

**PROGRAM-FOR-RESULTS INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.:PIDA0105186

Program Name	Accelerating Higher Education Expansion and Development Operation
Region	South Asia
Country	Sri Lanka
Sector	Education
Lending Instrument	Program for Results
Program ID	P159995
Parent Program ID	N/A
Borrower	Democratic Socialist Republic of Sri Lanka
Implementing Agency	Ministry of Higher Education and Highways
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Country Context

1. **Sri Lanka is a lower-middle-income country (LMIC) with a per capita income of US\$3,900 and a reputation for emphasizing human development and equitable growth.** The country is aspiring to become an upper-middle-income country (UMIC) over the medium term. Sri Lanka, with a population of approximately 21 million, experienced impressive growth of about 7 percent per year during 2012–2014, although growth slowed down in 2015 due to the weak global economic conditions. Economic growth is expected to rise over the medium term as the global economy recovers. The Government of Sri Lanka (GoSL) is seeking to transform the country into a UMIC through the development of higher-value-added industries and services, an open and export-oriented economic environment, and the acceleration of human capital development.
2. **In fact, Sri Lanka already shares some demographic and economic characteristics of UMICs.** Both its low annual population growth rate (0.92 percent) and low birth rate (1.6 percent) are well below those recorded in LMICs and are closer to those observed in UMICs such as Brazil and Turkey. The structure of the economy is also moving away from its traditional agriculture basis toward manufacturing and services, with services accounting for more than 56 percent of gross domestic product (GDP).
3. **Basic human development levels in Sri Lanka, especially in indicators such as primary and secondary education and life expectancy, are high by the standards of LMICs and comparable to UMICs.** Sri Lanka ranks 73rd on the Human Development Index scale out of 188 countries. With a primary education completion rate of over 95 percent, a secondary education completion rate of 85 percent, and a literacy rate of 93 percent, Sri Lanka largely outperforms LMICs and is on par with UMICs. National assessment of learning outcomes show that learning levels are rising over time in key subjects such as English language, mathematics and science. There is also a substantial degree of gender parity in primary and secondary education with Sri Lanka ranking high among developing countries in gender development and gender empowerment. However, higher education enrolment in Sri Lanka lags well below the average level for LMICS and UMICs. In addition, there are significant gender differences in higher

education attainment. About 62 percent of university students in Sri Lanka are female.

4. **Sri Lankan policy makers perceive higher education as a vital engine of development and the promotion of shared prosperity.** The higher education system is expected to produce a pool of high-level human resources, including scientists, engineers, technology specialists, medical personnel, entrepreneurs, policy makers, administrators, managers, academics, and teachers, who are essential for economic and human development. The availability of such a pool of highly educated human resources is of central importance for the future development of the country. Policy makers also recognize the contribution of higher education to economic growth through research, development, and innovation, especially in knowledge- and technology-intensive industries and services. In this context, the Ministry of Higher Education and Highways (MHEH) has prepared a Higher Education Development Strategy (HEDS) as the framework for the future development of the higher education sector.

Sectoral and Institutional Context

5. **Sri Lanka has an underdeveloped higher education sector that needs to be expanded and upgraded rapidly to help achieve the country's ambition to attain rapid and equitable growth and a UMIC status.** With a gross enrollment ratio (GER) of 19 percent, Sri Lanka is well below UMICs and even LMICs, which have average GERs of 37 percent and 23 percent, respectively. Overall Sri Lanka is ranked 91st of 118 countries for higher education participation. Among East Asian countries that Sri Lanka aims to emulate, Indonesia's GER is 31 percent, Malaysia's GER is 39 percent, and Thailand's GER is 51 percent. The country also fares badly in the proportion of higher education students enrolled in subjects of vital importance for economic development, such as the sciences (including medicine), technology, engineering, and mathematics (STEM). The proportion of students in science is just 14 percent, causing Sri Lanka to be ranked only 79th of 99 countries. For engineering alone, with an enrollment share of 8 percent the country fares even worse, at 92nd of 103 countries. Sri Lanka needs to urgently increase higher education enrollment with a special focus on degree programs, such as STEM programs, that are important to drive future economic growth through higher-value-added industries and services.
6. **The supply of qualified academic staff needs to be expanded urgently.** The quality of academic staff is a central determinant of the performance of a higher education system. Yet, there is a severe scarcity of qualified academic staff in Sri Lankan universities. Out of approximately 5,000 academic staff (44 percent of whom are female), less than 50 percent are PhD qualified. Among academic staff below 45 years of age, only 24 percent have PhDs. Yet PhD qualified staff are a necessary condition for the high performance of modern universities with their research, innovation, and postgraduate teaching mandates. Sri Lanka needs to staff its universities with appropriately qualified academics as an urgent priority.
7. **University teaching and learning needs to be modernized in line with international practices.** Sri Lankan universities are largely traditional, with teacher-centered pedagogy and passive student learning. International trends in universities are increasingly moving toward active student-centered learning and outcome-based education (OBE), which are important to combine academic excellence with good socio-emotional skills that are needed for the world of work in the twenty-first century. The global trend is also to combine student-centered learning (SCL) and OBE with blended and digital-based learning, where online e-learning methods are integrated with on-site, face-to-face interaction between teachers and students. Sri Lanka universities need to rapidly modernize both teaching and learning content and methods to reflect and keep pace with these international trends.

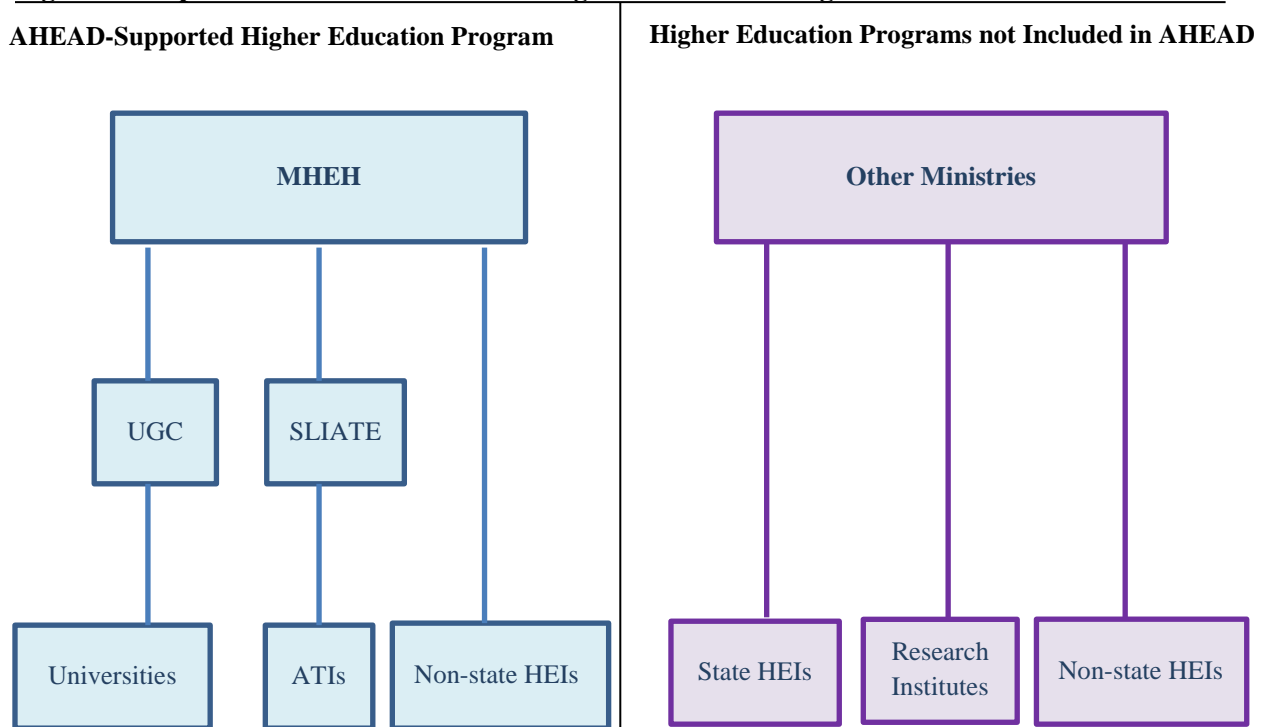
8. **The research output of Sri Lankan universities needs to be increased urgently.** Research output from Sri Lankan universities is totally inadequate for an aspiring UMIC. For instance, the number of citations per million inhabitants shows Sri Lanka at 138th position out of 204 countries, which is three times less than Thailand and five times below Malaysia. While South Korea had about 4,500 patent applications per million inhabitants in 2014, Sri Lanka had only 22. The promotion of research is an urgent next step in the development of higher education in the country. First, research is a vital and distinguishing mandate of universities. Second, academics engaged in research are more likely to be more up-to-date in their discipline than other academics and therefore better able to teach up-to-date knowledge to students. Third, research and innovation make a substantially important contribution to economic and social development in the modern world. For this to happen, research and innovation results have to lead systematically to practical and relevant applications in industry, services, and agriculture for economic development.
9. **Public financing of higher education was low over 2010–2014.** Sri Lanka ranks 61st out of 69 countries for the share of government expenditure on higher education as a share of GDP and 64th out of 74 countries for higher education expenditure as a proportion of total government expenditure. The Government of Sri Lanka (GoSL) over 2010–2014 spent relatively little on education and other social sectors. However, the new Government elected in 2015 has announced that investment in education, including higher education, will be a high policy priority for future public investment. As the new Government increases investment in higher education it is important that funds are linked to performance, at both system and institutional levels, to maximize economic and social benefits.
10. **Greater expansion and quality enhancement of the private higher education sector is required.** The GoSL recognizes the importance of promoting private sector participation for future higher education development. A number of higher private education institutes have opened in the last decade. However, the size of the private sector is still small, accounting for only about 20 percent enrollment, and mainly in disciplines such as business administration, management, and information technology. The MHEH needs to actively promote good quality private higher education institutions (HEIs) to expand enrollment and promote quality degree programs relevant for the labor market. To achieve this objective the private HEIs need quality assurance and accreditation (QAA) that is of international quality and is consistent with the standards and protocols developed for the public HEIs.
11. **The licensing and QAA of HEIs are fragmented and have to be further developed to reflect modern global standards and practices.** The University Grants Commission (UGC) has a quality assurance and accreditation council (QAAC) for state universities. The MHEH has a board that accredits non-state HEIs. Other HEIs that are the franchise partners of overseas HEIs depend on their foreign QAA system. The QAA system needs to be raised to a new and higher level. This requires the development of a systematic process of external quality assurance (QA) reviews that includes international reviewers and covers both public and private higher HEIs and then feeds into the implementation of the HEDS as an annual rolling plan. All universities also need to develop well-functioning internal Quality Assurance Units (IQAUs) to conduct internal quality reviews and feed these into university institutional development plans (IDPs). In addition, the external degree programs (EDPs) are to a large extent left outside of the QA system and badly need to benefit from QAA activities. Finally, licensing and QAA need to have a more ‘outward-oriented’ approach that reflects international developments. This extends beyond confirmation of the quality and standards of higher education provision in the Sri Lankan context and requires benchmarking with standards in UMICs and Organization for Economic Co-operation and Development countries.

Program Scope

12. The scope of AHEAD will be the higher education activities under the MHEH, the UGC and the 15 universities under the UGC, SLIATE and ATIs, and non-state HEIs approved by the MHEH and UGC. The development and strengthening of this set of higher education agencies will be supported under AHEAD, except for major infrastructure projects which are already being financed by other development agencies and overseas governments. Activities of tertiary education institutes outside the MHEH, such as those under the Ministry of Skills Development and Vocational Training (MSDVT), will also be outside the scope of AHEAD. The MSDVT is already funded by the World Bank through the Skills Development Project. There are numerous small research and training agencies under a variety of ministries, such as the Rubber and Coconut Research Institutes, which too are excluded to make the institutional framework of the program strategic and manageable.

13. The overall GoSL higher education program, and the subprograms both included in AHEAD and excluded from AHEAD, are described in Figure 1.

Figure 1. Scope of AHEAD and the GoSL Higher Education Program



14. **Program Development Objective(s)**

15. The program development objective is to expand enrollment in priority disciplines, improve the quality of degree programs and promote research and innovation in the higher education sector.

Environmental and Social Effects

16. AHEAD will not finance civil works. However, it may induce indirect environmental impacts due to policies that lead the borrower to construct new buildings and infrastructure. As AHEAD is

designed as a PforR, the World Bank conducted an environmental and social safeguards assessment (ESSA) to assess the borrower’s existing capacity, available resources, and challenges to overcome any foreseeable negative environmental impacts that may occur during implementation. The assessment also evaluated the policy environment and implementation performance of the country’s environmental and social management system, focusing on the extent to which the borrower’s environmental and social management systems are consistent with the World Bank’s core environmental and social principles as spelled out in World Bank policy and associated guidance materials. The conclusions and recommendations of the assessment are summarized in the following paragraphs.

17. The assessment finds that the fundamental environmental and social regulatory framework of Sri Lanka is well developed and articulated in legislation and GoSL procedures and circulars. However, certain limitations exist. For instance, the health and safety regulation has strong provisions including the Occupational Safety and Health Act No. 38 of 2009. However, it fails to define liabilities on health cost and life insurance procedures. The Program anticipates no large-scale, significant, and/or irreversible impacts. However, in some cases better compliance with environmental and social regulation is needed in construction activities in HEIs. There is a need to strengthen the capacity of the MHEH, UGC, and HEIs for construction planning and implementation in relation to their potential environmental (including health and safety) and social impacts. This will require training of staff and provision of better equipment and technology to carry out environmental and social assessments and monitor these during implementation. The POTS component will provide support for this capacity building and institutional strengthening.
18. Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org

19. **Financing**

Program Financing (US\$, millions)

Source	Amount	% of Total
Government	1,300	95.0
IBRD/IDA	100	5.0
Total Program Financing	1,400	100.00

Program Institutional and Implementation Arrangements

20. The MHEH, UGC, and SLIATE will implement AHEAD at the national level. The universities

and ATIs and non-state HEIs will implement AHEAD activities at the institution level.

MHEH

21. The MHEH will be responsible for the overall development of the higher education sector. This will include the implementation, monitoring, and fine-tuning of the national HEDS. The MHEH will also be responsible for the overall implementation of the SLQF and the expansion of the QAA system to the full higher education sector. This will include the creation of pathways from the training system into the university system. AHEAD will support the MHEH with technical expertise and capacity building during program implementation.

UGC

22. The UGC will have the task of recommending and monitoring the financing of the universities. The UGC will also develop guidelines for the university system. The UGC will play an important role in the implementation of the SLQF for the universities. This will include the preparation of standards and protocols for lateral entry and credit transfer schemes within the university sector. Also, the UGC through its Quality Assurance and Accreditation Council (QAAC) will implement the QA activities for the university sector. The UGC will formulate policies and norms for the development of alternative modes of higher education service delivery and to regulate the size and quality of the EDPs.

SLIATE

23. SLIATE will implement the activities related to the expansion of enrollment in ATIs. This will include both the establishment of ATIs in underserved areas as well as the upgrading of facilities and equipment to enable ATIs to deliver modern, technology-intensive courses. SLIATE will also implement the activities related to the development of quality in the ATIs. It will implement programs for the professional development of academic staff, with special emphasis on contemporary methods of adult teaching and learning, the use of ICT in adult education, contemporary evaluation methods, and the use of program work as an integral component of every subject. In addition, SLIATE will implement programs to promote interactions between the ATIs and the work places.

Universities

24. The universities will be the frontline implementing agencies for the ELTA and ELSE grants. The ELTA and ELSE grants will be implemented at the faculty and department level. The universities will also be the frontline implementing agencies for the DOR grants, the RIC awards, and the ICE grants. The DOR, RIC, and ICE grants will be implemented at the level of research teams, but within the framework of the relevant university faculty and/or department. The universities will also implement the human resource development activities. The selection of candidates for PhD level training will be made at the university level, based on the norms and guidelines of the UGC. Finally, many of the studies required for policy analysis and development, and monitoring and evaluation, will be implemented utilizing the research expertise and skills of the academic community.

ATIs

25. The ATIs will be the frontline implementing agencies for the delivery of improved programs in alternative higher education. The ATIs will develop curricula, expand modern technology-

intensive and work-oriented teaching-learning programs, and implement the new assessment methods that combine classroom testing with workplace internships and practice. In addition, the QA cells in each ATI will partner with the LQDC of SLIATE to promote continuous quality development of the ATI. The staff of the ATIs will benefit from the human resource development programs for professional and academic staff.

OMST

26. There will be an OMST in the MHEH with close links to the UGC to coordinate and provide academic, technical, and operational expertise for the implementation of AHEAD. The OMST will have branch Operations Technical Secretariats (OTSS) in the universities. The OMST will have full-time academic specialists for the four results areas and the POTS component, as well as expertise in operations, monitoring and evaluation, financial management (FM), and procurement, to assist in the implementation of program activities. The universities will be assisted by the OTSS to coordinate, monitor, and facilitate the work of the various faculties and departments and campuses and institutes of the university system. The OMST and OTSS will organize regular capacity-building and systems-strengthening activities for the relevant staff of the HEIs, including in the activities of the four results areas and in operational and fiduciary aspects such as implementation, monitoring, procurement, FM, and contract management, throughout the life of the Operation.

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