

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Since the 1980s, Sri Lanka has benefited from substantial investments in technical and vocational education and training (TVET), with significant support from its development partners, particularly the Asian Development Bank (ADB) and several bilateral organizations, e.g., the British Council, Canadian International Development Agency, Department of Foreign Affairs and Trade of Australia, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Indian High Commission, Export-Import Bank of Korea, Japan International Cooperation Agency, Korea International Cooperation Agency, and the United States Agency for International Development. United Nations organizations have also played an active role in supporting the development of the sector, particularly the International Labour Organization. Some international nongovernment organizations such as the World University Service of Canada, Save the Children, and Plan International have long supported nonformal education and TVET implementation. Table 1 highlights major investments by development partners in Sri Lanka's TVET sector. With two recent projects supporting TVET,¹ ADB has had a substantial impact on the performance and policy trajectory of the sector, particularly by supporting the plans of the Government of Sri Lanka to improve the quality and relevance of the TVET system, and strengthening key implementing agencies such as the Vocational Training Authority, the Department of Technical Education and Training, and the Tertiary and Vocational Education Commission (TVEC). Sri Lanka continues to depend heavily on external financing for TVET, particularly for development activities, as funding constraints have slowed progress and private sector engagement has been low.

Major Development Partners

Development Partner	Name of Operations	Duration	Amount
ADB	Education Sector Development Program	2013–2018	\$200.0 million
British Council	TVET Support Program	2007–2013	\$0.6 million
CIDA	Skills for Employment Program	2008–2014	\$12.0 million
GIZ	Vocational Training in the North	2012–2015	€11.4 million
	Peace Building Through Vocational Training of Youth in the East Project		€2.8 million
ILO/EU	TVEC Provincial Skills Plans	2013–2015	€1.2 million
KEXIM	Establishment of Colombo Vocational Training Center and Gampaha College of Technology Project	2013–2016	\$26.0 million
KOICA	Automotive Industry Training Support Program	2013–2015	\$3.0 million
World Bank	Proposed Loan to Support SSDP	2014–2018	\$100.0 million
WUSC	Assessment Center Establishment and RPL	2009–2014	\$7.7 million

€ = euro, \$ = US dollar, ADB = Asian Development Bank, CIDA = Canadian International Development Agency, EU = European Union, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit, ILO = International Labour Organization, KEXIM = Export-Import Bank of Korea, KOICA = Korea International Cooperation Agency, RPL = recognition of prior learning, SSDP = Skills Sector Development Program, TVEC = Tertiary and Vocational Education Commission, TVET = technical and vocational education and training, WUSC = World University Service of Canada.

Source: Asian Development Bank.

¹ ADB. 1999. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the Skills Development Project*. Manila; ADB. 2005. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the Technical Education Development Project*. Manila.

B. Institutional Arrangements and Processes for Development Coordination

2. All official development assistance is coordinated by the External Resources Department (ERD) under Sri Lanka's Ministry of Finance and Planning (MOFP) while sector focal ministries coordinate technical aspects of development coordination. The TVET Division of the Ministry of Youth Affairs and Skills Development (MYASD) has historically managed development coordination in the TVET sector. However, given the wide array of institutions involved and a project-driven approach to financing and implementation, the effectiveness of coordination has been mixed. The consolidation of TVET implementation agencies into MYASD, which was only completed in 2010, improves the capacity for monitoring results and coordinating activities within an overarching government policy framework.

3. The Skills Sector Development Program (SSDP), 2014–2020 provides a single platform through which the government can effectively direct domestic and external development financing toward meeting its strategic objectives. The SSDP will be monitored and coordinated by the Department of National Planning (NPD) in MOFP, with implementation support provided through a dedicated division, the Sector Development Division (SDD) within MYASD. ERD will coordinate development partners and ensure alignment of their investment activities with the government's overall SSDP framework. Progress reporting will be to an interministerial sector coordination committee chaired by MOFP, which will update the SSDP and monitor sector financing linked to performance and achievement of result indicators. The NPD will be supported with overall coordination across government ministries and agencies by the SDD and through technical assistance from ADB.²

4. Initial systems will need to be developed to support a sector-wide approach, such as a common management information system and a common performance monitoring mechanism that can accommodate the activities of all major SSDP stakeholders and ensure their accountability (MOFP, MYASD, SDD, other ministries involved in the delivery of TVET services, and the responsible TVET agencies) for achieving results and the clearly defined SSDP targets and/or indicators. Under the SSDP, TVET programs will have to align with TVEC quality assurance requirements under the national vocational qualification system and meet employability requirements to improve TVET relevance. The benefit of adopting the results-based lending program is that it provides the government with more opportunities to harmonize and coordinate development partner activities within the SSDP framework. This will enable the formulation of a common results framework with development partners and build capacity and ownership across the TVET system by the many agencies involved in TVET service provision.

C. Achievements and Issues

5. Until 2012, Sri Lanka did not have an integrated, unified skills development strategy, which has resulted in lack of cohesion between various development partner-supported approaches and systems. This has produced some degree of agency-level protectionism and has shifted attention to agency building and not to achieving national development objectives. System accountability and responsiveness measures in meeting industry needs or other government policy objectives have been lagging. The adoption of the SSDP in August 2013 has enabled the establishment of a single framework for TVET agencies to align their work programs and activities, along with a common performance monitoring mechanism that clearly defines each institution's accountability (MOFP, MYASD, SDD, and various TVET agencies) for achieving results. The government has encouraged development partners to align investments

² ADB. 2012. *Technical Assistance to Sri Lanka for Human Capital Development Capacity and Implementation Support*. Manila.

with the SSDP to support the achievement of its objectives.

6. The governments of Australia, Canada, and Germany, and the United Nation's International Labour Organization have lent active support to the development of the SSDP. They have undertaken review missions and have contributed to ADB's proposed Skills Sector Enhancement Program (SSEP) by completing peer reviews and appraisal of documents prepared during the project preparatory technical assistance. They have reviewed draft versions of the SSDP and have contributed to its completion. The Australian and Canadian governments joined key ADB missions and provided invaluable technical assistance and input to the sector assessment and the SSEP design. Both Australia and Canada have also conducted sector assessment and dialogue with the government and are currently considering options to assist implementation of the SSDP but will not be able to confirm support until July 2014. The World Bank will support SSDP implementation with parallel financing of \$100 million beginning in 2014, using a results-based financing modality. GIZ will cofinance the SSDP in parallel (€11.4 million) with its projects in the Northern and Eastern Provinces. GIZ will further support MYASD with technical assistance to strengthen SDD planning and SSDP management.

7. Implementation of the SSDP will require stronger capacity at MYASD and MOFP to coordinate different stakeholders' contributions. Coordination functions have been defined for various levels (high-level interministerial committee, TVEC sector coordination committee, and SDD), and capacity will be built through the SSEP and development partner support.

D. Summary and Recommendations

8. Development partners have supported the TVET sector for many years. However, this support has been project-driven and fragmented. Key development partners are supporting the shift to a sector-wide approach that focuses on sector-wide reforms and achievement of results. ADB and World Bank financing will support the government's sector program and expenditure framework, linking disbursement to the achievement of certain results. ADB and the World Bank closely worked with the government to develop a set of common and complementary disbursement-linked indicators, reinforcing the government's motivation to focus on results. The collaboration will also reduce substantial transaction costs for the government through joint monitoring and reporting. The SSDP provides a framework for the government to harmonize development partner-funded initiatives and to better coordinate sector development efforts. It is recommended that the government continue the shift to a sector-wide approach by (i) ensuring the necessary budget for whole-of-government implementation of the SSDP; (ii) ERD and NPD continuing to ensure that development partner programs are aligned with the SSDP result areas; and (iii) harmonizing management information systems, monitoring, and reporting between TVET agencies and ministries within the framework of the SSDP result areas. It is further recommended that MYASD co-chair a skills working group with key development partners to strengthen engagement with SSDP implementation and future TVET strategy development.

9. Building on the experiences of the major development partners, the SSEP aims to achieve a programmatic approach by (i) financing the government's sector development program; (ii) using disbursement-linked indicators tied to the government's SSDP targets; (iii) using country systems for fiduciary management and strengthening these through capacity building measures; and (iv) supporting MYASD's SDD in managing the transition from a project approach to implementation of the SSDP, where MYASD takes the lead in the sector and coordinates the activities of development partners under the SSDP.