SECTOR ASSESSMENT: EDUCATION

1. Sector Performance, Problems, and Opportunities

1. Sri Lanka’s performance in the education sector over the last decade is encouraging, with impressive progress in primary and secondary education. In the next phase, the sector will focus on equity, quality, and market orientation, with emphasis on provision of quality education to all parts of the country to minimize regional differences. Given Sri Lanka’s secondary completion rates, access to postsecondary education is limited with only 17% of secondary graduates continuing to formal higher education. While more students pursue (public or private) technical and vocational training, enrolment in higher, technical, and vocational education and training needs to increase dramatically to be able to meet the skills requirement. Currently, Sri Lanka has a skills shortage in the labor market and educated unemployed youth. The challenge is to ensure that the country and students benefit from sound education policies by meeting emerging labor market needs that will contribute to economic growth.

2. The Government of Sri Lanka intends to develop Sri Lanka into a knowledge-based economy. The government’s Mahinda Chintana development policy framework (DPF) specifies increased demand in the medium term for an educated, skilled, and professional workforce—1.6 million employment opportunities in the industrial sector; 180,000 in the information and communication technology (ICT) sector, tripling the current workforce; 700,000 new employment opportunities in the tourism industry; and 50,000–70,000 skilled jobs annually for implementing large-scale development activities. A shift in the composition of overseas employment is also planned, from low-skills low-wage jobs to higher skills, higher wage jobs to increase remittances.

3. Although unemployment has decreased from 14.0% in 1992 to 5.7% in 2009, employment opportunities are limited, especially for youth. In 2009, the youth unemployment rate was 16.0% and the adult unemployment rate was 2.0%. The unemployment rate was higher for educated youth—11.2% for advanced level graduates and 8.5% for ordinary level graduates. The informal sector employs a large number of youth. In 2006, 45.0% of all informal employed people were 15–30 years of age, indicating underemployment and limited chances for progression.

4. Indicators for primary and secondary education show the result of the long-term commitment to education: (i) primary net enrolment grew from 95.0% in 2005 to an estimated 98.0% in 2010, and aims for 100.0% in 2016; (ii) the literacy rate increased from 94.0% in 2000 to 97.0% in 2010; (iii) net upper secondary enrollment rose from 38.0% in 2000 to 50% in 2010; (iv) ICT facilities increased from 1,147 schools in 2005 to 2,033 schools in 2010; (v) the General Certificate of Education Ordinary Level pass rate increased from 47.7% in 2005 to 52.5% in 2009; and (vi) the General Certificate of Education Advanced Level pass rate increased from 59.2% in 2005 to 60.3% in 2009.

5. Sri Lanka is on track to achieve Millennium Development Goal 3. It has also reached gender parity in secondary education. However, after secondary education, female students tend to enter vocations with less labor market potential, leading to higher female youth unemployment. While education opportunities have expanded, the content of education has tended to reinforce gender role stereotypes and has failed to promote gender equality in the family, economy, or society or to empower girls and women to challenge outdated and gender-stereotyped social

practices. Increasing female student enrolment in technical education is still essential to expand employment opportunities.

5. Although significant investments have been made, the quality of secondary education varies across the country. Progress has been made in teacher deployment and quality, the curriculum, school-based assessment, and ICT provision. To ensure more labor market orientation, investment is required in science and technology, English, and ICT.

6. Improved access to quality tertiary technical education and vocational training is a prerequisite for equitable economic growth. The following improvements have been made: (i) an online distance education platform offering degree or diploma level programs has been created; (ii) technician diploma programs and degree programs that do not require advanced level qualification are offered by a new University of Vocational Technology and nine upgraded Colleges of Technology; (iii) a National Vocational Qualification framework has been developed to facilitate standardization of quality and progression through the system; and (iv) the intake capacity of the Sri Lanka Institute for Advanced Technological Education has increased. Establishing infrastructure to support access to higher learning via distance education is a great achievement.

7. The establishment and acceptance of the national vocational qualification framework, with options to study until degree level, will assist in rationalizing and strengthening market-oriented technical education and training provision, and make it a viable alternative. Public and private training providers are certifying their courses, and are working jointly with future employers to develop relevant courses.

8. To facilitate the transition to a knowledge-based economy, the public university system lacks capacity to teach the required highly qualified and skilled workers. The research infrastructure to support innovative applied research with structural industry linkages also requires strengthening. The government realizes that a different approach is required, and is encouraging private participation and investment in all education sectors.

9. Regional differences in Sri Lanka are significant. With the end of the conflict, the government wants to ensure that economic growth and social development are inclusive. Providing equitable access to social services in every region is a challenge. With Sri Lanka becoming a middle-income country, a well-managed system of social services reaching the hard-to-reach, and using resources effectively and efficiently to keep cost under control, is essential.

10. Three ministries and several agencies are responsible for general education, higher education, and technical and vocational education and training. Constant coordination and communication between ministries and with other major stakeholders, especially the private sector as future employers, is required to implement the government strategies. The government acknowledges the challenge of interministerial collaboration and has made the Ministry of Youth Affairs and Skills Development responsible for almost all technical education and vocational training programs. A National Education Commission to coordinate and consolidate, and an Inter-ministerial Committee on Human Resource Development, were established in December 2010 under the chairmanship of the senior minister for Human Resource Development.

11. An initial assessment of the projected public and private investment in the education sector between 2011 and 2015 is in the DPF. The overall pattern is for cumulative annual public investment to increase by 50.0% in general and higher education, and by 80.0% in technical education between 2011 and 2015. Private investment is projected to increase significantly—by 400.0% in education in general and by 250.0% in both higher education and technical education.
As a result, in 2015 annual private investment in higher education, and technical education and vocational training, is projected to be significantly higher than the public investment.

2. Government’s Sector Strategy

12. Improving equitable access and the relevance of education and skills training to labor market requirements—for skills supply to meet demand—is crucial for Sri Lanka to continue equitable economic and social development. Therefore, the focus of the government’s strategy in the education sector is to strengthen the education and training system to provide relevant and equitable education in priority and emerging technical areas. At the policy level, the National Education Commission has prepared a National Policy Framework on Higher Education and Technical and Vocational Education, and is preparing a national education policy, elements of which are reflected in the Mahinda Chintana.

14. For primary and secondary education, the government strategy is to ensure access to high quality and relevant education for all children, irrespective of their background. The focus of the government policy is on improving the quality and relevance of basic education and eradicating differences between regions. Arresting the movement to large, popular schools, the government is committed to developing 1,000 schools in rural areas to ensure access to good quality education across all regions, with a particular focus on disadvantaged areas. In addition, the government will invest in quality of education, especially in mathematics, science, English, and ICT. School-based assessment, teacher development, and strengthened school management are other core areas that will be strengthened. As a result, secondary education pass rates are expected to continue increasing.

15. In higher education, the strategy aims to increase access to and quality of universities, by investing in quality assurance systems, investing in science and technology, encouraging private sector involvement in higher education, improving linkages with industry, and seeking partnerships with international universities. The aim is to double the number of students entering local universities from 20,000 in 2010 to 40,000 in 2020. Establishing a modern Science and Technology University with a strong research and development focus as a public–private partnership program is envisioned. The distance education modality that has been set up will be strengthened so more students can participate in higher education.

17. With the government’s aim to increase private sector participation, the private sector and employers must be engaged to ensure the demand for skills is met. The national vocational qualification framework will be strengthened and, based on a collaborative flexible approach, training will be market-oriented and capacity will be increased dramatically. By 2020, at least one College of Technology will be operating in each province, expanding access to new demand-driven diplomas and higher diploma programs.

3. ADB Sector Experience and Assistance Program

18. The Asian Development Bank (ADB) has been playing an active role in the education sector since 1968. Up to 2010, ADB has invested in secondary and postsecondary education, including technical education and vocational training, through 11 investment loans amounting to $380 million. These projects are successful,3 the key subsector issues have been analyzed and addressed, and extensive experience has been gained through project implementation.

19. Currently, ADB is supporting technical and vocational education, secondary, and

---

postsecondary education. In technical education, ADB project support has created important building blocks for a strong technical education system; consolidation of these accomplishments, including institutional and policy reform, is required. The ongoing Technical Education Project has a specific strategy to contribute to gender parity in the technical education sector and to increase women’s access to technical training and employment opportunities. In secondary education, ADB projects have resulted in good experience in using ICT in secondary schools, improving school-based management and school-based assessment. Similarly, ADB has invested in creating a platform for online distance education for postsecondary education, which can also be utilized for delivering technical training programs. In all of these interventions, experience in market-responsive interventions with public–private partnerships show encouraging results, with the private sector delivering and supporting public education objectives.

20. The government has requested ADB’s support for its 1,000 schools program. In addition to developing a conducive teaching and learning environment in rural schools to prevent large migration to popular urban schools, a solid foundation on the use of ICT, school-based assessment, and school-based management has been laid in the secondary schools. Support to the 1,000 schools program can draw from many good practices from previous projects and can serve as an effective vehicle for reducing disparities in schooling.

21. The government has requested ADB to continue support in technical and vocational education and training to develop market-responsive skills. The new Technical Education and Vocational Training Sector Development Project will consolidate the major achievements, strengthen the institutional and policy environment, and promote the use of ICT based on relevant experiences inside and outside of Sri Lanka. Facilitating increased private sector participation in providing highly skilled personnel will be a strong focus of the project.

22. ADB will support the establishment of a Science and Technology Park in a public–private partnership modality. This is expected to contribute to making Sri Lanka a competitive knowledge-based society. Applied market-oriented research will be developed to increase collaboration between higher education and the private sector, supporting innovation.

23. ADB has successfully supported developing distance education in postsecondary and higher education. A broad network of facilities has been created. Deepening and broadening this platform to reach out to more learners at different levels is a strategy that could lead to improving market relevance of education. ADB will also consider supporting policy reforms in the higher education sector to improve the quality and governance of the sector.

24. ADB will explore supporting a holistic approach, focusing on social services in more disadvantaged regions. A project will start by analyzing the needs for social services and then develop tailor-made governance and implementation of the social service delivery, including an ICT platform, which might yield more results than a sectoral national approach.

25. ADB’s Private Sector Operations Department (PSOD) will strive to identify and support financially viable companies and projects in the education sector. ADB could consider providing financial assistance to a well-structured private university project, as soon as the law allowing private universities in Sri Lanka is passed. Private universities with strong international and local sponsors would help address the key sector issues of the lack of seats in public universities, quality of the education content, and lack of responsiveness to the labor market. ADB’s Private Sector Operations could also consider selective assistance to private technical education institutions to meet future market needs in key industries.

---

4 The government plans to develop 1,000 secondary schools, located throughout the island, into fully-fledged secondary schools, by upgrading the quality of physical infrastructure, teaching, and learning processes.
Problem Tree for Education Sector

Longer-term effect

- Unemployment

Medium term effect

- Under-employment

- Low employability of graduates

Core Problem

- The education system is incapacitated and inefficient in providing relevant, sufficient and equitable education in priority and emerging technical areas

Causes

- The quality of Education varies between rural and urban providers
- The content and quality of higher and tertiary education is not responsive to labour market needs
- Access to higher education and TVET for certain categories is still restricted
- Public financing of higher education and TVET is insufficient to meet the future labor market requirements
- Access to social services is not equitable; some regions are lagging
- Management of higher education and TVET institutes is not able to respond fast enough to market needs

TEVT = Technical education and vocational training
### Sector Results Framework (Education, 2012-2016)

<table>
<thead>
<tr>
<th>Country Sector Outcomes</th>
<th>Country Sector Outputs</th>
<th>ADB Sector Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students leaving the education system are better prepared for the changing demands of the labor market</td>
<td>Development of a high quality market-responsive education system, with a strong research and development focus</td>
<td>Planned key activity areas</td>
</tr>
<tr>
<td>All children complete secondary education (lower secondary enrolment: target 100.0% in 2020; baseline 90.0% in 2010)</td>
<td>450 high-performing schools established by 2013, 700 high-performing schools by 2016, 1,000 high-performing schools by 2020</td>
<td>Secondary education (67% of funds)</td>
</tr>
<tr>
<td>General Certificate of Education Ordinary Level pass rate increased from 52.0% in 2009 to 65.0% by 2020</td>
<td>By 2020, at least one College of Technology will be operated in each province</td>
<td>Skills development (22% of funds)</td>
</tr>
<tr>
<td>General Certificate of Education Advanced Level pass rate increased from 60.0% in 2009 to 75.0% to 2020</td>
<td>Science and Technology Park established through public–private partnership</td>
<td>Science and technology (11% of funds)</td>
</tr>
<tr>
<td>Add 300,000 trained workers suitable for high-end jobs in wide range of skills</td>
<td>Technical Education and Vocational Training Sector Development Project ($40 million)</td>
<td>Pipeline projects</td>
</tr>
<tr>
<td></td>
<td>First Education Sector Development Project ($50 million) and Second Education Sector Development Project ($40 million)</td>
<td>Support to six Colleges of Technology in underserved provinces established. Support to development of market-responsive skills training.</td>
</tr>
<tr>
<td></td>
<td>Establishment of Science and Technology Park ($20 million)</td>
<td>Support to 1,000 high-performing secondary schools</td>
</tr>
<tr>
<td></td>
<td>Ongoing projects with approved amounts</td>
<td>Support to establishment of Science and Technology Park</td>
</tr>
<tr>
<td></td>
<td>Temporary Education Development Project ($20 million)</td>
<td>University of Vocational Technology and six Colleges of Technology established and National Vocational Qualification System introduced.</td>
</tr>
<tr>
<td></td>
<td>Education for the Knowledge Society Project ($80 million)</td>
<td>104 high-quality secondary schools upgraded. Center for Excellence in English Education strengthened. 2,125 schools receive ICT support.</td>
</tr>
</tbody>
</table>

ICT = information and communication technology