

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Sri Lanka	Program Title:	Skills Sector Enhancement Program
Lending Modality:	Results-based lending for programs	Department/ Division:	South Asia Department Human and Social Development Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: general intervention

A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy

The government's medium-term development framework, Mahinda Chintana, aims to accelerate economic growth, improve social indicators, eradicate hard-core poverty, and improve overall living standards of low-income earners.^a Mahinda Chintana specifies increased demand in the medium-term for an educated, skilled, and professional workforce and indicates a shift in the composition of overseas employment from low-skilled, low-wage jobs to higher-skilled, higher-wage jobs to increase remittances. In this context, the government expects technical and vocational education and training (TVET) to provide the competencies and technological skills required for rapid economic growth and social development and thus developed the Skills Sector Development Program (SSDP), 2014–2020. The proposed program aims to support the implementation of the SSDP by better aligning the national TVET system with industry requirements; expanding equitable access; improving quality; and improving coordination and management for more efficient and effective use of resources to meet the skills requirements of the national economy for accelerated growth. The program is expected to lower youth unemployment and help Sri Lankan workers gain higher levels of skills to access higher-paying jobs, both in domestic and overseas markets, thus contributing to the medium-term development objectives. The program is consistent with the country partnership strategy, 2012–2016 of the Asian Development Bank, which identifies human resource and knowledge development as one of its three pillars.^b

B. Results from the Poverty and Social Analysis during Assessments of the Program and its Systems

1. Key poverty and social issues. The poverty rate in Sri Lanka in 2010 was estimated at 8.9%, rural poverty was 9.4%, and estate poverty 11.4% (footnote b). While progress has been made in reducing both poverty and inequality over the past 10 years, significant regional disparities remain. The general unemployment rate was 4.0% in 2012, but it was higher among youths (17.3% and 6.6% for age groups 15–24 and 25–29) and especially among young women (23.5% and 11.4% for the same age groups). Unemployment for educated youths was at 6.0% (ordinary level) and 7.5% (advanced level or above).^c Increasing youth unemployment, especially among the educated, concerns the government as large public financing goes to education. Most informal workers have less education than formal workers. It is estimated that over 2 million Sri Lankan workers are employed abroad at any given time, but most of them are categorized as unskilled workers. Training the new entrants and the existing workforce in job-relevant, higher-level skills will increase their employability, income, and bargaining power in overseas labor markets. The social value system however prioritizes university degrees over TVET qualifications, and parents, school teachers, students, and school leavers are not aware of the employment prospects and potential economic benefits of TVET training and qualifications. The government is committed to transforming, through SSDP, the current TVET system for better industry relevance, quality, and equitable participation across the country. It will also increase efficiency of public expenditure by introducing a strong performance orientation through results-based financing.

2. Beneficiaries. Target beneficiaries include around 326,000 school leavers and graduates joining the labor market each year and the existing workforce, especially those engaged in informal sector and overseas jobs (footnote c). As the current TVET system offers 174,000 seats, training capacity should be increased drastically to cater for the skills development needs. The program will step up private sector training provision to expand the capacity and increase the relevance of TVET. The program will expand flexible delivery and recognition of prior learning for the existing workers to access the TVET system. The program will also introduce a targeted stipend program to encourage disadvantaged groups and women to participate in training for emerging and skills-shortage areas that offer high employment chances. Career counseling and social marketing will also be strengthened to prepare TVET entrants and graduates for training and ensuing jobs, and increase social awareness of the benefits of TVET.

3. Impact channels. The program will increase access to TVET, improve quality and relevance of the training, and improve the efficiency of public spending on TVET. The program is expected to increase youth employment and contribute to higher incomes (associated with higher qualification and skills) of new and existing workers (direct impact on poverty reduction). It will also improve health and safety of trainees during the on-the-job training, improve self-esteem and social status of workers, and increase productivity of public expenditure (indirect impact).

4. Other social and poverty issues. Sri Lanka has the lowest labor force participation (46.4%) in South Asia, mainly because of very low participation by women (28.6%).^d With slower population growth than other neighboring countries, Sri Lanka needs to increase overall labor force participation. Especially, creating jobs and increasing job retention for women would be important. This would require more comprehensive strategies that may include affirmative action for women's employment, creating respectful jobs to overcome the cultural norms and practices for women, and support mechanisms in families, communities, and public policies to lessen the burden on working mothers.

5. **Design features.** The program will increase participation of disadvantaged groups in TVET by expanding available seats and providing a targeted stipend scheme. It will also expand flexible delivery and recognition of prior learning for the existing workforce, including those in the informal sector, to increase their chance to upgrade their skills and move to the formal sector. TVET institutions will promote female enrollment in TVET, particularly in non-traditional sectors for girls and women to improve their employment opportunities in higher-income jobs. Career guidance strategies will provide information on high-demand sectors, career pathways, and potential earnings. Social marketing will be used to ensure equal access, encourage female participation in nontraditional vocations and provide outreach to marginalized communities. The program action plan will require the SSDP to adopt a gender and social equity framework to ensure the implementation of design features that promote gender and social equity.⁶

II. PARTICIPATION AND EMPOWERING THE POOR

1. **Participatory approaches and proposed program activities.** Throughout the design phase, there were regular meetings with stakeholders to assess sector issues and discuss the program design. Key issues discussed were quality, relevance, staff training, working with industry, and increasing participation rates. Regular briefings were held with the heads of the Ministry of Youth Affairs and Skills Development (MYASD) and TVET agencies, agencies' higher-level officials, and representatives of development partners. Organizations consulted include the Foreign Employment Bureau, the ministries of education, higher education, and others, Senior Ministers' Secretariat, Board of Investment, Information and Communication Technology Agency, Tourism Development Authority, Institute of Construction Training and Development, Institute of Tourism and Hotel Management, development partners, and industry representatives.^f

About 15 private and public training institutes were visited to review the status of training delivery, quality assurance measures, and the operation of career guidance and counselling 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) across the country.⁹

The program will strengthen the engagement of 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 a purchasing model whereby an employer can deliver training to bridge the skills gaps. A student tracking system will be established to ensure that 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.

2. **Civil society organizations.** 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.

3. **Forms of civil society organization participation envisaged during program implementation.**

Information gathering and sharing (high) Consultation (medium) Collaboration (medium) Partnership (medium)

4. **Participation plan.** Yes No The government's SSDP will implement social marketing and stronger career counseling to improve public perception of TVET, increase participation of disadvantaged groups, inform prospective and existing trainees about the benefits of TVET, and the world of work for successful transition from school to job. Therefore, a separate participation plan will not be prepared.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: effective gender mainstreaming

1. **Key issues.** Unemployment rates of women are more than double than those of men at all age levels, and economically active women are concentrated in unpaid family work, especially in agriculture. Over half the female labor force is engaged in economic activities in the low-skill, low-income informal sector. Public TVET providers enrolled 106,683 trainees, of which 41.2% were women. Private providers enrolled 45,522 trainees, of which 54.8% were women. Enrollment patterns indicate gender imbalances in specific courses (nursing, care-giving, and office management) with low levels of female participation in technical courses that would lead to higher-paying jobs.

2. **Key actions.** The program will help solve key gender issues, such as making access to TVET more equitable, boosting female participation in non-traditional vocations, and raising awareness of the potential benefits of TVET education. MYASD will develop and implement a gender and social equity framework for the sector. The framework will cover strategies to provide equal training opportunities for girls, women, and vulnerable groups in the demand-driven priority occupations. The social marketing campaign will further target these groups. The strengthened career guidance services and TVET teacher training programs will be gender sensitive. Female participation in sector skills councils will be encouraged. Qualifications and curriculum development will be designed to be sensitive to gender and social equity considerations. Monitoring and evaluation will track progressive achievement of the framework. A sex-disaggregated database will be developed and operationalized to track student enrollment, completion of courses, and employment of graduates. This data will also be used for monitoring and regular reporting and to update targets and indicators.

Gender actions Other actions or measures No action or measure

The elements of the gender and social equity framework are described in the program action plan.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES	
A. Involuntary Resettlement 1. Key impacts. The program will not involve any large-scale infrastructure development that requires land acquisition. Small-scale civil works will include refurbishment and upgrading of TVET training facilities within the existing premises. Any new construction will be on government-owned land. No resettlement will occur. 2. Strategy to address the impacts. Although no impact is envisaged, the program safeguard system assessment recommended capacity development for improved safeguard practices. The executing agency, MYASD, will adopt a ministry-wide environment and social management framework to strengthen safeguard practices in TVET provision. 3. Actions <input checked="" type="checkbox"/> Program safeguard systems improvements <input type="checkbox"/> No action	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C
B. Indigenous Peoples 1. Key impacts. 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. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 2. Strategy to address the impacts. Same as section A.2. 3. Actions <input checked="" type="checkbox"/> Program safeguard systems improvements <input type="checkbox"/> No action	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market 1. Relevance of the program for the country's or region's or sector's labor market. Unemployment = low, underemployment = low, retrenchment = low, core labor standards = low. 2. Labor market impact. The program is likely to have positive labor market impact by increasing the relevance of TVET provision, participation of school leavers in TVET, and skills upgrading opportunities for the existing labor force. To increase women's workforce participation, the program will set gender targets for participation in training programs and implement improved social marketing and career guidance. The human resource development plan will address any need to retrain and redeploy TVET personnel as a result of the rationalization plan implementation.	
B. Affordability Most publicly financed training courses are free of charge and the program will include targeted stipends for women and disadvantaged people.	
C. Communicable Diseases and Other Social Risks 1. The impact of the following risks are rated high (H), medium (M), low (L), or not applicable (NA): Communicable diseases = NA Human trafficking = NA Others (please specify) 2. Risks to people in program area = NA	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. The program has several performance targets for women in employment, enrollment, and training for instructors (design and monitoring framework indicators). A targeted stipend program is included as one of the outputs. The program action plan (PAP) includes a sector-wide gender and social equity framework. The Sector Development Division of MYASD will be responsible for monitoring and evaluation and taking corrective action as necessary. 2. Required human resources. The Sector Development Division will have dedicated staff for monitoring and evaluation of progress in key performance indicators for the sector program, including the design and monitoring framework indicators as well as the PAP items. 3. Information in program implementation document. The program implementation document includes disbursement-linked indicators, PAP, program systems and implementation arrangements, and integrated risks and mitigating measures. 4. Monitoring tools. MYASD will prepare quarterly and annual sector performance reports covering all key performance indicators, which would include progress toward disbursement-linked indicators and PAP items with sex-disaggregated data. The sector performance reports will use data and information available from an enhanced information system at the Tertiary And Vocational Education Commission, as well as other government statistics.	

^a Government of Sri Lanka, Ministry of Finance and Planning, Department of National Planning. 2010. Sri Lanka, *The Emerging Wonder of Asia: Mahinda Chintana—Vision for the Future*. Colombo.

^b ADB. 2011. *Country Partnership Strategy: Sri Lanka, 2012–2016*. Manila.

^c Government of Sri Lanka, Ministry of Finance and Planning. 2013. *Public Investment Strategy*. Colombo.

^d Government of Sri Lanka, Department of Census and Statistics. 2012. *Bulletin of Labour Force Statistics Issue No. 57*. Colombo.

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

^f These include 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.

^g Colombo in Western Province, Galle in Southern Province, Kandy in Central Province, Anuradhapura in North Central Province, and Vavuniya and Killinochchi in Northern Provinces.