Developing Skills for Sri Lanka’s Labor Market

During the 1990s, Sri Lanka exhibited an economic growth averaging 5%. The economic expansion was partly attributed to the country’s opening up to external trade. Although agriculture continued to capture a big chunk of production, the shift toward industry and services sectors was noticeable. Sri Lanka’s experience showed that the patterns of sector growth and employment growth moved hand in hand. This entailed the need for workers with skills that would match the needs of the expanding industry and services sectors.

In 1998, the country’s labor force numbered 6.7 million (about 36% of the population) and was comprised mainly of low-skilled agricultural workers in rural areas—35% in agriculture, 15% in manufacturing, and 12% in the trade and hotels sector. Unemployment was recorded at 9.2% with higher rates noted among the educated youth, women, and the rural population. The high unemployment rate among the educated youth was attributed to the weakness of the education system to equip the youth with skills needed by the labor market.

With the changes in the economic and labor market landscape, it was important to be able to chart the skills requirement of growing industries.

Closing the Skills Gap—A Labor Market Challenge
To respond to this demand, public sector vocational training (VTs) providers were tapped to enhance the skills of the labor force. Of the proposed vocational training raised by the industries, only 58% were accepted and responded to be the VTs. They offered about 300 courses with 75% considered offering low-level skills. This contributed to a wider mismatch between the workers’ skills and the industry and services sectors’ skills requirements. There was also a need to improve the quality and relevance of skills training programs to increase the graduates’ probability of being absorbed in the labor market.

The burgeoning youth and female unemployment in the country led the Government to create a task force to implement reforms in the technical education and vocational training. The reforms were geared toward quality and standards, relevance, access, institutional efficiency, and resource mobilization in partnership with the private sector and nongovernment organizations (NGOs).

In February 1999, the Government held a conference on vocational training to discuss the roles of stakeholders. Funding agencies that participated in the conference supported the provision of skills training programs to address the issue of skills mismatch and productivity enhancement of the industry and services sectors.

In October 1999, the Asian Development Bank (ADB) provided assistance to Sri Lanka through the Skills Development Project which aimed at improving the quality and relevance of skills training programs to build a high quality workforce and help tackle the issue of skills mismatch and unemployment among rural and urban youth. To carry this out, the project was expected to embark upon restructuring and reorienting the VT system by introducing a competency-based training (CBT) to foster a closer partnership between VTs and the

Sri Lanka’s experience showed that the patterns of sector growth and employment growth moved hand in hand. This entailed the need for workers with skills that would match the needs of the expanding industry and services sectors.
private sector. The project focused on four components: improving the quality and relevance of skills training programs, institution building and human resource development, resource mobilization and sustainability, and innovative interventions to strengthen NGO and private sector participation.

**Carrying out the Skills Development Project**

After 7 years of implementing the Skills Development Project, the CBT and the national vocational qualification system (NVQ) has been institutionalized. This, in turn, paved the way for implementing 45 CBT courses and establishing the NVQ framework and basic guidelines. Of the 45 CBT courses developed, there were 20 new courses and 25 were existing courses modified to fit the CBT format. The courses were implemented in consensus with project institutions. Self-employment and entrepreneurship trainings were provided to approximately 5,000 trainees, and were made mandatory to 836 trainees who obtained loans under the self-employment promotion initiative.

To ensure the quality of skills and learning imparted by the vocational training centers, the Tertiary and Vocational Education Commission (TVEC) developed occupational standards, criteria, structure, and mechanisms for recognizing the awards given by various training agencies. TVEC developed and implemented the procedures to register training providers based on the national skills standards and quality assurance system. It also monitored and audited the quality assurance system.

A learning resource development center (LRDC) was established in 2003, allowing production of new curricula, teacher guides, and related instructional materials, while 50 learning resources utilization centers (LRUCs) were set up to serve as distribution points for instructional resources for the teachers, career guidance counselors, and education administrators. Moreover, 50 career guidance and counseling centers were put up to conduct counseling sessions and awareness programs, release job vacancy notifications, assist in job placements, and provide information on training opportunities. Facilities were also built and upgraded to support the key institutions responsible for the technical education and vocational training (TEVT) in the country, and to extend a broader range of services to the youth in rural and plantation communities.

Side by side with the strengthening of institutions, human resource development activities were also carried out. Local and foreign trainings were offered for master trainers in seven specialized areas of skills standards, trade tests, national vocational qualification, accreditation, quality assurance, policy planning, labor market information systems, and management information systems (MIS). Internal efficiency of key institutions was enhanced by setting up the MIS and the benefit monitoring and evaluation system, and conducting research and tracer studies and social marketing programs. Concerns on resource mobilization and sustainability were addressed through a strengthened MIS to improve procurement, accounting, budgeting, and auditing systems; and implementation of district resource rationalization plans in the Hambantota, Kandy, and Kegalla districts.

Activities under the project were carried out using innovative interventions and NGO participation. A self-employment promotion initiative (SEPI) fund was established in 2003 to support trainees from poor families by offering loans for self-employment. Thirty percent of female participants benefited from the project. Moreover, information technology for the rural youth subcomponent trained almost 3,000 youths, and an environmental education was developed and implemented with the help of NGOs.

**Relevance of Skills Development**

Activities toward improving skills of the labor force, and helping them integrate into the labor market and contribute to the country’s production are highly relevant. This project supported the Government’s priorities for social protection, focusing on improving conditions in the rural areas and vulnerable groups such as the women and the unskilled youths.

Through the project, a sector-wide support for the NVQ framework to classify and rank TEVT programs contributed to a better quality of skills trainings provided to the labor force. It has supported the goal of making learners realize how theory can be better put into practice, and enhance workers’ skills. Training staff were equipped with better understanding of the use of planning, and organized and systematic training to ensure effective and efficient way of imparting skills to learners.
About the Asian Development Bank

ADB’s vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries substantially reduce poverty and improve the quality of life of their people. Despite the region’s many successes, it remains home to two-thirds of the world’s poor: 1.8 billion people who live on less than $2 a day, with 903 million struggling on less than $1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

Contact Information
Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel +63 2 632 4444
Fax +63 2 636 2444
www.adb.org

Endnotes

Disclaimer
The views and assessments contained herein do not necessarily reflect the views of ADB or its Board of Directors or the governments they represent. ADB does not guarantee the accuracy of the data and accepts no responsibility for any consequence of their use.