



Sri Lanka: Skills Sector Enhancement Program

Project Name	Skills Sector Enhancement Program																		
Project Number	42251-018																		
Country	Sri Lanka																		
Project Status	Active																		
Project Type / Modality of Assistance	Loan																		
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Grant: Skills Sector Enhancement Program</td> </tr> <tr> <td>Germany</td> <td>US\$ 15.40 million</td> </tr> <tr> <td colspan="2">Loan 3119-SRI: Skills Sector Enhancement Program</td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 50.00 million</td> </tr> <tr> <td colspan="2">Loan 3120-SRI: Skills Sector Enhancement Program</td> </tr> <tr> <td>concessional ordinary capital resources lending / Asian Development Fund</td> <td>US\$ 50.00 million</td> </tr> <tr> <td colspan="2">Loan: Skills Sector Enhancement Program</td> </tr> <tr> <td>World Bank</td> <td>US\$ 100.00 million</td> </tr> <tr> <td>Export-Import Bank of Korea</td> <td>US\$ 26.00 million</td> </tr> </table>	Grant: Skills Sector Enhancement Program		Germany	US\$ 15.40 million	Loan 3119-SRI: Skills Sector Enhancement Program		Ordinary capital resources	US\$ 50.00 million	Loan 3120-SRI: Skills Sector Enhancement Program		concessional ordinary capital resources lending / Asian Development Fund	US\$ 50.00 million	Loan: Skills Sector Enhancement Program		World Bank	US\$ 100.00 million	Export-Import Bank of Korea	US\$ 26.00 million
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Strategic Agendas	Inclusive economic growth																		
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development																		
Sector / Subsector	Education - Technical and vocational education and training																		
Gender Equity and Mainstreaming	Effective gender mainstreaming																		
Description	ADB and the Government of Sri Lanka are working together to provide people in the country with the skills they need to get good jobs. The Skills Sector Enhancement Program is improving the teacher training and the government's overall quality assurance efforts in regards to technical training. It is also helping the Sri Lankan government analyze where the gaps are greatest in the labor market's demand for skills. This is allowing technical training to be focused on the areas where there is the most demand. The program is also working to increase the number of students enrolled in technical programs to 172,000 and is providing financial help to at least 18,000 students from disadvantaged situations. The program is working to improve coordination, monitor and evaluation of skills development efforts and strengthen performance management of publicly financed training initiatives.																		
Project Rationale and Linkage to Country/Regional Strategy	Sri Lanka's progress in education is excellent compared with that of other countries in South Asia. However, a significant mismatch exists between the skills of graduates and what is needed by employers. Sri Lankan firms have identified lack of skilled labor as one of the key constraints to their business and youth unemployment remains very high at 17.3% - compared to an overall unemployment rate of 4%. The skills mismatch became even more evident during the recent period of high economic growth as both education and technical training systems failed to adapt to the rapid labor market shifts resulting from the rise of the service sector. Sri Lanka is working to reconfigure the skills, abilities, and competencies of young people to meet the demands of the global economy and to support the country's transition to a knowledge-based economy.																		
Impact	Increased employability of the Sri Lankan workforce, particularly youth																		

Project Outcome

Description of Outcome	A market-responsive and inclusive TVET system
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Progress Toward Outcome Outcome target achievement has been independently verified with a third party tracer study. While the final report is still under preparation, the employment rate within 6 months of graduation (NVQ course graduates) was 58%, which comfortably meets the target value for 2016.

Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> 1. Improved quality of TVET provision 2. Enhanced industry partnership for TVET planning and provision 3. Increased participation and improved equity in TVET 4. Improved TVET sector management to implement policy, institutional, and operational reforms
Status of Implementation Progress (Outputs, Activities, and Issues)	<ul style="list-style-type: none"> - 173,421 enrolled in 2015 for which 42.4% was female. - As of 31 October 2016, around 23,339 people were certified through RPL (cumulative since 2014, including 8,018 (23% female) done in 2016). - MSDVT prepared budget allocation for SLR556 million to introduce voucher system for students from low income families to follow TVET programs at DTET, VTA, NAITA and UNIVOTEC. By October 2016, however, DTET, VTA and CGTTI provided stipend amounting to SLR 73.2 million to students, out of SLR 100.8 million. - Revised HRD policy is implemented in VTA and CGTTI. With NAITA and NYSC's revised policy to be approved. Performance allowance implemented in VTA, NAITA, NYSC, CGTTI and NIFNI. - A simplified QMS manual (ISO-based) was developed in Oct. 2014. As of October 2016, 82 training centers of the total 202 or 15% of TVET providers have been approved by the TVEC as recognized centers practicing revised QMS (58 were certified in 2015 and another 24 centers were certified in 2016). - As of end 2015, 72.07% of TVET enrollees graduates (69.36% male / 76.10% female) from public TVET providers. - The updated NVQ Operations Manual is endorsed by TVEC and now available through TVEC website. It is written in a more user-friendly manner, but there are some areas for clarification, especially on assessment. - SSDD to submit a revised concept paper for training plan development. The skills gap analyses should inform 2017 training plans for at least two sectors under SSDP. The sectoral training plans will be developed by ISCs with necessary participation of TVET agencies. SSDD should ensure that each agency's annual workplans for 2017 should reflect at least one new training program to address skills gap areas that are identified in the ISC skills gap analysis and sectoral training plans. - As of end September 2016, the Advanced Construction Training Academy (ACTA) and Wayamba Development Authority got ETAs signed for 600 and 460 students respectively for training in construction (ACTA) and hospitality (Wayamba Development Authority). ACTA faced challenges in enrolling students as there is a clear _aspiration_ mismatch where young people do not want to come for training and employment in construction sector. Duration of training was also too long, in comparison to other private sector or nongovernment organization training programs of similar nature. Out of 600, ACTA managed to enroll 102 students only. Several challenges identified from ELTP implementation in 2015 and 2016, including the use of quality- and cost-based selection which limits sourcing training services flexibly, long duration of training, adequacy of advance payment upon signing agreement to start the training, large amount of retention money for employment placement, and high employment target (80%). - SSDD prepared a revised ELTP manual to allow more flexible mechanisms for training such as workplace based training, relaxing the original requirement of _institution-based training_. The revised manual will mitigate some of the issues. - 3 PPP and 6 public university colleges are operational. - Ongoing. The expenditures in 2015 were more than 80% of the 2015 budget. - In 2016, 42 centers are implementing business plans (including 21 VTA centers) and business planning manual has been updated including revised performance rating and new templates. - Surveys of public and private sector training providers were completed in 2015. - PPA's for 2016 signed for VTA, NAITA, DTET, UNIVOTEC, TVEC, NYSC, CGTTI, and NIFNE.
Geographical Location	

Safeguard Categories

Environment	B
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The program is classified as environment category B according to ADB's Safeguard Policy Statement (2009). Construction activities will be limited to refurbishment, extension, renovation of existing structures and new buildings within the existing TVET center premises or government owned land. No significant environmental impacts are envisaged from the proposed works. Any work inviting higher category of environment classification (category A) shall not be included in the project.
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Involuntary Resettlement	The program is classified as category C for involuntary resettlement according to ADB's Safeguard Policy Statement (2009). The safeguard requirements 2 will not apply as there will be no land acquisition and involuntary resettlement. Mostly minor civil works will be carried out for refurbishment of existing buildings and facilities. New buildings will be constructed either within the existing TVET institute premises or on government owned land.
Indigenous Peoples	The project is classified category C for indigenous peoples according to ADB's Safeguard Policy Statement (2009). Implementation of program components neither directly nor indirectly affects the dignity, human rights, livelihood systems, or culture of indigenous people. Hence, the safeguard requirements 3 will not trigger.

Stakeholder Communication, Participation, and Consultation

During Project Design	Throughout the design phase there were regular meetings with stakeholders to assess sectoral issues and discuss the program design. Key issues discussed were quality, relevance, staff training, working with industry, and increasing participation rates. There were regular briefings with the heads of the MYASD TVET agencies, agencies higher level officials and with representatives of development partners. Special meetings were held to present the findings and recommendations of the design team to relevant officials and management in MYASD TVET agencies for their feedback. Organizations consulted include Foreign Employment Bureau, ministries of education, higher education, and others, Senior Ministers Secretariat, the Board of Investment, the Information and Communication Technology Agency, Tourism Development Authority, Institute of Construction Training and Development, and Institute of Tourism and Hotel Management, development partners, and industry representatives such as the Employers Federation, National Construction Association, Chambers of Commerce and Industries, Chambers of Small and Medium Enterprises, Chamber of Construction Industries, Association of Software and Service Companies, and Hotels Association. About 15 private and public training institutes were visited to review the status of training delivery, QA measures and the operation of career guidance and counseling units and to assess the existing institutional arrangements and capacity, including accessibility for under-represented groups. Around 125 interviews were conducted with stakeholders (students and teachers) in Colombo in Western Province, Galle in Southern Province, Kandy in Central Province, Anuradhapura in North Central Province and Vavuniya and Killinochchi in Northern Provinces.
During Project Implementation	The program will strengthen the engagement of the employers organizations and professional bodies in TVET planning and delivery through (i) industry working groups to validate skills gap analysis, training plans, competency standards, and curricula; and (ii) introduction of purchasing model where employer can deliver training to bridge the skills gaps. A student tracking system will be established to ensure feedback from students and graduates can inform the TVET system improvement. The program will also introduce a targeted stipend program to encourage the participation of disadvantaged groups including women in TVET. In addition to the engagement of employers organizations and professional bodies, civil society organizations providing TVET will also benefit from the program through access to curricula, assessment, quality management systems, as well as opportunities for public-private partnerships.

Business Opportunities

Consulting Services	As results-based lending, the procurement of consulting services will follow the country system.
Procurement	As results-based lending, the procurement will follow the country system.

Responsible Staff

Responsible ADB Officer	Song, Gi Soon
Responsible ADB Department	South Asia Department
Responsible ADB Division	Human and Social Development Division, SARD
Executing Agencies	<i>Ministry of Skills Development and Vocational Training SEC@YOUTHSKILLSMIN.GOV.LK Nipunatha Piyasa, No. 354/2, Elvitigala Mawatha, Colombo 05, Sri Lanka</i>

Timetable

Concept Clearance	29 Jan 2014
Fact Finding	02 Dec 2013 to 13 Dec 2013
MRM	31 Jan 2014
Approval	28 Mar 2014
Last Review Mission	-
Last PDS Update	14 Mar 2017

Loan 3119-SRI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
28 Mar 2014	27 May 2014	30 May 2014	30 Jun 2017	31 Mar 2018	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	361.00	Cumulative Contract Awards			
ADB	50.00	28 Mar 2014	38.00	0.00	76%
Counterpart	185.00	Cumulative Disbursements			
Cofinancing	126.00	28 Mar 2014	38.00	0.00	76%

Loan 3120-SRI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
28 Mar 2014	27 May 2014	30 May 2014	30 Jun 2017	31 Mar 2018	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	50.00	Cumulative Contract Awards			
ADB	50.00	28 Mar 2014	35.58	0.00	77%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	28 Mar 2014	35.58	0.00	77%

Project Page <https://www.adb.org/projects/42251-018/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=42251-018>

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