procurement could better help readers understand project implementation if additional information was included on the additional bid packages resulting from the addition of the IT for rural youth subcomponent and changes approved at the midterm review in June 2003 to reallocate funds among categories.

The PCR noted that consultant performance could have been more effective if timing and sequencing of specialist deployment and management of consultants had been improved. This reinforces the observations made in the Project Implementation Management Unit (PIMU) PCR regarding unsatisfactory performance by a few international consultants. The lack of teamwork between international and domestic consultants was cited, but it is not clear who was responsible for ensuring teamwork and better consultant performance. The PCR also makes no mention of whether there were TOR for which local (rather than international) consultants could have been mobilized more efficiently, as was noted in the PIMU PCR.

- (v) **Performance of the Borrower and Executing Agency.** OED agrees with the PCR where it notes the value and contribution of the project steering committee, task groups, and PIMU. However, the section of the PCR evaluating Borrower and EA performance (para. 46) failed to take the EA to

task for slow progress and other weaknesses in project implementation, which were cited elsewhere in the PCR, as well as in mission reports dating from project commencement. OED rates the performance of the EA as “partly satisfactory” in light of the slow progress and other weaknesses in project implementation that can be attributed to the EA, as follows:

- (a) slow progress in implementing CBT, in conducting activities for accrediting training providers, in the assessment of trainees under prior learning, in assessment of trainees who completed CBT courses in 2004 and 2005, in procurement of equipment under the Nordic Development Fund loan, and consumables under the ADB loan;
- (b) weaknesses in project implementation, including the apparent lack of a transparent and systematic selection process for choosing beneficiaries of out-of-country training and post-graduate training, failure in the LMIS and MIS, and difficulties in implementing district resource rationalization plans; and
- (c) slow progress in and lack of assurance in institutionalizing and sustaining BME.

- (vi) **Performance of the Asian Development Bank.** ADB performed satisfactorily at the project design stage as discussed in section C(i), but there were weaknesses in project design and formulation. Moreover, a constraint to sustainability emerged at project completion—namely the difficulty in attracting and retaining qualified teachers and staff. This concern, which was raised by the Board prior to project approval, was not given adequate attention, and as a result the project design was not reconsidered.

At the implementation stage, ADB conducted 10 review missions, including the inception and midterm review missions, which generated reports and memorandums of understanding. Mission reports issued after the second loan review mission in particular address issues with project implementation. The Project was delegated to the Sri Lanka Resident Mission following the midterm review, after which PIMU received useful support to solve problems that could have been solved during the first 3 years, such as policy reforms and the implementation of activities related to some covenants. The PCR appears to imply that the performance of ADB could have been improved, with some actions taken earlier than they were.

The weaknesses identified above, especially with respect to project design and formulation, are offset by ADB’s persistent effort to put the Project on track, to ensure the EA subscribed to ADB-recommended procedures and policies, and to ensure the Borrower complied with the loan conditions and covenants. Accordingly, ADB’s performance is rated “satisfactory.”

D. Evaluation of Performance (PCR assessment and Validation)

- (i) **Relevance.** The PCR rates the Project’s “highly relevant,” as it supports the Government’s 10-year development plan (released in January 2007), and ADB’s priorities for poverty reduction.

While mindful of the weaknesses in the design and implementation that were noted earlier, OED finds the Project “relevant,” in view of its objectives, components and subcomponents, as well as the outputs and outcomes generated. Relevance in performance could have been enhanced through a strong monitoring and evaluation (M&E) framework and system that tracked project progress and bottlenecks, and brought strategic concerns to light in a timely manner. For example, the absence of gender-disaggregated data on recipients of the entrepreneurship development training workshops reveals weak BME. Given timely utilization of gender-disaggregated data, appropriate social marketing interventions could have been undertaken to enhance the gender-responsiveness of the SEPI Funds. In addition, implementation of 12 CBT courses developed under the Project was delayed, revealing poor project monitoring and possibly poor coordination. The relevance of the Project was limited by its inability to monitor possible flashpoints or bottlenecks and respond to concerns in a timely manner.

- (ii) **Efficiency and Effectiveness in Achieving Outcome and Outputs.** The PCR rates the overall efficiency and effectiveness of the Project in achieving planned outcomes as “successful” (“efficient” and “effective”), as it generated sector-wide support for the national vocational

qualification framework to classify and rank TEVT programs; increased the realization that TEVT requires learners to apply theory meaningfully in practice; created a better understanding of how to plan and provide quality training in an organized manner; harmonized the quality and content of training across various providers, through the preparation and widespread use of occupational standards; increased access to IT services; and provided much improved support services in career guidance and counseling.

OED agrees with the PCR rating in view of the accomplishments made in improving quality and relevance of skills development programs, in building the capacity of various agencies in the sector, in deepening the pool of human resources for TEVT, and in engendering better quality and sustainability through innovative activities. However, OED notes the inability of the Project to generate some of the planned outcomes meant to promote (a) institutional capacity building (e.g., the lack of a careful and systematic process for selection of trainees for staff development, and weak appreciation of the LMIS); (b) resource mobilization and sustainability (e.g., weak MIS at data entry and data utilization points, and lack of certainty in the implementation of district resource rationalization plans); and (c) better private sector and NGO participation (e.g., non-implementation of performance contracting due to sociopolitical sensitivities, and a lower-than-desired proportion of female beneficiaries for the SEPI Funds). While the PCR and earlier mission reports or back-to-office reports fail to clearly discuss the real status of the LMIS,⁶ this crucial aspect of human resource development should be emphasized. Correction of the existing skills mismatch was a primary objective of the Project. If a reliable LMIS is absent or not used, strategic decision making by industry and skill providers will not be evidence-based and is bound to falter. At the household or micro-level, career decision making by young people will not be enhanced. In addition, the strategic value of career guidance and counseling in hastening correction of the skills mismatch (by providing an interface between the industry and students) will not be realized.

- (iii) **Preliminary Assessment of Sustainability.** The PCR rates the Project “likely to be sustainable.” The discussion of the Project’s sustainability contained in the PCR is inadequate, although the “Resource Mobilization and Sustainability” section (paras. 27–29) acknowledges that the component on resource mobilization and sustainability had the most difficulty achieving desired outputs. The preliminary assessment of sustainability contained in the PCR cites only one specific sustainability concern (the recurrent cost of providing CBT learning), but other concerns related to sustainability include: (a) attracting and retaining qualified teachers and staff; and (b) sustainability of the LRDC, which will hopefully be addressed in the formulation and implementation of a 5-year business plan. Judging from the commitment given by the Borrower to enact the reforms envisaged by the Project, OED is confident that the aforementioned concerns will be addressed, especially by means of technical assistance addressing the human resource and financial aspects of the reforms. OED therefore agrees with the PCR that the Project’s results and benefits are “likely to be sustainable.”
- (iv) **Impact (both intended and unintended).** OED agrees with the PCR’s contention that improved coordination and consolidation of BME across all TEVT providers is needed for a more reliable assessment of outcome and impact on learners. OED also agrees with the five areas of positive impact resulting from the Project, namely: (a) bringing together ministry and training providers to agree on a common national framework for evaluating and assessing craft, trade, vocational, technical competencies; (b) developing standards of occupational competency with the full participation of leading practitioners in commerce and industry for 45 occupations; (c) formation of a critical mass of instructors and administrators knowledgeable in and supportive of the continued use of CBT methodology; (d) internal efficiency resulting from housing major TEVT institutions in one location; and (e) significant improvement in program completion rates (from 50% to 90%), resulting from the convergence of standards and curricula, trained teachers, and provision of relevant instructional materials. The Project had weaknesses, as described earlier, but it was able

⁶ The Aide Memoire of the Review Mission, 31 May to 11 June 2004, mentioned that the improved and strengthened LMIS system would become operational by 31 December 2004. The reports that follow did not elaborate on its status.

to lay the foundations for reforms in the TEVT sector, especially through the introduction of CBT.

E. Overall Assessment, Lessons, and Recommendations (Validation of PCR assessment)

- (i) **Overall Assessment.** Overall, the PCR rated the Project “successful,” and OED concurs with this rating. The PCR rated the Project “highly relevant,” while OED’s rating is “relevant, efficient and effective.” The PCR found the results and benefits as “likely to be sustained” (with which OED concurs).
- (ii) **Lessons.** OED agrees with the PCR assessment of lessons concerning project design, timeline, and sequencing of activities, and the need to be faithful to the original project design when adding a new component or requiring an additional input. However, other lessons include the following: (a) the PCR validation and a review of other project documents indicates that in addition to having a clear BME plan, there should also be clear tasking and arrangements that define the specific accountability of stakeholders in terms of data and information; and (b) the initiative to introduce the Performance Contracting Scheme points to the need for a thorough analysis of the sociopolitical soundness of project strategies, so as to reduce the likelihood that project implementation will be opposed by the public. In some cases social marketing and mobilization will prove effective, while in other situations neither technique will generate acceptance. A thorough analysis in the project design stage is required.
- (iii) **Recommendations.** OED agrees with all PCR recommendations except the disbanding of LRUCs. Such a recommendation must be treated cautiously, as it involves 50 LRUCs that may be operating under different conditions, which the PCR failed to distinguish.

F. Monitoring and Evaluation Design, Implementation, and Utilization (PCR assessment and Validation)

While the M&E plan appears appropriate, the responsibilities of participating institutions may not have been clear, resulting in poor implementation.

The baseline assessment, which was planned for the first and second years, was completed only in the third year, and was used in preparing a BME manual in the fifth year. Studies to document trainee perceptions, utilization of project-funded facilities, and evaluate the SEPI scheme were conducted from the sixth year to the last year of the project, but no comprehensive evaluation study was conducted to measure internal and external efficiency of CBT courses, or the impact of policy reforms or changes introduced through the Project. The delays in conducting M&E activities limited timely utilization of data. Where information or data were available, utilization was weak.

G. Other (e.g., Safeguards, including governance and anticorruption; Fiduciary aspects; Government assessment of the Project, as applicable) (PCR assessment and Validation)

The PCR notes that as a result of the rapid implementation of activities after 2003, there were problems related to the procurement of equipment, selection of trainees and consultants, and meeting of quality assurance standards. It intimates that some governance or transparency issues may have affected the Project, stating that there was significant variation in the price, which should have raised questions regarding the comparability of the quality of goods and services provided by the lowest bidder. It added that where parallel co-financing was not administered by ADB, mechanisms were not established to ensure quality assurance in equipment procurement.

H. Ratings	PCR	OED Review	Reason for Disagreement/Comments
Relevance:	Very high relevance (Highly relevant)	Relevant	The difference in the rating was due to identified weaknesses in project design, implementation, and BME, as noted in this review.
Effectiveness in Achieving Outcome:	Satisfactory (Effective)	Effective	
Efficiency in Achieving Outcome and Outputs:	Successful (Efficient)	Efficient	
Preliminary Assessment of Sustainability:	Likely sustainable	Likely sustainable	
Borrower and EA:	Not rated	Partly Satisfactory	While the Borrower showed political will in pushing for reforms in the sector, there were significant delays, as well as weaknesses, in project implementation for which the EA can be held responsible.
Performance of ADB:	Not rated	Satisfactory	ADB's persistence in putting the Project on track, ensuring the EA subscribed to ADB-recommended procedures and policies, and in making the Borrower comply with the loan conditions and covenants.
Impact:	Not rated	Significant	The Project was able to lay the foundations for reforms in the TEVT sector, especially with the introduction of competency-based training.
Overall Assessment:	Successful	Successful	
Quality of PCR		Satisfactory	Please refer to Section I below.

I. Comments on PCR Quality

The PCR captures significant highlights of the project cycle. It identifies the strengths, enabling factors, constraints and weaknesses in the Project. However, the lack of complete or more robust information and more thorough discussion in some sections, especially on efficiency and sustainability, limits its value as it fails to thoroughly review the challenges faced by the Project. The PCR also does not include a review of the PPTA that preceded the loan. In addition, non-standard rating terminology was used in the PCR. These weaknesses notwithstanding, the quality of the PCR is considered satisfactory.

J. Recommendation for OED follow up

No follow-up action required.

K. Data Sources for Validation

This PCR Validation referred to various mission reports and reviews in Table D of the PCR, the PCR prepared by the PIMU, and minutes of a Board meeting where the report and recommendation of the President for the Project was deliberated.

REGIONAL DEPARTMENT'S RESPONSE TO THE PROJECT COMPLETION REPORT VALIDATION REPORT

On 21 July 2008, Director, OED1, Operations Evaluation Department (OED), received the following comments from the Sri Lanka Resident Mission, South Asia Department.

We have reviewed OED's draft Project Completion Report (PCR) Validation Report circulated to us on 11 July 2008. We have no comments. The report is well prepared and presented. It provides a good assessment of project performance in terms of outputs and impacts as well as the conditions that contributed to such performance.