

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 such as the British Council, Canadian International Development Agency, Government of Australia, German development cooperation through Deutsche Gesellschaft für Internationale Zusammenarbeit, 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 TVET subsector, 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.

2. The Government of Sri Lanka adopted the Skills Sector Development Program (SSDP), 2014–2020, a medium-term program with comprehensive scope. Key development partners started aligning their ongoing and planned activities with the SSDP. Table 1 highlights major ongoing investments by development partners in Sri Lanka's TVET, aligned with the SSDP. ADB's Skills Sector Enhancement Program, built upon two earlier TVET projects,¹ has had a substantial impact on the performance and policy trajectory of the TVET system, particularly by supporting the SSDP's implementation, 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, because funding constraints have slowed progress and private sector engagement has been low.

Table 1: Major Development Partners Supporting Sri Lanka's Skills Development

Development Partner	Name of Operation	Duration	Amount
ADB	Skills Sector Enhancement Program	2014–2020	\$196.1 million
Government of Australia	Skills for Inclusive Growth	2016–2020	A\$14.4 million
Export-Import Bank of Korea	Establishing two vocational centers in Colombo and Gampaha	2013–2016	\$26.0 million
Government of Canada	Advancing Specialized Skills for Economic Transformation	2014–2019	Can\$1.0 million
Government of Germany	Vocational Training in the North and East of Sri Lanka	2012–2018	€20.4 million
ILO/EU	TVEC Provincial Skills Plans	2013–2015	€1.2 million
KOICA	Automotive Industry Training Support Program Modernization, upgrading of Automobile Centres in 5 COTs and TCs, and upgrading Jaffna TC into COT	2013–2015	\$3.0 million
USAID	YouLead!	2017–2021	\$12 million
World Bank	Skills Development Project	2014–2018	\$101.5 million

€ = euro, \$ = United States dollar, A\$ = Australian dollar, Can\$ = Canadian dollar, ADB = 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; and 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.

Development Partner	Name of Operation	Duration	Amount
COT = college of technology, EU = European Union, ILO = International Labour Organization, KOICA = Korean International Cooperation Agency, SSDP = Skills Sector Development Program, TC = technical colleges, TVEC = Tertiary and Vocational Education Commission, USAID = United States Agency for International Development. Source: Asian Development Bank.			

B. Institutional Arrangements and Processes for Development Coordination

3. All official development assistance is coordinated by the External Resources Department (ERD) under Sri Lanka's Ministry of National Policy and Economic Affairs (MONPEA), while the Department of National Planning (NPD) under the same ministry ensures that development projects are aligned with the national development agenda and sector-specific focal ministries coordinate the technical aspects of development coordination. The TVET Division of the Ministry of Skills Development and Vocational Training (MSDVT) has historically managed development coordination in the TVET system. 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 MSDVT, which was only completed in 2010, improves the capacity for monitoring results and coordinating activities within an overarching government policy framework.

4. The SSDP 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 NPD, with implementation support provided through a dedicated division, the Skills Sector Development Division (SSDD) within MSDVT. ERD will coordinate development partners and ensure alignment of their investment activities with the government's overall SSDP framework. The interministerial sector coordination committee—chaired by the secretary, MONPEA—will monitor progress of the SSDP implementation, including development partners' contributions.

5. 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 (MONPEA, MSDVT, SSDD, 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. In 2017, the Prime Minister's Office began to collect key performance indicators (such as enrollment and employment rates) from major TVET agencies. 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 enabled the formulation of a common results framework with development partners and builds capacity and ownership across the TVET system by the many agencies involved in TVET service provision.

C. Achievements and Issues

6. Until 2012, Sri Lanka did not have an integrated, unified skills development strategy, which resulted in poor cohesion between various development partner-supported approaches and systems. This produced some degree of agency-level protectionism and 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 were lagging. The adoption of the SSDP in August 2013 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 for achieving results. The government has encouraged development partners to align investments with the SSDP to support the achievement of its objectives.

7. 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 preparatory work for the Skills Sector Enhancement Program by completing peer reviews and appraisal of documents prepared during project preparatory technical assistance. They have reviewed draft versions of the SSDP and have contributed to its completion. The World Bank has supported SSDP implementation with parallel financing of \$101 million from 2014, using a results-based financing modality. Other development partners also aligned their support with the SSDP since its inception.

8. Among the development partners, an informal working group was established in 2015. German development cooperation through Deutsche Gesellschaft für Internationale Zusammenarbeit provides coordination support to the group, which has been active in sharing project-related information, carrying out joint activities, and coordinating interventions.

9. Implementation of the SSDP will require stronger capacity at MSDVT and MONPEA to coordinate different stakeholders' contributions. Coordination functions were defined for various levels (high-level interministerial committee, TVEC steering committee, and SSDD), and capacity will be built through the ADB program and development partner support.

D. Summary and Recommendations

10. Development partners have supported the TVET system 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 has supported 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 also reduced 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 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 MSDVT co-chair a skills working group with key development partners to strengthen engagement with SSDP implementation and future TVET strategy development.

11. Building on the experiences of the major development partners, the ADB program will continue supporting 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 MSDVT's SSDD in managing the transition from a project approach to implementation of the SSDP, where MSDVT takes the lead in the sector and coordinates the activities of development partners under the SSDP.