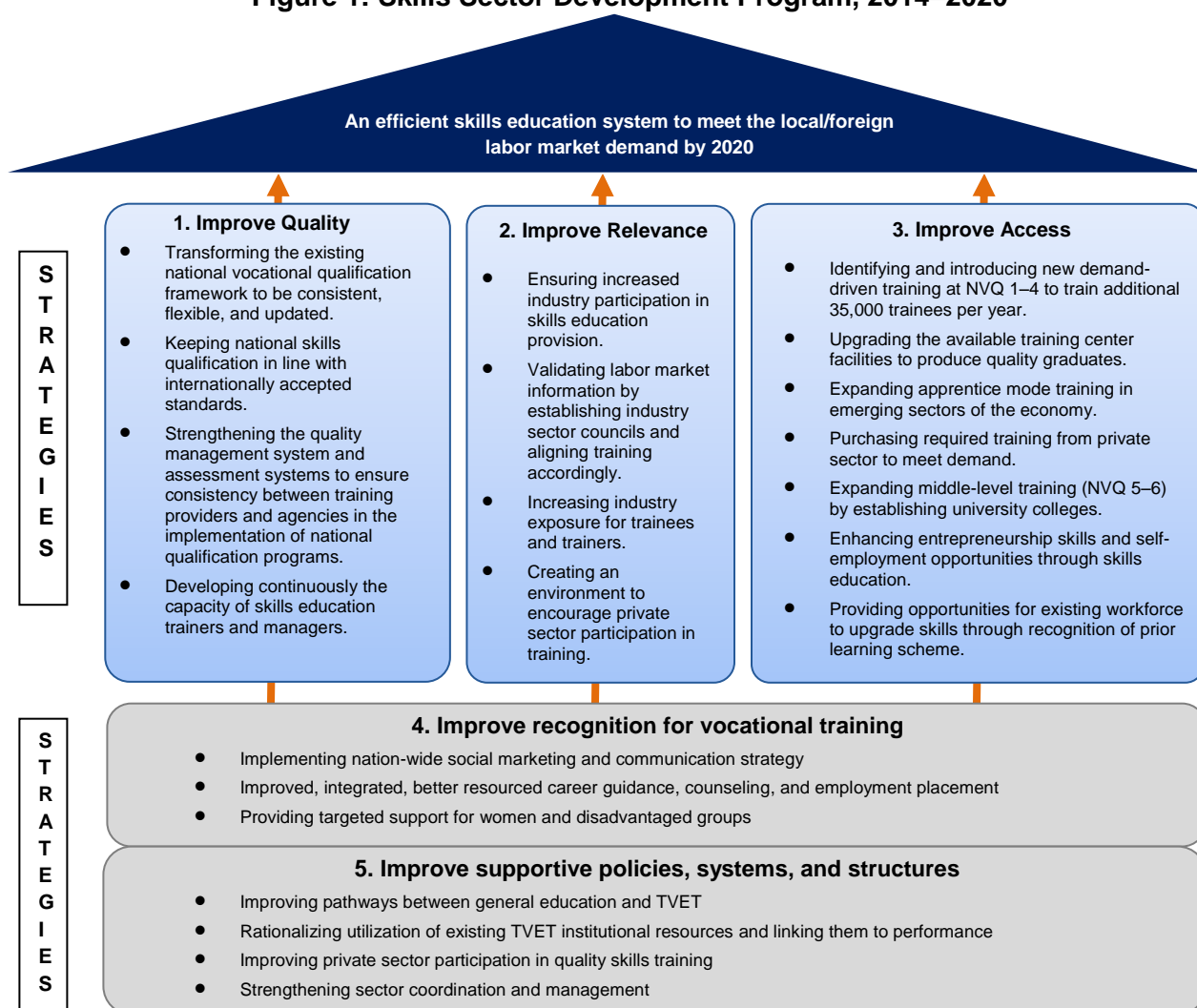


PROGRAM RESULTS ASSESSMENT

A. Program Results Framework

1. The Skills Sector Development Program (SSDP) results framework covers all key issues, actions, and performance targets to help the Government of Sri Lanka expedite the transformation of its skills education system to meet market demand. The program covers (i) three core issues of the technical and vocational education and training (TVET) system—quality, relevance, and access (strategies 1 to 3); (ii) beneficiary aspects aimed at improving the public perception of TVET and help disadvantaged groups overcome access barriers (strategy 4); and (iii) institutional aspects aimed at improving policies, structures, and organizational capacity (strategy 5). The actions under each strategy are developed based on critical assessment of the current TVET system’s strengths and weaknesses. The government carefully selected and sequenced the actions considering its own implementation capacity. The five strategies and key actions are summarized in Figure 1.

Figure 1: Skills Sector Development Program, 2014–2020



NVQ = national vocational qualification, TVET = technical and vocational education and training

Source: Ministry of Finance and Planning

2. As a first attempt, the sector-wide medium-term program will be further strengthened as the implementing agencies go through their regular planning cycle of 5-year strategic and annual work plans. There will be a two-way process—prioritizing and incorporating the SSDP results framework into agency-specific plans, and fine-tuning SSDP results based on bottom-up planning inputs.

3. The program results indicators are specific, mostly quantitatively measurable, achievable, relevant, time-bound, and can be monitored within the program duration.¹ The outcome indicators are (i) completion rate and (ii) graduates' employment rate. These two indicators directly measure (i) the internal efficiency of the TVET system and (ii) the TVET system's relevance to labor market demand.

4. The intermediate results (outputs) are important and necessary conditions to achieve the outcome. The lessons learned from previous projects in Sri Lanka and elsewhere clearly indicate that availability of qualified instructors is the most critical issue for upgrading or expanding a TVET system. Well-established qualification frameworks can clearly signal what to expect from TVET graduates, thus reducing transaction costs for employers in screening job applicants. A quality assurance system will increase the transparency of TVET providers' capacity, which will help students and parents choose the right institutions for training. Mutual recognition of qualifications with major overseas labor markets will ensure easier access for Sri Lankan workers to those markets and commensurate salaries. Another key success factor is strong private sector engagement in TVET planning and provision to ensure a high level of relevance. The intermediate results include various measures to increase and strengthen private sector engagement in both planning and provision. The program will increase the number of beneficiaries by expanding well-running programs and introducing new programs (e.g., university colleges) and mechanisms (e.g., purchasing model), coupled with improved social marketing, stronger career guidance and counseling efforts, and a targeted stipend program. Implementing all of these would require intensifying coordination, implementation, and monitoring and evaluation. Efficient use of financing through performance-based allocation would reorient the sector to focus on performance. Hence, the output targets, or intermediate results, strongly support achievement of the outcome targets. Many of the output targets are beneficiary-oriented, but some are still focused more on inputs (e.g., number of upgraded training centers or number of purchasing model agreements).

5. The outcome results are clearly defined and the intermediate results have a strong causal relationship with the outcome. Use of results-based lending will allow the stakeholders to explore the most efficient, feasible ways to achieve the results. During program preparation, stakeholders have discussed several fast-tracking measures and innovative approaches. Detailed activities are not determined at the onset of the program, and they can be developed as the program progresses. Such flexibility is a significant advantage for a TVET program that needs to respond to rapidly changing labor market demand.

6. The SSDP aims at system-wide change, introducing several mechanisms for incremental reform of the TVET sector's effectiveness and efficiency for a medium- to long-term impact. Most of the envisaged changes are within the existing regulatory and institutional framework, emphasizing three groups of activities: (i) strengthening and expanding current good practices (e.g., apprenticeship programs, engagement of visiting instructors, carrier counseling); (ii) improving existing systems and practices (e.g., reviewing and updating the quality assurance

¹ Program Results Framework (accessible from the list of linked documents in Appendix 2).

system and national vocational qualification framework, rationalizing TVET facilities, upgrading in-service instructors' qualifications, strengthening assessments, invigorating industry working groups, institutionalizing skills gap analysis, and improving planning and budgeting processes); and (iii) introducing new mechanisms (e.g., performance-based financing using business planning processes at TVET institutes, performance-based allowance for TVET staff and instructors, purchasing model, public–private partnerships, and university colleges). The results from the first and second group of activities are highly likely to be sustainable because they are based on existing policies and practices. For the third group of activities, they are pilot in nature, and making them fully sustainable would take several years. Within the program period, the SSDP should have a built-in mechanism for piloting, reviewing, and improving the pilot policy and practices before expansion, which would help increase sustainability.

B. Disbursement-Linked Indicators

7. The Skills Sector Enhancement Program will support the SSDP by focusing the sector development efforts in critical reform areas with carefully sequenced, incremental targets for the initial 3 years of the SSDP implementation. The program's disbursement-linked indicators (DLIs) are selected from the SSDP results framework with some required modifications. In all, 9 DLIs are selected based on their significance to the overall program results, measurability, and verifiability using existing and strengthened data sources. They are also within the control of the executing agency and the Ministry of Finance and Planning. Some modifications are made to ensure that the DLIs are easy to monitor, with clear baseline data, and do not duplicate other results. Some program results, which are not selected as DLIs but are still critical to the success of the SSDP, are included in the program action plan.

8. The DLIs include the graduates' employment rate, which is an outcome indicator. As system improvement will not have an immediate effect on employment rates, DLI targets are set for 2016 but not for earlier years. DLIs selected for the program areas are: (i) improve quality—quality assurance system and human resource development for qualified instructors and assessors; (ii) improve relevance—sector-specific training plans aligned with skills gap analysis, industry-based training, and university colleges based on public–private partnerships; (iii) improve access—additional enrollment; and (iv) improve supportive policies, systems, and structures—TVET centers subject to performance-based financing, high-level interministerial committee for coordination, and a sector development division for SSDP implementation. Actions for improve recognition including targeted stipend program are included in the program action plan.² Based on the expenditure and financing assessment and the fiduciary systems assessment, (i) budget credibility and timely release of funds and (ii) procurement capacity have been identified as high risks.³ Therefore, DLIs also include targets for predictable and adequate sector financing and expenditures and procurement capacity development to achieve the results.

9. The consultation process to select the DLIs has helped the government and development partners to focus on the significant results with achievable, sequenced targets. Also, areas for capacity development were identified to improve certain country systems. Detailed activities will be developed focusing on the results and especially DLIs. This will leave room for flexible, innovative approaches for both the government and development partners during program implementation.

² Program Action Plan (accessible from the list of linked documents in Appendix 2).

³ Program Expenditure and Financing Assessment and Program Fiduciary Systems Assessments (accessible from the list of linked documents in Appendix 2).

C. Managing Risks and Improving Capacity

10. The program results assessment shows that the program results chain is strong between the outcome and the outputs. A deficiency in the sector results framework is the lack of consistency between the output key performance indicators and the detailed activities to achieve the targets. Some output targets are still input-focused (e.g., number of upgraded centers). The DLIs and the program action plan are designed to bring stronger focus on more significant output results and on beneficiaries. As the first sector-wide medium-term development plan, the SSDP is a good step towards a more results-oriented program, but it needs further improvement, especially in detailed activities to deliver the intermediate results (outputs) and outcome. This will help the costing and budgeting exercise to be more results-based too. The improvements can be introduced during the detailed implementation planning exercise, on annual basis, by integrating the SSDP targets into the MYASD's planning and budgeting process.

11. The Sector Development Division (SDD) at the Ministry of Youth Affairs and Skills Development already began developing detailed implementation plans in coordination with the other implementing agencies. Development partners will provide technical assistance to strengthen the capacity of the SDD and other stakeholders.⁴ The Asian Development Bank has ongoing technical assistance to support human capital development initiatives in Sri Lanka, and it will provide technical inputs required by the SDD to ensure achievement of the annual DLIs and the program action plan.⁵ The technical assistance will also provide inputs for Asian Development Bank's independent verification activities.

⁴ Development Coordination (accessible from the list of linked documents in Appendix 2).

⁵ ADB. 2012. *Technical Assistance to Sri Lanka for Human Capital Development Capacity and Implementation Support*. Manila.