

Strategic Assessment and  
Policy Recommendations  
for a

**National Action Plan for  
Youth Employment**

**SRI LANKA**



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**YEN Secretariat, Sri Lanka**

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## Executive Summary

Sri Lanka has long been regarded as a model of a successful welfare state; yet it has for decades faced major challenges in providing employment and meeting the aspirations of youth. Despite its relatively low level of per capita income, Sri Lanka's achievements in the realm of social policies are indisputable: high literacy, near universal coverage in primary education, low levels of infant and maternal mortality, low fertility, gender equality in enrolment in primary, secondary and tertiary schooling, and long life expectancy. But despite these important accomplishments, Sri Lankan youth perceive Sri Lankan society as unjust and unequal, and are frustrated by failure of mainstream institutions to address existing inequalities in the distribution of both resources and gains generated by economic development. These perceptions and frustrations based on experiences were at the heart of civil unrest in the last three decades.

The objective of the National Action Plan (NAP) for Youth Employment is to ensure that talents and aspirations of youth in relation to the labour market are fulfilled, thereby not only addressing existing inequalities but, by providing opportunities for young people to realise their full potential, also contribute to economic growth. The plan is based on an in-depth analysis of Sri Lanka's labour market, which is presented in the current report. The analysis adheres to the "4Es" conceptual framework developed by the UN-sponsored Youth Employment Network initiative, that is, to the analysis of the following four key labour market areas: equal opportunity, employment creation, employability, and entrepreneurship. In each of these areas, the report reviews key policies and programs and identifies the main issues and constraints. Deriving from this analysis and based on widespread consultations, a National Action Plan will be formulated, consisting of detailed policy recommendations and providing concrete proposals of policies and programs. It must be stressed that the Government of Sri Lanka has undertaken an initiative to formulate the plan in a broad consultation with major national stakeholders, including youth themselves, thus ensuring not only the legitimacy of the process – so that the concerns, priorities, and proposals of stakeholders are appropriately accounted for – but also generating true ownership of the NAP by the Sri Lankan stakeholders.

### (a) KEY ISSUES

#### **Equal Opportunity**

A majority of young people experience feelings of injustice both in society and with regard to political institutions and these experiences are not just perceived but based on real experiences (Report of the Presidential Commission on Youth, 1990, Sri Lankan Youth: Challenges and Responses, 2002). A highly politicized society has resulted in people relying on political favours and influential networks for employment opportunities rather than a system of merit. Research on youth unrest both in the south and north indicate that such unrest is largely attributed to frustration and disappointment with policies and programmes that are perceived as discriminatory (Thangarajah CY, 2002, Mayer M, 2004). In the labour market, youth experience discrimination and inequalities due to different factors such as class and status, geography and sector, gender, ethnicity and physical or mental disabilities.

**Class and status.** A majority of youth prefer employment in the public sector as these jobs are seen as more respectable and of a higher status than those offered by the private sector. The public sector also provides more job security and better old age insurance than the private sector. The private sector is perceived as alienating as it favours people from more privileged backgrounds. Moreover, jobs that are available in the private sector for rural and underprivileged youth are usually low-skill and low-status. English skills are important in the private sector. However, English is not considered as merely a technical skill, but is used as a social marker such as the way of speaking, which is seen as an indication of one's

background. Therefore, although English may be learned, discrimination is practiced depending on how one's speaks it (Gunasekera, M, 2005). Minorities, especially Tamil speaking youth, are discriminated against in the public sector due to Sinhala being the primary language used in the sector.

**Geographical and sector disparities.** Marginalization and exclusion occurs in the estate and rural areas due to poor infrastructure, poor educational facilities, and the lack of qualified teachers, particularly in English, mathematics and science. Poor infrastructure has also meant that there is less investment and job creation in the rural and estate sectors (see below on importance of infrastructure for job creation).

**Gender.** Unemployment rates of women, including young women, is double that of men. However, more young women are entering the labour force. Employment prospects for women from lower socioeconomic backgrounds are usually temporary and exploitative. They are concentrated in factories, estates, and overseas employment as housemaids. Women are controlled by patriarchal ideology where women are pressured to maintain a "good" reputation and be "respectable" which affect the job choices of women. The review of the empirical studies by the World Bank (2006) also shows that Sri Lankan women earn less than men, as a result of productivity differences but also because of other factors, including discrimination

Employers also prefer men over women as women's housework and childcare responsibilities may pose an obstacle for them to work late, and they may experience protracted absences from the workplace due to maternity leave (ILO, 2004). Women in the small business sector face discrimination in several ways including lack of access to credit and loans and also due to being perceived as incompetent (ILO, 2004).

**Ethnicity.** Rural Tamil and estate youth tend to take any job as their socio-economic circumstances necessitate income earning and therefore seem to have less unemployment. However, there is a significant gap between their aspirations and opportunities available. There has been a significant drop in the intake of minorities into the public sector.

**Treatment of persons with disability.** The constitution guarantees equal rights to people with disabilities and the Disabilities Act of 1996 sets policy in place for non-discrimination in employment and education. However, policy has not translated into practice in most sectors as there are no mechanisms to engage disabled persons in mainstream employment. This is of particular concern for young first-time job-seekers with disabilities.

## Employment Creation

Employment creation has been a priority for the government in addressing youth unemployment, but two key groups of factors pose significant limitations on the ability of the economy to create jobs: inadequate labour market institutions and inadequate infrastructure.

**Institutional constraints.** Sri Lanka's labour market institutions provide generous job protection for formal sector workers; in particular, the process of work separation in Sri Lanka is highly complicated and costly. Various rigid protection measures for formal sector workers in Sri Lanka as compared to other South Asian countries could be a factor in both inhibiting employment expansion and reducing job prospects of vulnerable groups such as women and youth. Adding to unfavourable labour market incentives (and contributing to government over-staffing) is patronage-based appointments to the civil service. There is also evidence that restrictive labour market institutions and low quality of remote schools contribute to lower school participation of poor children (Arunatilake 2005). Sri Lanka also has few passive or active labour market programs, (job counselling, information, training, wage subsidies), although it has recently launched a promising nation-wide job brokerage service (JobsNet).

Institutional weaknesses also prevent the smooth operation of collective bargaining and contribute to adverse industrial relations (Gunatilaka 2006). Fractious industrial relations in Sri Lanka have been

mainly due to the weak institutional base of its industrial relations system. The social dialogue should therefore be strengthened, and the system for settling industrial disputes also needs to be reformed.

**Inadequate infrastructure.** Lack of adequate community infrastructure, above all, poor access to roads and electricity, constrains the creation of firms and employment generation, and pushes workers into the informal sector. Gunatilaka (2006) finds that the quantity and quality of electricity supply and issues related to transport and connectivity are major binding constraints on the rate of business growth and thus on employment generation in general. Similarly, a recent investment climate assessment in Sri Lanka shows that, for both rural and urban firms, the poor quality of infrastructure (especially in the area of energy and transport) poses formidable barriers and affects both new firm startups as well as the investment and productivity increases of existing firms (Asian Development Bank and World Bank 2005). Similarly, Arunatilake (2005a) shows that informal sector workers are over-represented in communities other than Western province and the North/ East, and that many of workers are pushed in the informal sector by large distances from commercial sectors, the lack of adequate community infrastructure (access to roads and electricity), and by poverty which limits their investment opportunities (including investment in schooling and health).

## Employability

In Sri Lanka employability is not only about earning a living, but is intrinsically linked to the aspirations of young people, which is in turn linked to social status and social mobility (Report of the Presidential Commission on Youth 1990; Hettige and Mayer 2002). Employers prefer employees with not only relevant education and training, but also those who are motivated. Moreover, more educated and skilled labour force contributes to higher productivity and economic growth. Though commendable progress has been achieved, present education and training systems still have significant limitations pertaining to access and quality.

**Weaknesses of the education system.** While Sri Lanka has achieved enviable results in education, several important weaknesses remain. First, despite the high rate of school participation, 1999/2000 SLIS survey results show that 7 percent of all 5 – 14 year olds did not attend school. More than half of these children did not attend school because of financial constraints, 17 percent because they had to work on the farm or in business and 26 percent because they had to help at home (Arunatilake 2005b). The rates of drop-outs are consistently higher for students in the Tamil medium (Department of Census and Statistics). Second, serious disparities remain in the quality of education, especially in the rural and estate sectors. For example, only 4% of rural schools offer science education (Jayaweera 2000), and schools catering the poor are provided with fewer resources and have many unfilled teacher vacancies (Arunatilake 2005b). Arunatilake also shows that low quality of education contributes to the reduction of the school attendance of the poor. Third, Sri Lanka's higher education institutes admit only to 2 percent of those who qualify to enter tertiary education, which is only a fraction of the enrolment share in many other countries. And fourth, although disabled children can attend mainstream schools or special education units, in 2003 a large share (39 percent) of disabled persons had never started schooling, ranging from 12 percent for persons with psychiatric disability, 24 percent for those with mobility disability, to 67 percent in the case of those with an intellectual disability (Ministry of Social Welfare 2003).

**Difficult transition from education to training.** Sri Lankan youth face two inter-related problems: lack of information and lack of access to relevant training. Career guidance and counselling helps youth select prospective careers. Studies have found the need for a countrywide counselling and guidance system integrated into the educational and training institutions, which looks specifically at career guidance and also holistically at the psychological, socio-cultural aspects of counselling (Hettige and Mayer 2002; ILO 2004).

There are a large number of public, private and NGO institutions involved in providing technical and vocational training to young people. All state vocational training courses require 3 to 4 years of training and only those who have A Level education are accepted for training courses that provide a national diploma upon completion of the training, while those training courses of 1 to 3 years duration require an O Level qualification. These requirements prevent youth from exploring diverse interests and undermine the development of multiple talents, especially among young people who drop out of school.

The quality of the programmes varies and there is no central mechanism to monitor the various service providers. The employability of these TEVT graduates is low due to outdated study programmes, inadequate facilities, irrelevant industrial training, insufficient practical work etc. The Technical Education and Vocational Training Ministry has initiated preliminary work required for establishing a National Vocational Qualification System with a view to establish skill standards for the TEVT sector.

**Special needs of conflict-affected youth.** War has disintegrated the traditional systems that ensure young people have livelihoods options and employment as they reach adulthood such as inheritance, passing on of skills from parents to children and guided education with family support. Youth from conflict-affected areas are largely excluded from modern links to finding employment such as access to internet and state programmes like the youth corps. The training needs for youth affected by conflict including the internally displaced, those living in welfare centres, combatants and youth with disabilities differ from other young people and the diversity of affected youth must be taken into consideration when designing training programmes.

**Low skilled migration.** Of the total number of departures for overseas employment in 2004, 39 percent were between the ages of 20-29, and most departures were in the “housemaid” category (Sri Lanka Bureau of Foreign Employment 2005). While overseas jobs are available in professional, middle-level and clerical, very few young people take up overseas employment in these categories. The overseas employment market is dominated by private agencies that are not interested in diversifying the sector, but profit from exploitative practices.

While some studies indicate that young people are willing to migrate in search of higher earnings, others indicate that young people are unwilling to take up the risk of overseas employment (Hettige and Mayer 2002; ILO 2004). Similarly, a majority of the work force that migrate from rural areas to urban centres are employed in the informal sector in low-status, casual jobs, in the construction industry, and in the Free Trade Zones. The lack of accommodation and transport facilities are two of the main problems faced by these people. Many women who work in garment factories also face sexual harassment (Jayaweera and Sanmugam 2001).

**Perceptions standing in a way of employability.** It is said that there is no dignity of labour in Sri Lanka. What this means is that despite the relatively high levels of unemployment and under-employment, youth are reluctant to take up manual labour work in the manufacturing, agriculture and services sectors. Manual labour is perceived as a low status job by all of Sri Lankan society. This perception is influenced by poor working conditions, including long hours, occupational hazards and unpredictability of work. Therefore, changing attitudes of young people is not the only solution and steps must be taken to set standards for various vocations and jobs.

## Entrepreneurship

Entrepreneurship -- the set of skills, knowledge, attitudes, and values that determine how one organizes, manages, and assumes the risks of a business or enterprise -- is found to be weak in Sri Lanka. Constraints exist in culture, regulatory environment, and the programmes aimed at developing entrepreneurship.



**Inhibitory cultural attitudes.** Only around 20-24 percent of youth indicate self-employment as their employment preference (STWT 2003). No significant variations exist across gender or conflict/non-conflict zones. The reasons given by young people for not preferring self-employment are lack of social respect, stability and security, dislike of business, and lack of knowledge/skills for business. Business is also seen as exploitative. Young people who are currently self-employed indicate independence as the primary reason for their choice. Inability to find salaried work, flexible working hours, and higher income are some of the other reasons for selecting self-employment.

**Unsupportive regulatory environment.** There are several disabling economic factors that undermine the promotion of self-employment/ entrepreneurship among youth in Sri Lanka. Young people face difficulties in producing collateral to obtain financing from banks. There is a need for a better dissemination of the information about micro credit and finance schemes suitable for young entrepreneurs. There is also a lack of non-financial support for young business starters. The lack of information on chambers and other institutions promoting enterprise development is also one of the main issues. Members of the business community have highlighted the need for a better coordinated mentorship initiative, which would enable the more experienced entrepreneurs and employers to invest time and energy with young entrepreneurs.

**Uncoordinated education and training programmes.** There is no central government authority/ institution directly responsible for entrepreneurship training nationally, unlike in the case of vocational training. Therefore there has been no large- scale impact assessment of the trainings conducted in the last 20 years. The teaching methods and curricula need to be improved. There are many weaknesses in the existing training programmes. Appropriate target groups are not always selected. Early school leavers and youth engaged in the informal sector, including the increasing number of youth who are migrating to the urban areas, are not targeted. Also, there are only few Tamil language programmes among large state and NGO providers.

## **(b) POLICY DIRECTIONS**

The vision of the National Action Plan on Youth Employment is to recognize the potential of youth to make a positive and vital contribution to the social and economic development of Sri Lanka. Therefore, the overall objective of the National Plan of Action is to ensure that employment policies, programmes and projects for youth meet young people's aspirations, recognize their worth, and provide opportunities to realize their potential.

Based on the above analysis, the following policy directions -- addressing equal opportunities, employment creation, employability, and entrepreneurship -- are derived. Based on ensuing widespread consultations, a complete National Action Plan will be formulated, consisting not only refined policy directions but also of detailed policy recommendations and, in some areas, of concrete proposals of policies and programs, together with deadlines and responsible agencies.

### **Equal opportunity**

**The introduction of special programs to reintegrate vulnerable groups of youth should be considered.** Such programs could offer psychological assistance, counselling, training, and employment/self-employment for the conflict-affected youth, for example, for ex-combatants, army deserters, young widows, and the displaced. Similarly, facilitating pilot projects of first-time employment of disabled youth may stimulate expansion of employment opportunities for young people with disabilities.

**Improving training and skills development of persons with disabilities.** Existing training institutions need to improve their capacity to train disabled youth: (i) specialized training institutions needs to be



upgraded and modernized, and (ii) regular training institutions needs to be adjusted to be able to handle also training of persons with disabilities (curriculum adjustment, training of trainers), also training for self-employment. Particular emphasis should be made on making the training inclusive, not separate -- that is, done by regular training institutions.

**Introducing affirmative action in various policies in programs to promote equity.** Policies discussed below should be considered with a view of promoting the marginal and excluded groups, for example, scholarships for youth in rural/ disadvantaged youth.

## Employment Creation

Well-functioning labour market institutions can importantly contribute to favourable labour market outcomes. To expand employment creation and enhance access to jobs for youth, **rigid job protection measures of employment in the formal sector need to be revised**, especially to enable young first-time job-seekers to easier access decent work opportunities. Replacing job protection with worker protection (e.g. via unemployment insurance) could be a strategy to improve access to job for youth. However, it is necessary to look at the feasibility of such proposals and to initiate a larger consultation process with relevant stakeholders, including the trade unions, to identify suitable adjustments to the Sri Lanka context.

Supporting efforts to **phase out ad-hoc civil service recruitment practices**, and substitute them with recruitment according to preset long-term schedules will help re-orienting young job seekers to jobs outside the public sector.

**Social dialog should be strengthened.** Measures aimed at building strong institutions of workers and employers committed to social dialogue and collective bargaining are urgently needed. The existing system for settling industrial disputes also needs substantial reform. This includes an analysis of the role of trade unions as well as other workers and employer's association and the identification of more independent bodies to look into industrial disputes.

**Basic infrastructure has to be developed to spur growth and employment in underprivileged areas.** This would facilitate private sector investment in these areas, as well as the spur both the creation and expansion of firms, among others by facilitating the outsourcing of established, formal sector firms to informal businesses.

## Employability

**Helping the poor children and youth to improve their education outcomes will improve their labour market chances.** Education is a crucial component in addressing youth employment; not merely to make curricula more in line with the labour market, but more importantly in addressing the inequities. Development of an incentive scheme that can attract more qualified teachers for the disadvantaged areas should be considered, with a view of increasing the participation of children in schools, and reducing dropouts. Moreover, the use of English and ICT in education, and education of English and ICT need to be promoted.

**Information dissemination and skills development will improve employment chances of youth.** This includes strengthening of job counseling and labour market information dissemination (for example, via the JobsNet network), voucher based and demand driven training programs (among others, via revitalizing the Skills Development Fund), with subsidies for the youth in disadvantaged settings. Promoting private sector participation and establishing a self-regulating mechanism through an association to standardize training programmes can improve quality and the relevance of training. Innovative approaches to tailor schooling and training around the needs of the working children, or

children who have dropped out of school, may also be needed (for example, conditional cash transfer to keep children aged 11-14 in school). Eligibility restrictions to enroll in training should be reconsidered with the view of easing the training of the least educated youth. Portfolio of TVET should be expanded to include short-term courses, and courses that are conducted in Tamil language should be increased. Programs specifically targeted to young women, disabled youth, and poor youth living in remote rural areas could also be piloted.

**Opportunities to increase the value-added created by migrants should be considered.** At the government level, forging bi-lateral cooperation with appropriate countries to secure short-term assignments for skilled and semi-skilled labour, coupled with development of relevant training programmes can increase the revenue generation for youth. Concurrently, non-residential saving schemes could to be promoted for the migrants, to ensure higher economic gains.

**Ethos and ethics on certain aspects of employment could be targeted for change.** Campaigns that address work ethics, attitudes, perceptions, and aspirations about manual, technical, and entrepreneurial work, and on issues related to gender and disability, could reduce youth unemployment levels. The design and target such campaigns, the experience of the recent ILO-sponsored campaign aimed at promoting private sector employment should be studied, and relevant lessons should be drawn.

## Entrepreneurship

**Bottlenecks in self-employment/entrepreneurship among youth have to be eliminated.** Bottlenecks are observed in three main areas: policy/regulatory environment, access to finance, and access to business support. Entrepreneurship training is increasingly seen as an important need, and it is recommended that it is offered in schools and universities as well. All young people need to be exposed to basic values of entrepreneurship in school curriculum and training programmes. To ensure sustainability of start-up businesses of youth, credit schemes that are conditional on capacity building programmes should be considered. Moreover, business-to-business linkages, and other non-financial business support services, could supplement credit schemes for the youth.

A distinction needs to be made between entrepreneurship training with a view to self employment and **entrepreneurship training for developing a particular set of values and skills** to increase the employability of youth. Skills such as creativity, innovativeness, and flexibility are important for any type of employment and education should ensure that young people are equipped with these skills. Entrepreneurship training with regard to self employment should be provided for those who are interested in it and designed appropriately. But care should be taken that entrepreneurship training that is basically designed for self employment or business should not be offered generally as a means of providing youth with skills such as creativity, innovativeness, and flexibility.

## **1. Introduction**

### **1.1 Background: Global Youth Employment Network (YEN) and Sri Lanka**

The Youth Employment Network (YEN) was established in 2001 to give effect to the global commitment of “developing and implementing strategies that give young people everywhere a real chance to find decent and productive work”, resolved in the United Nations Millennium Declaration in 2000.<sup>1</sup> A partnership formed by United Nations Secretary-General Kofi Annan, the ILO Director-General Juan Somavia and the former World Bank President James Wolfensohn, the YEN brings together policy-makers, employers and workers, young people and other stakeholders to pool skills, experience, knowledge and resources to find new, durable policy and programme solutions to the youth employment challenge. By setting up the YEN, the UN Secretary-General has put in place a mechanism which underpins and supports all the Millennium Development goals, including poverty reduction.

The YEN High Level Panel developed policy recommendations on youth employment and advised that action plans on youth employment focus of four priorities – employability, equal opportunities, entrepreneurship and employment creation (known as the “four Es”). The YEN operations are supported by two United Nations General Assembly resolutions.<sup>2</sup> These resolutions encourage countries to prepare action plans and reviews - a vehicle to prioritise and operationalise youth employment - with the assistance of the ILO, the United Nations and the World Bank as well as other specialized agencies – and with the participation of young people themselves.

The YEN is promoting young people as assets - as catalyst for development - rather than as passive beneficiaries for whom employment must be found. Consultations with young people are instrumental in the work of the YEN and must be an integral part of any national youth employment strategy. In 2004, a YEN Youth Consultative Group (YCG) was launched, comprising representatives of large international and regional youth organizations to provide advice and guidance to the work on youth employment.

The YEN believes that decent and productive work for youth is a prerequisite for poverty reduction. It is also closely linked to issues such as conflict and economic and social development, and hence sustainable development. By working with youth for youth the YEN also empowers young people and contributes to ownership, legitimate results and democratic governance.

#### ***The Challenges of Youth Employment***

Youth employment is a global challenge. The ILO estimates that there are about 74 million young people unemployed, a number which constitutes 41 percent of the unemployed globally. Unemployment, however, is only part of the problem. A large number of young people are in the informal sector working long hours for low pay, struggling to eke out a living amidst poor working conditions. This is not only a gross waste of human resources but also one of the principle factors contributing to social problems.

What youth do have in common is their vulnerability to social challenges and economic circumstances – particularly in developing countries – that often result in unemployment or underemployment. This vulnerability links to problems of poverty, illiteracy and health. But girls and young women suffer

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<sup>1</sup> The UN defines youth as young people aged 15-24.

<sup>2</sup> December 2002 resolution on promoting youth employment (A/RES/57/165) and the resolution concerning policies and programmes involving youth (A/RES/58/133) of January 2004.

disproportionately to boys and young men. Girls often bear a double burden as they take care of family responsibilities, are taken out of school earlier or face other kinds of discrimination.

Young people everywhere set out in life with dreams and aspirations. They bring with them numerous assets such as enthusiasm, hope and new ideas, willingness to learn and be taught. They represent a new generation to meet the challenge in countries with an ageing workforce. Yet throughout the world youth face obstacles in making transitions from school to work. All too often their full potential is not realized because they do not have access to decent and productive work.

Unemployment carries personal, social and economic consequences. It can lead to alienation, poverty and depression among all ages but the situation is especially severe within vulnerable groups, such as youth. Youth un- and underemployment can impose heavy costs on young individuals and their sense of dignity. It can permanently damage their employability and lead to a circle of despair and exclusion, which can undermine social cohesion and lead to social unrest and conflict. Young people who enter the workforce with limited job prospects, underdeveloped skills and inadequate education are most at risk for long-term unemployment, intermittent spells of unemployment and low-wage employment throughout their working lives.

Young people are on average more than three times as likely as adults to be unemployed globally. Almost half of the world's unemployed workers are young people although youth make up only 25 per cent of the working-age population.<sup>3</sup> Youth unemployment rates are on average two to three times higher than adult rates and in South East Asia and the Pacific youth unemployment rates are almost six times higher than adult rates.

**Table 1: Regional estimates for youth unemployment, 1995-2005**

Region	Change in youth unemployment rate (percentage point) 2000-2005*	Youth unemployment rate (%)			Ratio of youth to adult unemployment rates		
		1995	2004	2005*	1995	2004	2005*
Developed Economies and European Union	0.1	15.2	14.0	13.0	2.3	2.3	2.3
Central and Eastern Europe (non-EU) and CIS	-0.1	19.5	19.9	19.8	2.6	2.6	2.5
East Asia	-0.2	7.2	7.6	7.8	2.8	2.7	2.7
South East Asia and the Pacific	4.0	9.7	16.9	16.9	4.9	5.6	5.6
South Asia	0.3	8.8	10.8	10.8	3.7	3.8	3.8
Latin America and the Caribbean	-0.7	14.2	14.5	15.2	2.8	2.7	2.7
Middle East and North Africa	-0.9	28.5	26.6	26.7	3.1	3.1	3.0
Sub-Saharan Africa	-0.2	17.9	18.5	18.2	3.5	3.2	3.2

Note: The data for 2005 are preliminary estimates.

Source: ILO: Global Employment Trends Model (2005).

Yet unemployment is just the tip of the iceberg. Many young people are underemployed with low productivity and low income. They often take on work in temporary, part-time, intermittent, casual and insecure jobs with poor or hazardous working conditions and little employment security. They lack appropriate skills, social protection, safe workplaces and employment security.

Young women often experience gender discrimination, imposed economic inactivity or are forced into the informal economy and subsistence-oriented activities. Hence, the fact that girls often outperform boys at school does not automatically lead to greater labour market access. Instead, young women

<sup>3</sup> ILO: Global Employment Trends *BRIEF, January 2006*, p. 2.

often account for higher unemployment rates than young men, although the situation varies among countries and regions.

There is no “one-size-fits-all” paradigm of causes and solutions for unemployment and underemployment of young people. The appropriate tools and approaches depend on the country context as well as specific groups. In fact, youth employment is linked to many factors influencing general employment including globalization, structural reforms, aggregate demand, conflict or post conflict dimensions, demographic trends, employment intensity of economic growth, regulatory environment for enterprise development, education and training, among others.<sup>4</sup>

### *The Sri Lanka Situation*

Youth unemployment has been recognized as a serious problem in Sri Lanka since the 1960's. Two major insurgencies experienced in the southern part of the country in 1971 and between 1989 and 1990 as well as the ongoing ethnic conflict are attributed largely to youth unrest and unemployment. In the present context the conventional causal explanations of unemployment only delineates part of the issue, and do not capture the complex dynamics of the problem. A coordinated policy response is, therefore, key to recognizing the interdependency of factors and eventually lead to lasting solutions.

The Youth Employment Network in Sri Lanka serves as a coordination and information centre for the Network consisting of the Government, employers' and workers' organizations, other non-governmental organizations and youth organizations. The YEN Secretariat of Sri Lanka was initially placed under the National Planning Dept of the Ministry of Planning within the government, then, shifted to the Ministry of Labour Relations and Foreign Employment (MOLRFE). However, after the general election in April 2004, it has been placed under the Ministry of Skills Development, Vocational and Technical Education (MOSDVTE). After the presidential elections in November 2005 the YEN secretariat is now hosted in the Ministry for Skills Development and Public Enterprise Reforms.

## **1.2 National Youth Policy in Sri Lanka**

The National Action Plan for Youth Employment specifically examines the various issues that contribute to unemployment among young people. The Government of Sri Lanka has undertaken an initiative to formulate the National Youth Policy, which aims to cover all issues and concerns pertaining to young people. As an integrated approach to national policy formulation is key to the sustainability of interventions, it is important that linkages be created between the National Youth Policy and the National Action Plan for Youth Employment in Sri Lanka.

## **1.3 Overview of youth unemployment in Sri Lanka**

The Government of Sri Lanka is making an effort to address the problem of youth unrest into an asset by giving high priority to youth employment endeavours. Current estimates have placed youth unemployment at approximately 280,000 or roughly 40 per cent of total unemployment. Moreover, about 144,000 or 60 per cent of combatants fall into the youth category. While many hope for a positive outcome from the current peace efforts, a well thought out strategy is imperative to address the 240,000 or so combatants, a significant proportion of whom would be added to the pool of unemployed. An analysis of the profile of youth employment and unemployment in the country portray the following features:

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<sup>4</sup> “Resolution concerning youth employment,” Resolutions adopted by the International Labour Conference at its 93<sup>rd</sup> Session, Geneva, June 2005.

- It is estimated that some 20 per cent of the employed are in fact under-employed. For statistical purposes, if a person works even for one day in a given week, s/he appears in the “employed” category in the following week’s statistics.
- There is a preponderance of unskilled labour, a majority of who are in the informal economy as well as in the agricultural sector.
- Youth unemployment is concentrated among the educated youth, and the rate escalates with higher levels of education. At low levels of education, youth unemployment is low.
- Young urban women in the 20 to 24 age group have the highest rate of unemployment, which amounts to approximately 45 per cent.
- In terms of magnitude, there are no differences between rural and urban youth unemployment rates, with the exception of the 20 to 24 age group, where urban unemployment is higher. This is driven by the disproportionately high rate of urban female unemployment within the said age group.
- The projected annual growth in employment through 2005 by sectoral activity shows a high potential for the manufacturing sector. However, most of the industrial activity seems to be concentrated in food and garment manufacturing. This lack of diversity in the manufacturing sector and the fact that growth is export driven diminishes the potential for absorption of labour into the sector.
- Should output grow in the industrial sector by 1 per cent, then the corresponding employment growth will be most pronounced in sales and services in crafts and in occupations requiring unskilled workers.
- Educated youth have a significant preference for civil service jobs over job opportunities in the private sector. Thousands of vacancies go unfilled in the export processing zones and hundreds of others in the private sector, whereas an announcement of 300 vacancies in the telecommunications sector yielded 10,000 applications. Similarly, a survey of young people found that only 26 per cent were prepared to take “any job they can get”. The preference for the public sector is influenced by many factors, most importantly stable income and job security makes the public sector very attractive to people from low income families. Therefore, this preference is not just an issue of ‘wrong attitudes’ and it is important to analyse the situation from a broader perspective.
- The reluctance of youth to enter the private sector job market may be due to real and experienced disadvantages in and barriers of finding private sector employment, such as prevailing working conditions and exclusionary attitudes towards non-English speaking employees among other factors.
- Social networks are seen to play a crucial role in gaining employment in the in the private sector, especially the corporate sector. English proficiency is paramount as well as other factors attributed to status, such as family background and type of school attended.

The pursuit of youth employment schemes in Sri Lanka must be viewed from two angles. First, employment targeted macroeconomic policies and programmes, including those programmes that aim at influencing both the attitudes of young people and those of policy-makers. Second, from a social policy point of view that sees employment creation as providing a decent job within an environment of equality and non-discrimination.

#### **1.4. Labour force in Sri Lanka**

The Quarterly Labour Force Surveys of the Department of Census and Statistics estimated the country's total labour force at 8 million in 2004. This amounts to 48.6 per cent of the total working age population of 16.6 million in the age group 10 years and above. From the 2nd quarter of 1990 up to the beginning of 2003, the two provinces of the North and the East were excluded owing to the prevailing security conditions, which precluded their enumeration. The Surveys of 2003 covered the Eastern Province. In the 1st Quarter of 2004 three districts in the Northern Province were excluded but from

the 2nd Quarter onwards all districts in the provinces were included. In 2003 and 2004 the labour force figure in the 7 Provinces is reported as 7.2 million and 7.3 million respectively.

By gender, the labour force figure has 5.4 million males and 2.7 million females, distributed over the provinces in an uneven pattern. For 2004, the surveys report a female Labour Force Participation rate (FLFPR) of 31.2% as compared with 67% for their male counterparts. Over half the female population in the working age population is reported to be engaged in household work, which is not counted as productive economic activity although the work constitutes not only food preparation, household maintenance and childcare, but also work that is integral to agriculture production.

Sri Lanka's economic growth averaged 4.5 percent in the last decade (1994-2003), but the decline in poverty has been modest. Inequality in Sri Lanka has increased over the same period, dampening the potential poverty reduction impact of growth.<sup>5</sup> More than a quarter of Sri Lankan population currently lives in poverty, with poverty concentrated in rural areas. Estimates show that if inequality had not increased, poverty reduction would have been more than 5 fold higher. However, given its much higher level of income, poverty rates in Sri Lanka are still much lower than for most South Asian countries (World Bank, 2005a), and inequality in Sri Lanka is far lower than that found in many countries of Latin America. But one must keep in mind that these poverty rates are estimated on a very conservative poverty line of less than 50 US cents a day per capita, which may indicate a rather inaccurate picture of reality.

Aside from very low income (or poverty), many Sri Lankans are vulnerable to individual and community-wide income shocks. Recent evidence suggests that major individual risks faced by Sri Lankan households include sickness and disability, loss of family member, and unemployment. Sri Lankan households also cite frequent community-wide (aggregate) shocks including drought, crop failure and other natural disasters (the most recent and disastrous being the tsunami). The civil conflict in Sri Lanka has also aggravated the vulnerability of many households, particularly in the Northern and Eastern Provinces that have faced unemployment as a result of declining earning capacity, disability, and loss of main breadwinners. Sri Lanka has one of the most rapidly aging populations in South Asia. Over the next 25 years, the share of the population over 60 will double from about 10 to 20 percent and this demographic trend will have an aggregate impact on the economy, potentially changing patterns of labour force participation and the composition of health care, and imposing a strain on traditional and formal income support systems.<sup>6</sup>

Among the main poor and vulnerable groups in Sri Lanka, there are several groups that deserve attention. Over the lifecycle the poorest and most vulnerable groups include *children* who live in large families, disabled children and child workers/street children, children affected by the conflict (child soldiers), and children who drop out from school. Vulnerable children include the malnourished who potentially suffer from a loss of cognitive skills. Among *working age adults* informal sector workers have higher poverty rates than their counterparts in the formal sector. The unemployed comprise those who are unable to find jobs due to poor skills, remote residence and community infrastructure; those who are displaced due to the civil conflict or natural disasters; and disabled persons. Among the elderly, the oldest individuals have the highest poverty rates. The *elderly* have no access to income and have to depend on their already financially burdened children/ relatives for survival. Pension is

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<sup>5</sup> Gini Index, a measure of inequality, registered an increase from 0.32 to 0.40 over the period 1990/91 to 2000.

<sup>6</sup> While more evidence on income shocks is merited, risks facing Sri Lankan households are not dissimilar to those affecting other households in South Asian region. Recent evidence on income risks in such diverse countries as Afghanistan, India (Andhra Pradesh) and Maldives suggest that health and disability shocks are amongst the most important income shocks (in terms of frequency and lost income) faced by households in these countries (World Bank 2005b, 2005c, 2005d). And South Asian countries are highly prone to natural disasters, as the most recent earthquake in Pakistan bears witness.



available only to a few, and even for these people the bureaucratic obstacles make access very difficult. Financial constraints along with ill health and poor living conditions make elderly people one of the most vulnerable groups. The rapid aging of the population may lead to strains in the traditional and formal income support systems and contribute to future vulnerability among the elderly (World Bank 2006). *Women* are considered among the worst affected by poverty and are among the most vulnerable in the community. Due to social, policy, legislative and economic constraints women find it much harder to access and utilise opportunities and unemployment rates among women are much higher than for men. The situation is especially dire for women with disabilities.

## 2. Inequalities in the Youth Labour Market

It is important when addressing the issue of youth employability that it is understood within the context of factors that lead to the exclusion and discrimination of youth as a category from employment opportunities and resources that are needed for employability. It is also necessary that the **perceptions** of youth with regard to their experiences of social, political and economic exclusion and discrimination are taken into consideration when analysing inequalities in the labour market, since these would influence the way they understand the opportunities that are available to them.

Surveys and consultations done with youth in Sri Lanka have indicated that they feel quite strongly that they live in an unjust and unequal society. Interestingly, this is a perception that comes through regardless of gender and ethnicity. As a collective, youth perceive Sri Lankan society as unjust and unequal (Presidential Commission on Youth 1990, National Youth Survey 2002). The basis of this inequality is largely analysed by youth in terms of a privileged elite having access and control over resources and benefiting unequally from development. The means by which that elite gains power is through their social and political networks that remains inaccessible to others. Youth were highly critical of existing socio-economic and political systems, which they felt maintained this inequality.

Whether these perceptions are based on real experiences or on opinions/beliefs, there is clear evidence that disparities exist in the distribution of resources such as education, skills development and means of social mobility that impact both the opportunities that are available to youth and also the kinds of decisions that youth make regarding employment. The fact that Sri Lankan youth have been involved in and justify using violence to challenge existing institutions and systems indicates that the level of frustration among them is based on something stronger than merely rebellious nature and unrealistic attitudes of young people. Therefore, any policy recommendations for youth employment need to seriously address the failure of mainstream institutions and systems to respond to existing inequalities in the distribution of resources and the benefits of development.

### 2.1. Class and Status

While welfare policies have provided access to education and health to underprivileged and marginalised groups in Sri Lanka and while agrarian reforms provided some means of moving out of rural poverty, the social mobility of underprivileged and marginalised groups have been limited by 'rigid and inflexible' structures of social dominance (Uyangoda 2003:47). Within this context, employment in the public sector is an important means of social mobility for these groups since it provides the opportunity of gaining some of the markers of 'respectability' and status, and also security. However, the public sector has not been able to keep pace with the needs of the labour market, and recent economic and political policies have led to weakening the public sector through politicisation and also deliberate neglect.

According to an ILO School to Work transition study 64 per cent of young employees reported that they were recruited through recommendations of their friends and relatives (Mayer and Salih, 2005:61). The need for connections was more deeply felt for employment in the private sector, where the correct social connections and a shared cultural ideology were seen as basic requirements (ibid). These contacts were often based on social and family networks including old school networks. Many youth from less privileged backgrounds (i.e. those who did not go to prestigious schools or have powerful family connections) found that the only kind of connection that they would have access to were political connections, thus explaining why youth tend to feel that political connections were important in order to find employment.

The very high demand for placement in prestigious schools also leads to corruption and political interference, once again marginalising the disadvantaged youth. While free education provides youth in disadvantaged situations with paper qualifications and creates aspirations about social mobility, in the experience of many, educational qualifications were not the most important consideration in obtaining employment. Thus, many youth deeply resented what they felt was a system that was not based on merit, but political favours or social connections.

While the private sector was expected to be the 'engine of growth' for the country, the culture of the private sector (other than in some forms of self-employment) is alienating for those who do not come from an urban, bi-lingual, socially and politically well connected background. The kinds of jobs in the private sector that are available to those who do not come from that background are largely at lower levels, requiring low skills which may not necessarily provide the resources for achieving social mobility. The reluctance of youth to choose private sector jobs needs to be understood within this context. Even within a free education system, families invest considerably in the education of children. The returns that are expected from this investment are not measured purely in financial terms, but also with regard to the social returns for the family. Within the Sri Lankan cultural context, notions of family and community are strong and individualism and financial prosperity at the exclusion of family and community expectations are discouraged.

The lack of English skills is also seen as a factor that affects the employability of youth within the private sector. The education sector has recognised this and various strategies have been recommended and are being implemented to improve the standard of English. While here too inequities in access to English language teaching are an issue, as will be discussed in some of the other chapters, English language teaching also has political implications.

It is important to understand that the use of English language has a political history in Sri Lanka. English language needs to be seen in the context of its colonial history, as the language of the elite and the upper classes, which controlled (and to a large extent continue to control) social, economic and political power in the country. For a small elite group English is not a second language or a link language, it is the home language. There is a distinction made between people who learn English at home and those who learn it only in school. This distinction is one of status and privilege, with those who learn it at home believing that the English they speak, is based on the more correct British English as opposed to the 'not pot' English of the masses (Gunasekera, 2005). The Presidential Commission on Youth Unrest, refers to this divisive aspect of English language signified by the word 'kaduwa' that is used especially within universities to indicate the use of English as a weapon of the elites to keep the less privileged in their place.

In this context, it is not just mere proficiency in English that matters, but the *type* of proficiency as well. What kind of English do you speak? Certainly, 'correct' English is seen to be proper British English, including the proper British accent. Inability to speak English in this way is considered to reveal a person's rural, non-urbanised, socially inferior background. Certain accents are also seen to reveal one's ethnicity. Thus, proficiency in English is not merely a technical issue about learning a world language that gives you access to resources and the ability to communicate across cultures, it is also a

*cultural* and *social* marker and a significantly important factor in social mobility. For this reason, the importance and the status given to the English language, especially when it comes to employment, is experienced by many youth as a form of discrimination and social exclusion. This is a factor that needs to be considered in the delivery of English education, in order to ensure that the English language is not valued (socially and politically) over vernacular languages, but is taught in a way that it is viewed as a resource and skill.

Minority groups also see language as a source of discrimination and exclusion, in terms of employability, especially in the public sector, where non-Sinhala speaking people are discriminated. This is one of the reasons that minority representation in the public sector has been declining. Thus, it is important that the implementation of laws in relation to the use of language in the public sector is also strengthened.

## 2.2. Geographical / Sector disparities

Sectoral employment and unemployment rates indicate that the rural-urban-estate disparities are not that pronounced, however, since the largest number of youth comes from the rural areas, the proportion of youth unemployment in absolute terms is highest in these areas.

For a variety of reasons, the education and training systems are not adequately addressing the needs of the socially, and/or economically disadvantaged youth. Marginalization and exclusion occurs in the estate areas as well as in rural areas due to poor infrastructure, poor educational facilities, and lack of qualified teachers particularly in English, Maths and Science. In the estate areas education is often available only up to grade 5. Road access and bus availability are barriers to reach other schools in a nearby town or estate that may offer higher grade education. Moreover, the percentage of those able to attain the A-level is well below the national average. Therefore, while in principle, Sri Lanka has a free education system, which has certainly provided more equitable access to education, there are inequalities in the **quality** of education that is accessible.

Poor infrastructural facilities in rural under-privileged areas make them also less favourable for private sector investment and job creation compounding the urban-rural disparities by migration to the city, particularly the Western Province (over 60 per cent of GDP is in this single province). There are too few role models, mentors industries or adequate training facilities that will help the rural youth to leapfrog into new technologies or build capacity to succeed in the private sector or self employment. In spite of these shortcomings, it is interesting to note that in the School to Work Study a considerable number of youth in rural districts, have shown a preference for starting their own business—Moneragala (32%), Matara (24%), Jaffna (34%) and Batticaloa (23.3%). In addition 40 per cent in Hatton and 32 per cent in Matara say they prefer wage employment in the private sector. This fact offers a window of opportunity for promotion of self employment and employment in the rural areas.

At the same time, as will be discussed later in this document, it is important not to treat self-employment and private sector employment as the only effective solutions to the issue of youth unemployment. There are challenges and real disadvantages, both in self employment and private sector employment and vice versa for public sector employment, which would justify and indeed, endorse public sector and other forms of employment as valid aspirations. The challenge, therefore, is to reduce the demand for government jobs while increasing demand for private sector, self-employment and other alternatives by making these employment avenues more accessible and attractive.

### 2.3. Gender

Participation of women in the labour force has increased considerably in the last two decades, but unemployment rates of women have continued to be double that of men, which matches the pattern among young women as well. Employment prospects for women have been largely clustered around the lower occupational tiers particularly in occupations that provide cheap labour for factory type production within Sri Lanka or foreign employment as domestic workers. Most women are in transitory employment particularly in the Free Trade Zone and the Middle East, where they return to the villages after a spell of employment, in which case they are then added to the unemployed category. Another factor in the increase in unemployment rates for women could be the increase in the number of women who are joining the labour force due to relaxation of some cultural restraints and due to necessity. Thus, in formulating policy and programmes, the changing social fabric and expectations of society and of individuals in women's employment must be taken in to consideration.

Women migrant workers and plantation workers together with those employed in the garment sector are the main earners of foreign exchange for Sri Lanka and thus can be considered the mainstay of the economy. However, these women are in low paid jobs and often in exploitative working conditions. The migrant workers are often caught up in a web of exploitation by middlemen and abusive working conditions. Worse still, they often fall victim to marital crises as they leave spouses back home. Support systems and monitoring of employment agencies and employers by government agencies, and/or foreign ministries in the country of work, are still not adequately in place.

More rural women than their urban counterparts are unemployed except for those in the 20-24 age group where the unemployment rate for urban women is significantly higher—47 per cent as against 33 per cent for rural women. Though the 200 Garment Factory Programme<sup>7</sup> benefited rural women immensely, most opportunities in this sector were in the urban areas prompting migration. Problems of accommodation and other problems including stigma attached to women garment workers has desisted many entering and at present large numbers of vacancies exist especially in export processing zones.

There is also evidence from some studies that women from socially and economically disadvantaged backgrounds face constraints in accessing higher education. Studies have shown that women tend to be concentrated in particular types of degrees, and also that women graduates especially in the professional courses such as medicine and engineering, come from slightly more advantaged economic and social backgrounds (CENWOR). Thus, the common perception that the more educated youth have difficulties in gaining employment needs to be seen within the context of the inequities within the education system that propels youth from less privileged backgrounds into educational programmes with fewer employment opportunities.

What is most pertinent, however, is that at all levels the unemployment rate for women is much higher than that of their male counterparts. Although the patriarchal structure of Sri Lankan society is gradually breaking down, its values and norms still persist. Notions of honour and respectability, the pressure to maintain a 'good' reputation control women's behaviour especially their public role. The lack of a culture that endorses women's dual role and recognizes the value of both household and economic work makes it difficult for young women to overcome unequal treatment.

The preference for men over women especially in the private sector is not only influenced by this but also by the fact that employing young women has legislative and regulatory implications such as maternity leave, child care, night work, overtime etc. These factors also influence the choices that

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<sup>7</sup> An incentive Programme introduced by the late President Premadasa in the late eighties/ early nineties to encourage industrialists to establish garment factories in peripheral/rural areas. It is estimated that at present around 60 such factories are in operation.

women make with regard to employment. Thus, educated women tend to be concentrated in the state sector as it honours statutory obligations and provides greater work flexibilities.

Despite the fact that there are more qualified women in the labour force, the percentage of women in senior management posts is extremely low. The state sector has more women in these positions than in the private sector, but women in both the private and public sector seem to have to strive twice as hard as men to be accepted and climb the corporate ladder. In addition the double burden of dealing with family responsibilities and their professional responsibilities is another drawback for them in the race for career progression. Although there has been much debate on these issues little has been achieved especially in the private sector to develop an enabling environment for greater participation of women management and other non-traditional jobs.

Also important to note is that the avenues for training in non traditional occupations is also quite limited since most vocational training institutions focus on dressmaking, beauty culture catering, secretarial courses etc that are seen as suitable for women. While there have been some attempts by NGO vocational training programmes to include women in non traditional vocational training programmes, there needs to be more information regarding the job opportunities that are available to women after such training.

The ILO sponsored survey on School-to-Work Transition found that 22 per cent of job seeking women had a preference for starting their own businesses. However, women engaged in self-employment are mainly in micro or small business sector. In addition to the challenges faced by youth entrepreneurs, young women face additional social barriers such as 'not being taken seriously' or being perceived as not committed or not very competent. The environment can be described as hostile due to the lack of respect, social conditioning and sexual stereotyping, difficulty of obtaining credit, isolation from business network, the difficulty to balance between home and work roles, and the lack of business/management training and experience.<sup>8</sup>

Another obstacle for women is the inability to show collateral in terms of title of land and buildings. A practice that male family members sign as guarantors prevents women from obtaining credit for either working or starting capital. The most glaring anomaly at the legislative level is the Land Development Ordinance. It has an anachronistic mandates of the *primo-genitor* rule that defines that a first-born male in a poor family is given a piece of land by the government. These inequalities re-enforce a paternalistic structure of preventing young women from developing their full career potential.

## 2.4. Ethnicity

The unemployment rate among Sinhalese youth according to the Youth Survey<sup>9</sup> appears to be higher than either the Tamil or Muslim youth. The aspiration opportunity gaps operating in the labour market may be a possible explanation for this. It is probable that the context, within which most Tamil youth (i.e. in conflict areas) had to contend with, compelled them to take any job that was on offer while Sinhala youth may prefer to wait for a preferred job. Additionally the estate youth too fall within this category. The School to work Transition substantiates this notion, more Tamil youth aspire to have their own business or find employment other than in the state sector, an aspiration also shared by Muslim youth although a larger percentage of the former seem to want to enter the state sector.

However, it is important to note that traditionally the state sector has been an important source of employment for ethnic minorities groups. More recently, it has also given them security in terms of

<sup>8</sup> Women Entrepreneurship Development in Sri Lanka by Sarath Kodituwakku and Sagara Perera – (ILO Colombo -2003).

<sup>9</sup> It's important to note that the survey was only conducted in 21 districts and was not undertaken in Mannar, Vauniya, Killinochchi and Mullathivu.

freedom from harassment and arrest, and more freedom of movement within the context of the conflict. Therefore, the drop in the intake of minorities into the public service is something that needs to be urgently addressed.

## 2.5. Disability

The Constitution guarantees equal rights and protection of persons with disabilities. The Protection of Rights of Persons with Disabilities Act No. 28 of 1996 sets policy in place for non-discrimination in employment and education and access to built environment. The policy promotes a rights based and inclusive approach which tries to ensure that people with disabilities are included in all mainstream programmes, including programmes for youth. The Protection of Persons with Disabilities Amendment (nominal amendments) Act No. 33 of 2003 was certified on October 2003. The Cabinet paper 03/1292/155/013, a memorandum dated 25 June 2003, “National policy on disability for Sri Lanka”, was adopted as a draft policy to be implemented through the Ministry of Social Welfare.

However, the lack of trust in the legal systems to ensure justice and recourse within reasonable time prevents people from accessing the justice system. The Ranviru Seva Act and the Visually Handicapped Trust Fund Act are two existing pieces of legislation that can be built upon. (Ranaviru Seva Act. No. 54 of 1999 provides for training opportunities to ex-combatants to secure gainful employment, facilitating training, micro financing and job placement. VHTF – Visually Handicapped Trust Fund Act No. 9 of 1992 – trust to provide education and vocational training opportunities and promote access to employment for the visually handicapped.)

The problem for disabled youth however, lies more in the attitudinal environment surrounding them. It is still generally considered that people with disabilities don’t belong in the workplace, that they should be “taken care of”, and that “fully” abled people do a better job than those with disabilities. Even where individual employers break away from these patterns, there is resistance from peers to accept diversity at the workplace.

There are little to no mechanisms in place in terms of physical infrastructure to activate a proper disability-mainstreaming programme into the workplace. As mentioned above, socially, disability is considered a taboo. Still, the Ministry of Education has made excellent strides in this area; almost 100,000 children with physical disabilities were put through the school system. There is also a Government regulation that makes it compulsory to reserve 3 per cent of job vacancies for disabled persons. This is one of those regulations that no one knows of and no one attends to. The gap between policy and reality is the hiatus of concrete agendas with milestones that could be tracked. The evident lack of awareness of existing policies and legislations also hinder the inclusion of people with disabilities in the mainstream, both from the side of the employers and the job seekers.

Overall it is important to note that although a legislative and policy framework to ensure rights of disabled persons exists in Sri Lanka, the implementation so far is rather weak. Disabled persons remain excluded from the mainstream and are therefore more likely to be under-educated, untrained and therefore un- or underemployed and poor. The period of youth is particular crucial for disabled persons in regard to future opportunities. It is also important to note that youth with disabilities are not a homogenous group; they have special needs related to gender, age, region, socio-economic background, and type of disability for example. However, it is the environment, i.e., attitudes, communication and architectural barriers, etc. that causes the disadvantages that people with disabilities face rather than the disability itself. More research needs to be done to identify such barriers and the particular ways in which they affect young people with disabilities.

## 2.6. Ideologically driven responses to youth

Many programmes and policies targeting young people tend to treat youth as a homogenous category and respond to the problems of young people from an ideologically driven standpoint. For example, usually the question of creating employment for youth in Sri Lanka is approached either from the perspective that it is primarily the responsibility of the state or that it should be a private sector initiative, determined by global market forces. More recently, the latter perspective has dominated to the extent of excluding the public sector as a potential source of employment, except when it is used as a campaign slogan in election manifestos. This has led to a knee jerk reaction to employment creation, rather than one that is planned based on human resource and economic planning that is focused on the welfare of the country.

However, what would be more useful is to look at the diversity of interests and skills that exist within youth and develop programmes that enable youth to make the most of the resources and opportunities that are available to them, without discrimination by gender, ethnicity, or class. The public sector is important and a necessary component and it should be strengthened and seen as a potential employment source; but not the only source. The public sector should also not be allowed to be used by politicians as something that can be bartered during elections or to provide favours for supporters. The private sector, self-employment should also provide opportunities for youth, but will not be able nor should it be seen as the only option available for youth. Most importantly, whatever the sector, it should ensure that youth are able to engage in work in conditions in which while it provides opportunities and challenges, does so in a way that treats youth with respect and dignity.



### 3. Employment Creation

Job creation has been a priority for the government in addressing youth unemployment. Increased economic liberalisation and steps towards increased privatisation have made the private sector a significant employer in recent years, although it has failed to achieve the desired impact. Programmes and plans for the promotion of the SME sector and entrepreneur training programmes, which have been in place for the last 20 years, are also avenues that can be further developed in job creation policies and initiatives (given its importance, youth entrepreneurship is discussed separately in Chapter 5).

A review of structural factors that influence the rate of job creation in Sri Lanka highlighted two key groups of factors that act as brakes on the rate of job creation: labour market institutions and infrastructure. First, Sri Lanka's labour market institutions are largely responsible for the creation of a counterproductive duality between formal and informal employment. The high level of protection of the insiders (of workers employed in the formal sector) adversely affects job growth, contributes to informal employment, and increases unemployment among youth and marginalized groups. (As explained in the policy recommendation chapter, more efficient labour market institutions -- those that provide essential but reduced protection -- not only help promote growth, but, paradoxically, also help improve employment prospects of informal sector workers, women, youth and other marginalized groups.) Moreover, difficult access to formal sector job opportunities also reduce the incentives of the poor to continue with schooling, thus perpetuating a vicious cycle of poverty. Second, the lack of adequate community infrastructure, above all, poor access to roads and electricity, was also shown to push workers into informal sector jobs and constrain employment generation in general.

#### 3.1. Institutional constraints on job creation

While Sri Lanka has to be commended for providing basic protection of core labour standards (it has ratified eight ILO conventions on core labour standards, including the right to collective bargaining and freedom of association), some of its labour market institutions appear to hurt rather than help the workers, including the youth. Sri Lanka's labour market institutions provide generous protection and wages to formal sector workers, but by doing so, reduce access to 'good' formal sector jobs (and associated insurance schemes) for two thirds of the labour force working in the informal sector, in particular for a vulnerable group such as the unemployed youth. Moreover, by lowering expected returns from schooling, restricted formal sector job opportunities also appear to reduce schooling participation of the poor, thus creating a cadre of less educated workers with low formal job prospects, and perpetuate a vicious cycle of poverty. The limited education of informal sector workers (discussed in the next chapter) and their location in poorer rural areas also reduce their access to better paying formal sector jobs.

*(a) Sri Lanka's severance pay (TEWA) system*, one of the most restrictive severance pay systems in the world, importantly *lessens the chances of young workers to obtain formal sector jobs*. The TEWA not only calls for high compensation to the laid off workers, but its discretionary nature and lengthy procedures restrict further the ability of employers to lay off workers. While the recently introduced compensation formulas reduce the non-transparency and arbitrariness of the firing process, the separation costs remain extremely high by international standards, and the process of separation still involves 'prior approval' by the Labour Commissioner and is thus not free of non-transparency and arbitrariness. For example, a Sri Lankan worker with 20 years of experience is awarded by a severance pay of 39 monthly wages, in contrast to average severance pay of 16.3 monthly wages in other Asian countries, 11.9 in Latin American, 7.1 in African, 6.4 in OECD, and 4.4 in transition countries—a staggering difference! Large firing costs and arbitrariness contribute to the emergence of dual labour

markets, with well protected formal sector workers (which tend to be predominantly prime-age males) contrasted by much less protected informal sector workers and the unemployed.

Sri Lanka's depressed job flows—the likely consequence of the restrictive TEWA system—have adverse implications for productivity growth and access to formal jobs by marginal groups, particularly youth. International comparison shows that in many dimensions, job flow rates of other countries vastly exceed job flow rates of Sri Lanka, and compelling international evidence suggests that restrictive employment protection legislation embodied in the TEWA is the major contributing factor. In early 2000s, Sri Lanka's job creation rate was 8 percent and job destruction rate was 4 percent, vastly lagging behind the average job creation rate of 14 percent and job destruction rate of 11 percent in selected 17 developed, transition and developing countries (World Bank 2006).<sup>10</sup> As a consequence, technological innovations and productivity growth is hampered, as it has long been recognized that a well-functioning market economy is characterized by a large-scale, ongoing reallocation of factors of production, including labour. Moreover, international evidence shows that restrictive employment protection legislation, like the TEWA, reduces job prospects of women, youth, and informal workers, as observed in Sri Lanka (for example, there is strong evidence that in India the protective worker legislation hurts precisely the most vulnerable groups, the groups it is supposed to protect).

***(b) Wage setting institutions and civil service recruitment practices contribute to unemployment, particularly among the young.*** Several hypotheses have been advanced to explain unemployment. The *unrealistic wage expectations* hypothesis maintains that more educated workers seek jobs which would pay them more than the market is willing to pay, perhaps because workers possess the wrong set of skills (or there is a skills mismatch; see World Bank 1999). The other two hypotheses assume that there exist “good” and “bad” jobs in Sri Lanka. The *queuing hypothesis* argues that the unemployed wait for an opportunity to take a job in the civil service, which is known for offering stable jobs with generous fringe benefits (including pensions), and for requiring low work effort. Similarly, the *institutional hypothesis* maintains that unemployment arises because job creation of the “protected” private sector is hindered by high labour costs created by costly employment protection legislation and strong bargaining power of workers under conditions of virtually complete job security.

Recent evidence supports the *queuing and institutional hypotheses explanations for unemployment*.<sup>11</sup> There is compelling evidence that wage setting institutions (unions and collective bargaining, tripartite pay commissions) have created an artificial gap between better-paying jobs in the public and the “protected” private sector, and low-paying jobs in the “unprotected” private sector. Empirical analysis shows that public and formal private sector jobs command an important wage premium, which cannot be explained by the productive characteristics of the workers.<sup>12</sup> By implication, the civil service wage premium attracts job-seekers to queue and thus generates unemployment. Similarly, the wage premium of TEWA-covered jobs increases costs and reduces labour demand.

***(c) Restrictive labour market institutions and worse quality of remote schools contribute to lower school participation of poor children.*** Informal sector workers have lower employability levels, which reduce their labour market prospects—a result, in part, of high dropouts among children from poor families. Many school dropouts can only qualify for unskilled occupations, the occupations which are

<sup>10</sup> World Bank study also shows that the TEWA system contributes to irregularities both in distribution of firms around the size of 15, as well as the growth pattern of firms with 15 workers, thus showing that the TEWA system affects the behaviour of firms.

<sup>11</sup> See the findings of Rama (2003), World Bank (1999), and Heltberg and Vodopivec (2004).

<sup>12</sup> Other things equal, returns of public sector workers are 14 percent more, and returns of the ‘protected’ private sector workers (covered under the TEWA) are 11-12 percent more than returns of informal sector workers (World Bank 2006). In addition, public sector workers enjoy other benefits such as tax exemption, job security and non-contributory pensions. Unions are also more likely to be active in this sector, compelling greater compliance with protective labour legislation and engaging in collective bargaining.

paid the lowest and which are associated with the highest poverty incidence. In 1999/2000, 7 percent of 5–14 year olds did not attend school (Arunatilake 2005). Dropouts occur both because poor families cannot afford schooling costs and because the expected benefits of schooling for children from poor families are low (World Bank 2006). Direct and opportunity costs of schooling of poor families are relatively higher because by sending children to school, the sacrifice in terms of foregone work at home and direct costs of schooling are higher than the sacrifice of non-poor families. Expected returns of schooling for poor children are lower because their schooling is of lower quality and because they lack the social networks which would enable them accessing higher paying jobs.

*(d) Institutional weaknesses also prevent a smooth operation of collective bargaining, and contribute to adversarial industrial relations and the lack of social dialogue* that confounded much needed labour regulation reform (Gunatilaka 2006). Fractious industrial relations in Sri Lanka have been mainly due to the weak institutional base of its industrial relations system. The system is based on law, and until recently, did little to promote strong institutions of workers and employers. Measures aimed at building strong institutions of workers and employers committed to social dialogue and collective bargaining are urgently needed. The existing system for settling industrial disputes also needs substantial reform.

*(e) Sri Lanka has few passive or active labour market programs, but has recently introduced a promising nation-wide job brokerage service.* Publicly administered and active labour market programs (job counselling, information, training, wage subsidies) exist on a very small scale in Sri Lanka, and their effectiveness is not well established. The recent introduction of a nation-wide job brokerage service via JobsNet computerized bank of available jobs, however, seems a promising attempt to improve employment services to job seekers, including the youth.

### 3.2. Constraints on job creation by poor infrastructure

Inadequate infrastructure creates important barriers to job creation and, in particular, to the creation of formal sector/decent jobs. Two studies provide evidence to this effect. First, Gunatilaka (2006) finds that the quantity and quality of electricity supply and issues related to transport and connectivity are major binding constraints on the rate of business growth and thus on employment generation in general. The same study also shows that while increases of per capita consumption are associated with improvements in infrastructure access (telephones, electricity and roads) across all points of distribution, these associations are particularly strong for middle income groups. Second, a recent investment climate assessment in Sri Lanka shows that -- in contrast to regulatory requirements that do not act as a barrier to firm entry -- both rural and urban firms suffer from poor quality of infrastructure (especially energy and transport), and these limitations pose formidable barriers both to new firm startups as well as to the investment and productivity increases of existing firms (Asian Development Bank and World Bank 2005).<sup>13</sup>

Complementing the results on the barriers on the growth of formal sector firms, evidence also shows that workers are pushed to informal sector by lack of human capital, poverty, and distance to markets. Arunatilake (2005) shows that informal sector workers are over-represented in communities with higher unemployment rates and in provinces other than Western province and the North/East. Many of them are pushed in the informal sector by large distance from commercial sectors, the lack of adequate community infrastructure (access to roads and electricity), and by poverty which limits their investment opportunities (including investment in schooling and health). Arunatilake thus shows that the lack of equal opportunities underlies the decision to enter the informal sector.

<sup>13</sup> Among other constraints, the study also notes costly and limited access to finance by SMEs.

## 4. Youth Employability in Sri Lanka

Youth employability is a dynamic process. It is, on the one hand, about imparting knowledge and skills that enable young people to *become* equipped to access existing opportunities in the labour market. On the other, it is about *being* inspired to acquire knowledge and skills that then motivate young men and women to seek employment and fulfil their aspirations. In Sri Lanka employability is not only about earning a living, but is intrinsically linked to the aspirations of young people, which is in turn linked to social status and social mobility. In order to ensure the employability of youth, progress must be made on four major fronts:

- improving the equal accessibility, relevance and effectiveness of the education system;
- ensuring that education provides the knowledge and basic skills so as to facilitate the transition from education to work;
- improving the relevance and effectiveness of the training system at various skills levels for needed occupations; and
- ensuring the training system is sensitive, readily responsive and flexible to changing labour market needs.

In this chapter, these four points are examined together with current reforms and suggested courses of further actions are proposed to review the opportunities for improving employability of youth in Sri Lanka.

### 4.1. Equitable access and retention rate in the current education system

There is no doubt that Sri Lanka has reached a high degree of success in ensuring equal access to educational opportunity. In 2001, literacy rates were between 85 and 95 per cent for males, and between 80 and 95 per cent for females. Only the central province of Nuwara Eliya had a female literacy rate that dipped slightly to vary between 70 and 80 per cent (Department of Census and Statistics, 2001). The total retention rate is 97.6 per cent in primary education, and 83 per cent in junior secondary education. Out of those who completed O Levels (grade II) in 2002 approximately 35 per cent qualified to continue their A Levels and 14 per cent qualified for University admission. However, only 2 per cent did in fact enrol themselves in tertiary education.

The discourse on “free education” ignores the *quality* of educational opportunities. Severe inequities exist between rural and urban schools. A majority of schools in Sri Lanka do not have adequate facilities to teach either Science or English. The unequal distribution of resources and facilities has also resulted in severely limiting the choices students have in selecting a particular academic stream at the Advanced Level. Only 5 per cent of schools have science educational facilities (CENWOR 2002:2). Of the total number of schools, only 24.9 percent of urban schools and 4 percent of rural schools are classified as Type 1AB (with Science Education), and only 34.9 per cent of Type 1C schools even offer the option of a Commerce stream (Jayaweera 2000: 61). Therefore, the reason for more Arts graduates in universities has little to do with youth taking the “easy way out”, but everything to do with the lack of opportunities to follow either Science or Commerce at the A’ Levels.

Furthermore, at 2 per cent, Sri Lanka has one of the lowest ratios of entrants into Universities (Presidential Commission on Youth, 1990; Hettige, 2002, CENWOR 2002). The CENWOR study further states that there are clear socio-economic disparities with regard to family and educational background, school attended and income, as well as gender differences among the students who enrol in the different types of degrees. Thus, the majority of students who enrol for Arts degrees come from low income, rural, disadvantaged families, with parents not engaged in professional work, whereas students who are enrolled in science degrees, especially Medical, Engineering, and Veterinary Science, come from more privileged backgrounds. (CENWOR, 2002:32).

The problem, therefore, is not simply one of a mismatch between education and employment, but one that is far more complex: that of inequalities in the provision of secondary education resulting in disparities in the types of educational options that are available to youth.

## **4.2. Some unresolved policy issues and directions for further reform**

### **4.2.1. Education reform**

The reform in the educational system has been slow but an on-going process. What is apparent is that although in the recent years the education sector has introduced new policy reforms to try to improve the relevance of education, these have been largely implemented without taking into consideration the basic resource availability at school level. Unless action is taken to correct the present anomalies in the availability of basic education resources, such as experienced teachers teaching relevant subjects, access to infrastructure and adequate physical resources, the existing disparities in education will not only continue, but will widen.

Drastic policy measures are needed to take quality education to the remote corners of the country: changing the current systems of collecting information in order to facilitate more participatory decision making; improving the distribution of financial resources to better cater to needs at the grass roots level; formulating policies for retaining teachers in remote areas; and proactively improving physical resource availability in under privileged schools. Unless initial education infrastructure is in place, new policy reforms will by-pass less privileged schools.

### **4.2.2 Financing of education**

The financing of education as a percentage of GDP over the years 1999-2002 show a marked decline, although it has improved in the more recent years. Education expenditure as a per cent of GDP as well as a percent of government expenditure is low in Sri Lanka when compared to other developing countries. The dilemma is that 80 per cent of the expenditure on education is in the form of salaries paid to teachers, leaving little room for implementing the large range of recommendations proposed.

In theory, the divisional education authorities in consultation with the school authorities and principals assess the needs of the schools when determining the recurrent education budget proposals. However, in practice, the involvement of school principals in the budgetary process is limited. Although inputs from bottom level are sought at the initial stages, the needs at these grass root levels are mostly not reflected in the final budget as they get diluted in the process. As a result grass-root level needs are not reflected in the final decision-making. This also means that ill-equipped schools continue to remain so, adversely affecting the education and employment opportunities for the disadvantaged children who need public support the most.

### **4.2.3. English language teaching and learning**

English education is, indeed, an important tool to ensure access to employment opportunities, but also to access information and other resources of an increasingly globalized world. Young people too have identified proficiency in English as a significant factor that impacts employability, especially when obtaining jobs in the private sector (Presidential Commission on Youth, 1990; Hettige, 2002). While it is important to improve the human resource availability, it is equally important to re-think the methodology of English language teaching in Sri Lanka.

As discussed earlier in section 3, English Language is also a *cultural* and *social* marker that determines one's social mobility. Status is given to the English language, but mere proficiency in English is not

enough, but the *type* of proficiency as well determines access to jobs and social status. Therefore, the teaching of English must be completely revised both in form and content to promote localized English as an acceptable form of communication.

#### **4.2.4. IT education in educational curricula**

IT skills are considered essential to improve one's employability by both young men and women (CENWOR 2006). While the motivation to acquire skills is prevalent among young people, the lack of access to adequate training opportunities coupled with lack of IT facilities like Internet Cafes in rural areas severely limit young people's acquisition of IT skills. There are a few projects that have been introduced that provide computers to schools and evidence suggests that these facilities are highly successful and are used by students. While there is certainly a lack of teachers to teach computer skills to young people, basic knowledge on the uses and functions of computers is sufficient to introduce young people to IT as, if infrastructure is provided, young people can acquire skills through continuous usage. The CENWOR study (2006) on the gendered dimensions of IT access found that while there is no gender difference in young people's desire to learn IT and parents encourage both girls and boys to acquire IT skills, employers' gender role stereotypes have resulted in women being limited to support services while men take on the management positions.

#### **4.2.5. Redressing the gender balance in University education**

Women's access to secondary and higher education has considerably improved over the years due to progressive social welfare measures such as free education and other ancillary services. Women are predominant in the Arts, Education and Law disciplines, while parity has been achieved in the Science and Medical faculties. It is only in the field of Engineering that women lag behind (Gender Equity in Commonwealth Higher Education, 2005). In 2001, 73 per cent of students who graduated from the Arts faculty were women and 79.7 per cent from the Faculty of Law were women, while 53.3 per cent of Medical graduates and 53.2 per cent of Management graduates were women. However, women accounted for only 33.9 per cent of total graduates from the Commerce stream, 28.9 from Agriculture, and 18.1 per cent in Engineering (University Grants Commission, 2002). The low participation of women in Engineering is linked to factors such as traditional social norms that still perceive the field to be a male domain, the lack of women Physical Science teachers, and the lack of effort put in to motivate women into engineering. That with the exception of Medicine and Management, the fact that disciplines are either male or female dominated is cause for concern as gender balance is desirable in all fields. Further research must be undertaken to understand why men are largely absent from Arts, Law and Education. The perception and gender stereotyping of the kind of work that Engineering graduates are engaged in may be a factor contributing to the predomination of males in the stream. Poor employment prospects are perhaps part of the reason for the absence of men in the Arts stream.

While gender disparities exist in enrolment, the gender difference becomes more pronounced in unemployment rates. Unemployment is higher for women as the level of education rises. In the case of all the degrees other than Engineering, the majority of unemployed graduates are women. Even in Engineering, although the percentage of women enrolled is around 15 per cent, the percentage of unemployed women graduates is much higher. The worst affected are the women Arts graduates. In the space of three years (2001 – 2004), the percentages of unemployed women graduates have increased in Law, Arts and Science (University Grants Commission 2004).

While women have gained access to higher education, university structures and systems continue to discriminate and marginalize women, thereby affecting their employability. Women hardly participate in extra-curricular activities, do not stay back in computer labs and libraries, and are reluctant to undertake field trips due to lack of protection and safety that restrict women's mobility. Women are also excluded from participating in politics because it is seen as a male domain. If women subscribe to gender role stereotypes, then politics is seen as something that women should not dabble



in. Because women are restricted to the narrow confines of the classroom they have less opportunity to develop abilities such as communication, inter-personal and leadership skills. Women also do not have access to influential networks through political connections that directly impact on their access to employment opportunities. (Gender Equity in Commonwealth Higher Education, 2005).

#### **4.2.6. Dignity of Labour**

It is said that there is no dignity of labour in Sri Lanka. What this translates to is that despite the relatively high levels of unemployment and under-employment, youth are reluctant to take up manual labour work in the manufacturing, agriculture and services sectors. There are several contradictory discourses embroiled in this debate. Manual labour is perceived as a low status job by all of Sri Lankan society and, therefore, influences young people's choice to work in the area. Moreover, more often than not, these jobs are characterized by poor working conditions. For example, while masons and carpenters are skilled jobs, working on a construction site entails long hours, long periods of absences from home, poor accommodation facilities, little or no benefits, occupational hazards and unpredictability of work. Assembly line work in the industrial sector is another area that young people are reluctant to enter. While the working conditions may not be as bad, the tedium and the lack of respect shown to them by employees translate to a lack of respect for such jobs in society. However, business process outsourcing as a rapidly growing sector seems to promote itself as a viable, respectable employment opportunity for young people.

It is important to keep in mind that education is about the development of human capabilities to achieve a better quality of life through economic and social empowerment for both women and men. One cannot then expect O'Level or A'Level, and certainly not Graduates, to seek work in certain categories of jobs that are characterized by poor working environment with little chance for social mobility. Therefore, changing the attitudes of young people is not the solution. Improving working conditions will also not automatically result in achieving a higher status for particular jobs as Sri Lanka is a highly stratified society along class lines. However, some significant changes can be achieved if work can translate to real economic gains and a better quality of life.

### **4.3. Facilitating the integration of training into education**

Education is central to the development of human capabilities and to ensuring economic and social empowerment of both men and women. Training, then, must be an integral part of Education and should not be considered as something that is added on after formal education is completed; neither should "skills" be an alternative to "knowledge".

The transition from education to training in Sri Lanka is regimented. All vocational training courses require 3 to 4 years of training and only those who have A Level education are accepted for training courses that provide a national diploma upon completion of the training, while those training courses of 1 to 3 years duration require an O'Level qualification (Leelaratne 2001). This rigidity prevents youth from exploring diverse interests and undermines the development of multiple talents. Vocational training need not coincide with the end of academic achievement, but should parallel the process of education or the acquisition of knowledge and skills.

The increasing level of school drop-outs is a major issue that needs urgent attention. Official statistics show an increasing rate of drop outs in all mediums of instruction; it is also concerning that drop-out rates increase with level of grade – there is a dramatic increase in the drop-out rate in grades 5 and 6 and again in grades 8 and onwards. The rates of drop-outs are consistently higher for students in the Tamil medium. In 2002, the rate of drop-outs for grade 6 was 1.80 for the Sinhalese medium and 4.77 for Tamil medium. In both mediums this rate jumped in grade 10 to 4.27 for the Sinhalese medium



and 10.17 in the Tamil medium<sup>14</sup>. The education system, both general and vocational, tends to reinforce the existing employment and status hierarchy. Those who drop out after a few years of schooling are ‘destined’ to end up in the lowest strata with unstable, unskilled and low status manual work. Those who leave school after O/L and A/L qualifications may enter vocation training courses with varying prospects for employment. Those who stay with the general education system to reach tertiary level, end up in the highest status and secure jobs in both the public and private sectors.

#### 4.4. Improving the effectiveness of training

The Technical Education and Vocational Training (TEVT) sector is an important strategic sector particularly in enhancing employability of new entrants to the labour market. It intermediates between the skills that the general educational sector provides to school leavers and the skills required by the labour market and facilitates the school-to-work transition for youth. In spite of several institutional and policy reforms introduced by successive governments to improve quality and relevance of TEVT, the overall performance of the TEVT sector has been far below the expected labour market outcomes. The analysis on sector performance revealed low employability of TEVT graduates in general and wide variations in employability across major public TEVT providers. There is also a need to more carefully investigate the lack of access to training of certain segments of youth, such as youth with disabilities or lack of certain language skills to mainstream TEVT training institutions.

##### 4.4.1. Quantity versus quality

Vocational training in Sri Lanka comprises a mixture of planned and unplanned programmes promoted by the government, the private sector, and NGOs. In 2005, there were about 351 training institutes registered with the TEVC comprising of 246 institutions in the public sector, 91 in the private sector and 14 in the NGO sector. In addition, a sizable number of private sector providers offer training without registering with the TEVC<sup>15</sup>. About 30 percent of them operate in the Western Province while another 17 and 11 percent operate in Southern and North Central Provinces, respectively. In terms of districts, Colombo (18%), Anuradhapura (10%), Gampaha (9%), Galle (6%), and Kandy (6%) account for about 49 percent of registered institutions. It is important to note however, heavy concentration of registered private TEVT providers can be seen in Colombo (47%), Gampaha (12%), Kurunegala (8%), and Kalutara (5%) districts.

The average intake of students to TEVT sector is around 65,000 per annum, mostly targeting school leavers with GCE O/L qualifications (Chandrasiri 2006). The employability, however, of these TEVT graduates is low. Outdated study programmes, inadequate facilities, irrelevant industrial training, insufficient practical work, poor communication between employer and the apprentice are areas that require immediate attention of public TEVT providers (Chandrasiri 2006). Excess capacity was also in evidence. Bold steps should be taken to improve the quality of publicly provided training by streamlining training programmes and diverting scarce resources to more efficient institutions.

##### 4.4.2. Public and Private Participation in Training

The four major public vocational training providers—Department of Technical Education & Training (DTET), Vocational Training Authority (VTA), National Apprenticeship and Industrial Training (NAITA) and National Youth Services Council (NYSC)—account for about 85 percent of all training offered by publicly owned institutes. These four, however, suffer from excess capacity and overlapped mandates. Some, like VTA, have been entrusted with additional mandates, such as controlling the training standards of private institutes, which they are unable to discharge adequately due to resource

<sup>14</sup> [www.statistics.gov.lk/education/edustat-2002.pdf](http://www.statistics.gov.lk/education/edustat-2002.pdf)

<sup>15</sup> According to unofficial estimates there were more than 1800 unregistered TEVT providers in 2005.

restrictions and to the rigidity in the application of the funds at their disposal. For example, these four major institutes have been encouraged to undertake income-generating activities and have done so successfully in several cases, but have not been allowed to use this extra income generated to raise salaries or provide incentives to their trainers.

In addition to public provision of TEVT services, the private sector's role in training has been explicitly recognized as part of a larger strategy of promoting TEVT for national competitiveness. The active support of the donor community in TEVT sector activities during this period could also be viewed as an important contributory factor towards the growth and expansion of TEVT sector activities over the past 3 decades. Some of these institutes have no doubt been extremely successful such as the Institute for Data Management (IDM) and the Sri Lanka Institute of Information Technology (SLIIT). Unfortunately, some other training centres are of a dubious nature. Doubtless, the enforcement of quality standards is called for prior to awarding a license for private institutes to operate. The private sector is the main beneficiary of the TEVT services and, therefore, needs to be a strong partner in promoting TEVT sector activities. In addition to functioning as an alternative provider of TEVT services, it also has a responsibility to provide policy guidance and opportunities for practical training.

While the government is conscious of the fact that economic growth is fundamental for job creation, the availability of decent work and gainful employment for youth requires state intervention. The four initiatives—Sarasavi Saviya, JobsNet, Youth Corps, and the recruitment of young people to the public sector—were introduced to add the training of university/non-university graduates in the public and the private sector. While these programmes are intended to address youth unemployment through training and job search facilities, the purpose and functions of these programmes must be more clearly defined and, in some cases, expanded.

Coordination within the programme and between the programmes must also be improved. The Sarasavi Saviya programme, for instance, can be improved to include guidance and counselling to university students regarding employment opportunities in the private sector. It can also develop a more systematic approach to accessing labour market information and by channelling this information regarding employers' needs to universities in order to assist them with curricula development. Sarasavi Saviya could also work more effectively in close collaboration with the JobsNet.

#### **4.4.3. Standards and certification**

Youth spend a significant amount of resources on obtaining privately provided training. An issue that is of highest importance is setting standards for various skills that are adopted nationally and linked to international quality standards. Standards for a number of occupations have been set up by NAITA but these are not recognised by other vocational training institutes even by those working under the same Ministry. Every Ministry and institution in fact sets its own standards. Rather than being contingent on acquiring a certain competency, certificates are often issued based on the success of the trainee in achieving a certain grade in a number of courses. The TEVC has already initiated preliminary work required for establishing a National Vocational Qualification (NVQ) System with a view to establish skill standards for the TEVT sector. Immediate steps must be taken to develop the system and implement it in the near future.

Setting standards is time consuming as it involves an agreement among employers and training providers as well as revision of curricula and possibly an updating of training equipment. It also involves periodical monitoring with a view to updating quality levels of proficiency. VTA considers itself as the competent authority to issue certificates of competence for overseas employment. However, VTA's certification of competence is well below international standards. NAITA has proposed the setting up of a separate stream of training that could be accredited by the "City and Guilds" in the UK and therefore more accepted internationally. Under the ADB Skills Development

Project, some 45 such occupations have been identified as key occupations. As a further guide one can also refer to the occupational opportunities for national and overseas employment listed in the National Employment Policy Report for Sri Lanka issued by MOLRFE<sup>16</sup>, and in this way arrive at a list of priority key occupations for which internationally recognised standards can be set.

#### 4.4.4. Career guidance and training opportunities

Career Guidance (CG) is directly related to the link between training and youth unemployment. Career guidance and counselling helps youth select prospective careers and the related education and training path they need to follow in order to fulfil their aspiration and interests, taking in to consideration job realities and opportunities. This includes avoiding stereotyping certain categories of youth (e.g. disabled youth) into low skill or certain job categories, rather than recognizing their potentials and abilities.

Sri Lankan youth face two inter-related problems; first, ineffective counselling, second, a dearth of information on what is available in terms of effective and relevant training. Many studies also indicate the pivotal role parents and teachers play in providing career guidance to young people. More often than not, these people's advice is seen as the only option, rather than one of many options. Therefore, while formal CD programmes need to be developed, the influence parents and teachers have on young people must be seriously considered and incorporated into the overall concept, including strategies to provide awareness on career guidance programs for parents and teachers.

According to a tracer study done by the World Bank in 2005, 67 percent of the employed persons with vocational training are wage employees and 24 percent of them are own account workers. In terms of gender the share of wage employees among females is higher (74%) than that of males (65%). In contrast, the male share of own account workers with vocational training is 27 percent as against 17 percent among females. Among the unemployed with vocational training, almost half (42%) have received education up to GCE A/L while another quarter (26%) have studied up to GCE O/L. In terms of gender, the highest rate of unemployment with vocational training (40%) is reported among males with year 1-10 level education as against the females with GCE A/L education (56%).

An analysis of QLF data for 2003/2004 also reveals that 53.9 percent of the TEVT graduates who had received computer training (for Data Entry Operators) are unemployed while 29.8 percent who had received clerical related training are unemployed. In contrast, TEVT graduates who had received training in carpentry, masonry, printing, gem cutting, plumbing etc. record a very low unemployment rate<sup>8</sup>. This clearly points to the need for having more formal career guidance services in establishing better links between training and youth employment.

Several institutions are involved in providing counselling in the country. They include the MOE, Technical and Vocational Training Institutes, NYSC, MoL&FE as well as NAITA and VTA. Most of the services provided are rudimentary, sometimes carried out as a one-day school event or a one week isolated single event, or a lecture at an institute. They are all hampered by the lack of a national policy that identifies who should do what, how and at what level on the education and training ladder. This is further compounded by the absence of any reliable labour market information and the lack of trained counsellors to render the needed service.

There is strong evidence from studies done on youth issues, pointing to the need for a countrywide counselling and guidance system integrated into the educational and training institutions, which looks holistically at the psychological, socio-cultural as well as career guidance aspects of counselling

<sup>16</sup> Ministry of Labour Relations and Foreign Employment. *Draft national Employment policy for Sri Lanka*. Colombo, May 2002. p.p. 36-39

<sup>8</sup> TEVC (2004)

(Hettige 2005)<sup>17</sup>. Systematic counselling and guidance should start by defining both the policy objectives and the actors. It should rest on solid information from the labour market. It should also rely on an updated database of the training courses that are offered. At present, counsellors rely on prospectuses of different training agencies and various articles and clippings from magazines.

#### 4.4.5. Coordination and financing of training

Many training institutes are unaware of the others' similar activities. They have conflicting mandates, work at cross-purpose and compete for donor- and other resources. This is by no means a problem that is specific to Sri Lanka. Most countries have been grappling with the problem of co-ordinating activities of public institutes belonging to different ministries and between them and those in the private sector.

The TEVT sector in Sri Lanka covers a wide spectrum of institutions representing, public, private and NGO sector training providers. Within the public sector there are about three Cabinet Ministries and seven non-Cabinet Ministries providing technical and vocational training and entrepreneurial development programmes for different target groups including the school leavers. Among them, the Ministry of Vocational and Technical Training (MVTT) functions as the key Ministry responsible for technical and vocational education in Sri Lanka.

A coordinating body or mechanism must be established if valuable resources are to be effectively used towards employability of youth. This body's first exercise could be to map the various TEVT providers using GIS technology to identify overlaps and gaps in service provision. The second major task would be to design and launch an awareness-raising programme in schools aimed at various grades to ensure that young people are aware of non-academic options for training.

Effective coordination cannot be achieved without conceptual clarity. The terms "vocational training" and "skills development" are loosely used to describe various activities that can be both disparate and similar. Precise definitions will help service providers to understand their mandates and revise their strategies, if necessary. Conceptual clarity is extremely important for policy formulation and also to inform the function of regulatory bodies.

In Sri Lanka, financing public training institutes is carried out by direct government allocations irrespective of an institute's ability to promote employable skills. Private institutes collect a fee, which varies greatly. Various lending agencies and donors supply loans and grants to assist training. Between 1983 and 1995, seven bilateral and three multilateral donors and leading agencies provided approximately US\$133 million, apart from funds allocated by NGO's. In addition, at the Tokyo conference, donors pledged US\$4-5 billion to Sri Lanka once the peace process is back on track. It is possible that a good part of the funds will be earmarked for human resources development particularly in the North and East of the country.

Worldwide there have been various trends in financing and utilisation of external resources for training. A clear trend is to shift more of the cost to enterprises, which are the ultimate beneficiaries of training. The second trend is to link financing to training that is likely to generate employment or contribute to development in the long run. As a result, training funds have been established in many countries for this purpose. These training funds collect a levy usually one percent of the wage bill from private companies to be spent on training activities. Some of these training funds have failed their mission mainly because the collected funds were added to the treasury enabling a part of it to be used for other purposes. Several variations of these funds exist such as a tax rebate system, whereby

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<sup>17</sup> Hettige, S.T. (2005): *A Concept Paper on Counselling and Guidance within the School System in Sri Lanka*, paper submitted to the Ministry of Education

companies which spend money on training their employees can claim a rebate from the training fund or from their assessed taxes. This usually creates a huge bureaucracy, trying to keep track and arbitrate in requests for rebates of every company ranging from in-company workshops to overseas field visits or fellowships.

In Sri Lanka, a scheme has been proposed to the government about the establishment of a human resources endowment fund to be financed by 3.5 % of corporate income tax, which amounts to Rs.150 million per year (companies paying corporate tax below 35 % or roughly 80 % of the companies in the country would be exempt), and a loan from the ADB.

#### *Rendering training more responsive to labour market needs*

However, training can only become more responsive to needs if these needs are clearly known and trends of the changing patterns of needed skills can be traced. This type of information is key to effective training, career counselling and to improve the employability prospects for youth. Attempts needs to be made to have the information gathered systematically and continuously and made available in a user-friendly database, which is easily accessible to users. JobsNet could probably have an expanded mandate to accomplish this task.

Another key to bring training closer to the world of work is by getting the employers more involved in the decision making process of public training institutes. The Government has been keen but not successful to foster this link, which definitely needs to be encouraged. This approach has, so far, met with limited success, possibly because employers have to attend to so many other pressing issues having little time available for more active participation. This could indicate a lack of commitment and interest on the part of the employers as well.

It is possible, however, that the institutes themselves had unnecessarily high expectations and attempted to get busy employers involved in several aspects of their operations in which case this relation needs to be better defined through dialogue. The network of chambers of commerce in the country is quite extensive, and the training institutes in their quest for guidance can gauge their needs according to their best sought after results.

#### **4.4.6. Training and employment of youth in conflict affected areas**

The two decade long ethnic war in Sri Lanka has severely impacted on the socio-economic, cultural and political landscape of the country. The violent conflict is mainly attributed to youth unrest in the country, born out of frustrations with existing socioeconomic policies and conditions (Hettige 1998, Report of the President's Commission on Youth 1990)<sup>18</sup>. Youth have played a major role in the conflict and it is evident that deteriorating social and economic conditions of this demographic group could be instrumental in perpetuating the conflict along already crystallized ethnic lines. Youth are also one of the groups of people most severely affected by this war - economically, socially and psychologically. Sri Lanka has a generation of young people who were born and grew up in times of conflict. Thousands of youth are facing life as refugees, orphans, displaced and homeless persons, disabled youth and injured, as young widows and single mothers, as young male and female ex combatants, military personnel or army deserters, as victims of torture, as vulnerable people living in conflict ravaged areas and as members of families who have faced killings and disappearances. Moreover, conflict affects both genders of youth differently, while it also has different meanings for youth from different social and economic backgrounds such as the educated and uneducated, the rich and poor and employed and unemployed.

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<sup>18</sup> Hettige, S.T. (1998) : "Global Integration and the Disadvantaged Youth: From the Centre Stage to the Margins of Society" in S.T Hettige (ed), *Globalization, Social Change and Youth*, Colombo, German Cultural Institute. The Report of the President's Commission on Youth

In this context, it is crucial in policy formulation and development interventions to recognize the diversity and heterogeneity of conflict affected youth; different subgroups of youth such as ex combatants, disabled youth and displaced persons experience the conflict differently and face different issues. In this way, it is also important that policy makers and development workers recognize that while many issues such as employment and education are relevant to youth in general, these issues also have specific and distinct meanings and realities for youth affected by conflict and/or living in conflict affected areas.

Studies have shown that, as in the rest of the country, youth in conflict affected areas also cite unemployment as the main problem they face (Mayer and Salih 2003, Siddharthan 2005)<sup>19</sup>. There are several factors that contribute to unemployment and lack of education and training in conflict affected areas. Firstly, war disintegrates the traditional systems that ensure young people have livelihoods options and employment as they reach adulthood, such as inheritance, family business, passing on of skills from parents to children and directed and guided education with family support. In the absence of such support, young people are left adrift where society is no longer able to provide means to a livelihood. Furthermore, youth from conflict affected areas are largely excluded from modern links to finding employment such as access to internet (to tap into JobsNet for example), programmes such as the Youth Corps and decreasing representation of minorities in the public sector.

The traditional industries of agriculture and fishing that provided livelihoods to large populations have also been harmed by the decades of war. The occupation of some agricultural lands by security forces and displacement has resulted in the abandonment of farming areas. Also, restrictions on fishing and movement in LTTE controlled areas and displacement of fishing communities, have led to a large number of fishing families without access to their traditional livelihoods means and mass unemployment. The sporadic outbursts of riots and violence further discourage investment in these areas, and prevent people from coming back to their lands. The deterioration of the, fishing and farming industries, have also resulted in a decreasing number of young people who wish to take up these occupations (Siddharthan 2005).

Marginalization and ethnic discrimination against youth, such as long delays for Tamil youth at army checkpoints hinder the mobility of youth for education and employment. Youth in conflict affected areas are even more vulnerable to such discriminations, also because on both sides of the warring factions, youth are regarded as the causers of unrest. Life chances, or opportunities to realize goals, are significantly narrowed for youth due to such discriminatory attitudes as the youth are viewed as potential threats (Mayer and Salih 2003). The economic decline, increasing poverty, loss of infrastructure, ethnic tensions and violence in conflict zones, makes it even harder for the young people living in these areas to be socially mobile and to seek employment elsewhere, or to transcend the monolingual education system which deepens ethnic inequalities or to find alternative livelihood options.

One of the groups of people most acutely facing unemployment is the young ex-combatants; these youngsters have often given up livelihood opportunities and their education, willingly or unwillingly, and have experienced war as both perpetrators and victims of violence. Reintegration of former combatants through training and employment is difficult and sensitive. In addition to the lack of training and education, these youth have to deal with psychological problems such as fear, shame, anxiety, distress and depression. The situation is not dissimilar for former soldiers; the majority of the deployed forces comprise of youth and those who go back to their communities have often missed the

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<sup>19</sup> Mayer, M/ Salih, M (2003): "Poverty alleviation and Conflict Transformation: The Cases of Youth integration in Jaffna, Sri Lanka" in Markus Mayer, Darini Rajasingham and Yuvi Thangaraja ( eds), *Building Local Capacities for Peace: Rethinking conflict and Development in Sri Lanka*, New Delhi: Macmillan. Siddharthan (2005) *Youth Voices: 'I Do Not Want Anything From Anybody, I Will Re-build My Family'* unpublished



opportunity for education or learning a trade or skills. Moreover, army deserters face additional obstacles in finding employment or 'formal' means to livelihoods as until recently, it was against the law to desert the army. These young people, therefore, had little access to training, education and employment avenues and were forced to go underground in the economic activities. Records show that between 1990 and 2005, over 63000 soldiers deserted the army; this is about 50 percent of the Sri Lankan Army today. In light of this, there is a severe lack of specialized programmes to reintegrate ex combatants and former soldiers in the education system (Hettige 2005)<sup>20</sup> or in the mainstream economy.

The large number of Internally Displaced Persons (IDPs) is another direct consequence of the war. According to official statistics for the year 2000, there were over 750,000 IDPs in the Northeast. Hundreds of thousands of these families live in refugee camps in extremely poor conditions with no access even to basic facilities. Children and youth comprise a significant proportion of IDPs and have no access to adequate educational facilities or employment opportunities. Voluntary and involuntary migration of people within and without the conflict zones makes stable employment or long term jobs unattainable.

Given the distinct situation of youth affected by conflict, education and training programmes should identify and address the special and specific needs of these youth. Programmes need to be directly relevant to the future employability, the conflict situation and everyday realities for young people living in conflict zones.

#### 4.5. Overseas Employment

With globalization and the liberalization of trade, international migration has become a permanent characteristic of labour forces across Asia. For many *individuals* in Sri Lanka, however, international migration is a temporary phenomenon. Therefore, policy formulation must be carefully balanced between addressing *macro-level* issues and trends with the needs of *individual* citizens.

While overseas migration is beleaguered by exploitative practices, it is important to acknowledge the coping skills and strategies employed by women and men while working abroad to highlight how they impact on character formation and contribute to empowerment. An understanding of coping mechanisms is also essential when formulating a strategy for youth employment as training and orientation programmes can use the information in preparing young people for migration. People working overseas have to learn to communicate in a foreign language with their supervisors, follow instructions, maintain relations with colleagues while coping with isolation, loneliness, being away from family and friends. They also have to learn how to manage money and make financial decisions regarding expenditures and savings, and find ways to remit the money they earn towards meeting the needs of their families at home.

Foreign employment is the second largest earner of foreign exchange in Sri Lanka. Private remittances for 2004 amounted to 158, 291 million rupees of which 55.5 per cent were from migrant workers in the Middle East. In fact, 95 per cent of employees working abroad are in the Middle East. Of the estimated stock of Sri Lankan contract workers working overseas in 2004, female workers amounted to 65 per cent of the total. The number of departures for employment abroad has been steadily increasing with recruitment of male categories increasing by 9.8 per cent in 2003. 62.5 per cent of these

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<sup>20</sup> Hettige, S.T. (2005): "Demographic and Economic pressures to Move: Youth Aspirations and livelihood opportunities for youth in the liberal economic environment of Sri Lanka" in Fay Gale and Stephanie Fahey (eds), *Youth in Transition The Challenges of Generational Change in Asia*, Bangkok, UNESCO



departures were women of which 51.55 per cent left for employment as housemaids. In 1999, women accounted for 62% of private remittances (SLBFE 2004).

Of the total number of departures in 2004, 38.7% were between the ages of 20-29. While housemaids constitute the majority of overseas contract workers, a majority of the jobs filled by Sri Lankan workers are in the skilled and unskilled category with professional, middle level and clerical amounting to only 6.8 % of total jobs filled. Almost half of the jobs (48.9 per cent) in the unskilled categories are filled by migrants in the 20-29 age group, with 40.9 % of the total departures in 2004 for skilled jobs being filled by the same age group. While the overall percentage of migration in the professional categories is low, the percentage of young people seeking employment in these categories is even lower. While 35.2 per cent of the middle-level jobs are filled by youth, numerically this accounts for only just over 2000 migrants. While the lack of qualifications and experience may be one of the more obvious reasons for this, it would be useful to investigate why departures for clerical jobs are low in the 20-29 age category—36.1 per cent or 2380 departures.

As there is no clear State strategy to promote overseas employment and as Sri Lanka's export labour market is agency driven, very little information is available to the general public regarding opportunities available. The Sri Lanka Bureau of Foreign Employment (SLBFE) has played a negligible role in diversifying Sri Lanka's export labour market. While the SLBFE has played an important role in implementing policies that protect migrant workers especially housemaids, the Bureau has done little to explore overseas employment opportunities with the intention of diversifying Sri Lanka's export labour force.

There are significant gaps between vacancies made available for Sri Lankan workers and actual numbers filled (SLBFE 2004). Many vacancies go unfilled even in the Clerical and Related category. Vacancies as life guards, cooks, and cashiers do not require long-term training for the acquisition of necessary skills. Many young people follow courses in computer, book-keeping and beauty culture, but these vacancies too remain unfilled. In the skilled category, too, many jobs go unfilled with less than half the vacancies for drivers, bakers and office boys remaining unfilled (SLBFE 2004).

There are some indications in existing studies that young people are willing to migrate. Migration for employment is encouraged by parents as parents see migration as a way of improving one's quality of life through access to a wider range of employment opportunities (ILO 2004). Loneliness, homesickness and social isolation characterize the on-site experience of migrant workers. However, for young people migration can create a new sense of freedom. The absence of social inhibitors such as authority figures, peers and relatives provide an opportunity to experiment and create parallel lives (Asian Migrant Centre 2004:2). While this can lead to high risk behaviour and make young people vulnerable to HIV/AIDS, this desire for freedom and experimentation may be a motivating factor that can be used in promoting migration as a stop-gap measure.

The National Youth Survey found that economic dependence was high amongst youth. Only 7% of women and 25% of men considered themselves economically independent; 85% of women and 61.7% of men relied on parents for basic material needs (Hettige 2002:18). Further investigations must be done to explore the cultural underpinnings of this trend, before an employment promotion strategy, especially overseas employment, is developed. While the desire for independence is considered synonymous with adolescence, these desires must be analyzed against cultural practices and norms.

#### **4.6. Internal Migration**

In Sri Lanka, a majority of the work force who migrate from rural areas to urban centres are employed in the informal sector in low-status, casual jobs, in the construction industry and the Free Trade Zones

(Hettige and Mayer 2002:3). The export processing sector in Sri Lanka can be characterized as mainly a secondary labour market. A secondary labour market is characterised by less job security, low wages, poor working environment, little internal structure with arbitrary rules, and little benefits. New forms of gender subordination characterize the Free-Trade Zone sector: the suppression of creativity due to assembly production and fragmentation; de-skilling with no upgrades; low wages and long working hours; occupational health hazards with little or no compensation; the lack of trade unions; and job insecurity as FTZs are considered a “footloose” sector. Moreover, a lack of diversity characterizes the export sector in Sri Lanka with food and beverages, tobacco and textiles and garments being the three main sectors with the apparel industry accounting for 87.5 per cent of the total industry.

Accommodation facilities are a major problem as there has been no state or corporate initiatives to provide decent housing to workers. Many of them rent rooms from boutique owners and private houses and share them with several others. High rents, claustrophobic and unhygienic living conditions coupled with arbitrary rules such as having to purchase meals from the owner means young women experience extreme duress. The lack of adequate transport facilities to factories means that workers spend a significant amount of time getting to the workplace, which involves walking considerable distances and waking up very early in the morning to ensure they “clock in” on time. Many women also complain about restrictions on mobility as they face sexual harassment on buses and from pedestrians.

Responsiveness to labour market needs should be a two-pronged strategy. Labour force projections both local and international must be developed to obtain a clear idea of future labour market needs. This will enable a more dynamic interaction between industries and training institutes. These projections, however, must be complemented by the development of a national vision for human resources development in Sri Lanka. This will enable the State to clearly articulate for itself and private actors its vision for Sri Lanka’s labour force in the short, mid and long-term and give direction to both education and training institutes and also the various sectors of the economy.

## 5. Youth Entrepreneurship

### 5.1. The concept of entrepreneurship

Entrepreneurship can be defined as a set of skills, knowledge, attitudes, and values that can generally increase employability, whether seeking self-employment and operating a micro or small enterprise, or working in the private sector, the public sector, an NGO or any combination as part of a productive livelihood pathway. Therefore, the development of entrepreneurship and entrepreneurial skills does not always have to lead to self-employment or business ownership. As innovation is fundamental to entrepreneurship, it must be promoted in a way that inspires and encourages young people to develop this quality. On the other hand, entrepreneurship can generate more economic activity and contribute to job creation in the country. However, this promotion must transcend the limited definition of “self employment” at all levels of interventions from policy formulation to project design. A broad definition at policy level that narrows down to formulaic strategies at the project level are bound to meet with little success.

Among the 4E’s formulated by the global YEN, entrepreneurship is said to be fundamentally the weakest in Sri Lanka. When examining the dynamics and challenges involved in promoting entrepreneurship among youth, the need to promote an entrepreneurial *culture* seems to be more at the heart of the issue. Nurturing an entrepreneurial culture in Sri Lanka is a long-term goal and must be considered beyond the narrow definition of self-employment and small business if it is to take root. In Sri Lanka individual success is not determined in terms of profits and monetary gains, but in the activities that benefit the community. Individual success at the expense of the community is frowned upon. In this context, entrepreneurial skills development in schools and educational institutions should promote entrepreneurial values such as initiative, drive and innovation not only as tools for individual gain but as a means for community based success as well.

Youth entrepreneurship flourishes when there is positive and productive support from family, friends, members of the community, the private sector and the state. Therefore, capacity building, openness, and commitment of business networks and alliances involving private, public and civil society organizations are key to creating space and opportunity for youth entrepreneurs. The need for conceptual clarity is obvious if entrepreneurship is to be promoted and accepted in Sri Lanka. Clear definitions of entrepreneurship, enterprise development, self employment, and business must be formulated and consensus reached on how each of these concepts relate to each other before policies are devised and projects are designed. There is a need to differentiate between inculcating enterprising attitudes among all school leavers and providing entrepreneurship training for those who have the interest and aptitude to engage in self-employment. Currently these two groups are seen one in the same resulting in youth who have no intention of engaging in self-employment or starting businesses being selected for entrepreneurship training programmes, which are meant for those who do have that intention.

YEN defines five key elements that influence young people’s decision to start and run a business: cultural attitudes, regulations, education and training, finance, and business support. While the framework of this entrepreneurship roadmap is based on the promotion of self-employment, it is important to consider these elements in designing sustainable interventions.

### 5.2. Cultural attitudes

All available youth surveys are consistent in showing that around 20-24% of youth indicate self-employment as their employment preference and no significant variations exist across gender or conflict/non-conflict zones (NYS 2000, STWT 2003, and CEPA Youth Perceptions 2005). However,

there is some difference between urban and rural youth, and a great variation according to education level. More urban, rather than rural youth, are oriented towards business as a livelihood option. The primary reason for not preferring self-employment, as indicated in the youth surveys, was lack of social respect, stability and security. Business was additionally seen as exploitative. In the qualitative study reasons ranged from dislike of business, lack of knowledge/skills for business, lack of social respect and lack of markets/capital.

In assessing measures of success among school leavers in four districts (Reinprecht and Weeratunge 2006), it was found that while the majority of school leavers with O/L perceived income/money as important, the majority of those with A/L found education, achieving a goal, being a good human being and not harming others as more important. Both groups valued good social relations and a good house as important measure of success. Interviews with entrepreneurs of varying age groups also found that money/profit is not the primary motivating factor for the majority in doing business in Sri Lanka. These qualitative findings are confirmed in the School to Work Transition for Youth Survey (STWT 2003), where youth indicated being successful in work, making a contribution to society and having a good family life as more important than having a lot of money. Moreover, the major reasons for accepting their current job were personal interest or the lack of other options, rather than financial reasons for the majority of youth, with exceptions in the conflict areas and the estate sector. Thus, there is a need to promote an entrepreneurship model that is grounded in family and community, rather than a high achieving, risk-taking individual entrepreneur model that is often emphasised in global packages. At the same time, as employment markets are increasingly globalising, some planning and achievement values need to be inculcated to be successful in work life in general.

It is noteworthy that self-employment generally emerges as the second most desired preference, next to state employment. However, the gap between the two is significantly wide with around 40-50% of youth prioritising the public sector. The Youth Perceptions Survey (Ibarguen 2005) found 35 per cent of school leavers with junior secondary education, 26 per cent with O/L and 13 per cent with A/L qualifications stated self-employment as their first preference. However, asked about their ideal job, almost 30 per cent overall mentioned self-employment/ business. It is important to keep in mind that the term “self employment” did not differentiate between business per se and skilled crafts, agriculture or fishing. It does appear that while young people might opt for self-employment if they were given the freedom to decide, family and social pressure orient them towards perceiving the government sector as their first preference. However, the results of the particular survey here have to be treated with caution because the question was related to self-employment in general, rather than business alone.

The findings on the decision-making process of school leavers in a qualitative study of four districts (Reinprecht and Weeratunge 2006) showed that while only a small minority were actually planning to engage in a business, 45% said they would consider business as an option, when specifically asked. More school leavers with O/L relative to A/L, and more non-Sinhalese Buddhist youth considered business as an option. The results of the School to Work Transition (2003) shows that the preference for “starting my own business” increases progressively from those youth still in school to those actually engaged in some sort of self-employment. Thus while only 21% of youth in school considered starting a business as an option, 23% of job seekers, 37% of those already employed and 66% of self-employed youth wanted to start their own business. There was a noteworthy gender difference, with more men than women wanting to start their own business. Ethnic variation was not noteworthy among Sinhalese and Tamils but considerably more Muslim youth among those in school and job seekers wished to start a business. While there was no significant difference in the other categories, among self-employed youth more Sinhalese wished to start their own business. Young people who were currently self-employed indicated independence (63%) as the primary reason for their choice. Inability to find salaried work (16%), flexible working hours (9%) and higher income (8%) were other reasons for selecting self-employment (STWT 2003).

Overall, the results of all available studies indicate that there is pressure from family/society not to consider business as an option. However, there seems to be a need for conceptual clarity before conclusive inferences are made regarding how entrepreneurship relates to self-employment in Sri Lanka.

### **5.3. Policy and regulatory environment**

There are several disabling economic factors that undermine the promotion of self-employment/entrepreneurship among youth in Sri Lanka. These can be categorized into three main areas: access to finance; access to business support; and the lack of an enabling policy/regulatory environment. Young people face difficulties in producing collateral to obtain financing from banks and many are unwilling to borrow due to socio-cultural reasons as a life free of debt is highly valued and contributes to social status in rural areas. The lack of access to finance is exacerbated by the lack of safety nets for young business starters, making them reluctant to take the risk at such an early stage in their life. The lack of information on chambers and other institutions promoting enterprise development is also one of the main issues. While there is currently no viable market for Business Development Services, young people have expressed their preference to use these as they are made available free of cost. While the risks are high and support low, at the macro level too, there are no explicit policies that provide incentives to start business. In fact the process of registration, obtaining permits and the tax system discourage youth from considering business as an option adding high costs to the list of disablers.

The government and relevant ministries have adopted an action plan for the promotion of the SME sector, as set out in the White paper on SME Development. The White Paper, along with the draft National Employment Policy (NEP), indicate the government's commitment to promoting young entrepreneurs, such as through reducing bureaucratic red tape, simplifying business registration, and licensing processes for an easier start-up and operating of small businesses. If implemented well, young entrepreneurs will greatly benefit from these actions. Some of the notable initiatives of the government and observations on such initiatives include: releasing SME's from labour and tax regulations for the initial three years of business operation; an incentive programme for SME's that remits taxes when they fulfil environmental regulatory requirements; a commitment to facilitate the use of state land for SME related projects in certain provinces; and an initiative to promote intellectual property protection by educating SME's on existing legal and regulatory provisions to protect innovations.

While the SME Authority has now been established to coordinate activities in this sector, there appears also a lack of clarity regarding coordination between government activities among the various state officials, which indicate a need for capacity building within government initiatives. Better knowledge management will ensure that youth have easier access to these initiatives and also can make informed choices. Establishing a better coordination mechanism, with youth as an active stakeholder, then becomes crucial. Such a mechanism would facilitate the sharing of key sector knowledge, development plans and institutional links.

### **5.4. Education and Training**

#### **5.4.1. Conceptual issues**

Entrepreneurship training programmes have existed in Sri Lanka for at least 20 years and, although not all programs are targeted at youth, young people have constituted a large share of the trainees. For example, in the ILO-SIYB programme around 68% are estimated to be youth (16-35 years). However,

as there is no central government authority/institution directly responsible for entrepreneurship training nationally, unlike in the case of vocational training, the overall numbers of youth who have undergone such training in the last two and a half decades are not known. The impact assessment of this type of training has been mostly done within the institutions designing/conducting the training usually through tracer studies. The literature on entrepreneurship training in general is limited (Ranasinghe 1996, Weeratunge 2001) and, apart from a number of policy papers, literature on training programmes targeted at youth is virtually non-existent.

Training programmes that have focused on short-term technical interventions and economic incentives to increase entrepreneurship, such as training courses and institutional support to access finance, marketing linkages and advice, have met with only some degree of success. This is partially due to shortcomings in the programmes themselves and the problem of practical access to financial and marketing support, although in theory there is sufficient institutional support available after training. What is most important is the lack of attention paid to long-term strategies of creating an enabling socio-cultural and regulatory environment to support entrepreneurship. This is especially true for youth, since their perceptions and decision-making on pursuing a livelihood is largely influenced by their families and peers (Ibarguen 2005; Reinprecht and Weeratunge 2006). It might be useful to have a service for SMEs that is similar to the agricultural extension service, which will attend to the problems of young entrepreneurs on a case-by-case basis where each extension officer can be assigned a certain number of entrepreneurs. The feasibility of such a service would need to be assessed as the long term effectiveness of such programmes is yet to be established.

While all youth would need to have enterprising attitudes to find and pursue their livelihoods, they do not all need to be trained in full-scale programmes for entrepreneurship development. This is clearly a waste of valuable resources and even more valuable time. What is needed, however, is that all young people are exposed to the basic values of what it is to be enterprising before they leave school through the school curriculum. Until such a concept is implemented within the school system, there is a need to address those youth who are out of school currently. There are currently efforts underway to introduce entrepreneurship into grade school and vocational and technical training curricula through such programmes as Know About Business and Enter-Growth (ILO).

Analyses of school curricula show that there is very little reinforcement of entrepreneurial qualities or values in school textbooks (Ranasinghe 1996). There is much evidence that the predominant culture in Sri Lanka emphasises affiliation (social ties with family and community) over achievement and planning values (Perera 1996, Nanayakkara 1997, 1999, Weeratunge 2001, Buddhadasa 2003, Reinprecht and Weeratunge 2006). Thus, there is a need for enhancing the latter two, especially in terms of opportunity-seeking, innovation, information-seeking and planning, which would increase the life chances of youth.

There are two groups that can potentially be overlooked both when inculcating enterprising attitudes and providing entrepreneurship training – disabled youth and young offenders. Not much information is available on their needs for entrepreneurship development. However, it can be assumed that these groups who suffer social discrimination/exclusion and need to be integrated into society can only benefit from access to entrepreneurship programmes.

#### **5.4.2. Overview of current entrepreneurship programs: strengths and weaknesses**

There is a wide network of training providers who offer a range of products based in the state, private and NGO sectors. While trainers are specialised in packages of one agency, there is a network of trainers who overlap across different agencies/programmes as well. Most training programmes are subsidized by the state and are free of costs to participants. There is an attempt by a few organizations to encourage participants to at least make a partial contribution to the cost and this has worked in many cases. The structure of the courses is similar. The typical provider offers a short

motivation/selection workshop (2-3 days), and longer business starter and expander programmes (10 - 21 days), which end with the preparation of a bankable business plan. Many also supplement these with short business management, book keeping, marketing and business plan preparation courses.

Most trainees (60-70%) of entrepreneurship programmes rate the training as very useful or very relevant (ILO 2004, CEFE 2000). In qualitative studies 70-100% attributed the training course among the most significant factors enabling them to start or expand the business (Weeratunge 2001). In comparison to control groups, the actual business practices of trained entrepreneurs in running their business on a day-to-day basis do not vary much after training, except existing businesses appear to be better at financial planning, while trained entrepreneurs are better at marketing. However, in terms of overall performance trained entrepreneurs appear to increase sales and profits, expand beyond local markets, increase the product portfolio, develop new business linkages, have higher incomes from business and hire more workers than existing entrepreneurs (ILO 2004).

There are many weaknesses in the existing training programmes. Appropriate target groups are not always selected and mis-targeting is about 30%. For example, starters end up in expander programmes and vice versa. This is partly due to the selection of trainees, which is influenced by micro-political factors, rather than aptitude for and interest in business. There are also insufficient Tamil language programmes among large state and NGO providers.

The pedagogy and curricula also need to be improved. Most of the content focuses on technical aspects of entrepreneurship with little space for socio-cultural aspects. Learning is often facilitated through virtual reality games with little or no focus on real situations in Sri Lanka resulting in little exposure to practical experience and knowledge of existing entrepreneurs. Moreover, the content does not focus on broad but relevant issues such as globalization and Sri Lanka's place in the global economy. In one survey, the trainees indicated that the training manuals were either too difficult to understand or irrelevant to their needs. In general, young women have lower start-up rates than men and their participation is even lower in expander programmes. They tend to give up business at marriage but there is a need to target them a few years after marriage when they take on more responsibility for maintenance of household and family.

Some organizations have made important inroads in entrepreneurship education and training in Sri Lanka: Junior Achievement International (JAI) in Sri Lanka, Hambantotta Youth Business Trust (HYBT), and Start and Improve Your Business (SIYB). It is rather the scope they offer in relation to the need that is a constraint.

#### **5.4.3. Improving Entrepreneurship Programmes**

As discussed before, career guidance and other support linking a young person's education, aspirations and core competencies to further training and market opportunities has not been systematically developed within the school curriculum. In the case of entrepreneurship, the key challenge is establishing an initiative that encourages teachers to engage in entrepreneurship training and education to ensure all educators become generally more aware of the entrepreneurial mindset and process, so they may learn to apply and emulate entrepreneurial thinking in their teaching and knowledge transfer activities.

The draft NEP and the SME White Paper indicate that priority would be given to entrepreneurship education. But, as yet, this has not translated into programmes and activities. Moreover, some of the essential ingredients to promote entrepreneurship education are lacking, such as the availability of a curriculum that allows teachers to experiment and innovate, display and emulate entrepreneurial behaviour, values and attitudes. Furthermore, most educators themselves do not have a comprehensive understanding of the concept of entrepreneurship, nor do they have entrepreneurial experience to share.



To ensure a good response to entrepreneurial activities, it would be important to have detailed information of the context in which programmes are to be promoted. One could initiate a youth entrepreneur cluster analysis and benchmarking study that would identify appropriate opportunities for decent work and entrepreneurial endeavors of youth in various cluster segment and target regions of the country. Once this knowledge is gathered, and then a policy framework and incentives should be designed to promote entry into these cluster segments for young entrepreneurs, including current firms already engaged in the sector but which may benefit and be interested in doing business with young entrepreneurs. It would also be important to link capacity building programme participation to the pre-determined incentives. Special attention or focus should be directed to the potential in the agricultural sector.

More opportunities can be created to enable youth to access training for entrepreneurship. One could target the increasing number of early school leavers and youth engaged in the informal sector, including the increasing number of youth who are migrating to the urban areas by providing them with increased social capital and entrepreneurial skills training. The SIYB/YEN Sri Lanka network could be used to implement a series of targeted niche capacity building programs, aimed at key social priorities.

## 5.5. Finance

There are a number of privately-owned, non-banking, financial institutions such as development banks and finance companies, offering services ranging from financial loans, fund management, debenture, and joint ventures. Some of these have introduced innovative cash flow management such as factoring. Micro credit and finance schemes are widely prevalent in the country. More than 70 per cent of Sri Lanka's poor have access to some form of savings, and about 26 per cent borrow from various sources. The poor are not systematically excluded from participating in a formal or semi-formal financial market.<sup>21</sup> Many schemes have received government support in one form or other, and larger schemes are dependent on donor resources. Most of them are not sustainable without this support. They tend to charge exorbitant interest rates and demand collateral largely unattainable by young entrepreneurs. Extensive reform of the micro credit industry has been planned, to increase stability and sustainability of micro credit services, and maximize effectiveness to key target groups and communities. While there is much engagement in the micro-credit sector, including planned reforms, there is not enough knowledge on how these reforms and initiatives are affecting accessibility and relevance of micro-credit to the needs of youth. Key informants and literature indicated a need for information about micro credit and finance schemes suitable for young entrepreneurs to be disseminated to key players across the country

The missing ingredient is the link between credit and capacity building for growth and sustainability. Finance identified as a core problem is only a symptom of the greater issue of growth and sustainability, and lack of quality strategic business planning, business leadership and management skills. NEP and SME White Paper suggest that there is government commitment to follow this line of action as well, by linking the Samurdhi<sup>22</sup> programme with training, business management skills and access to technology and marketing services. The White Paper indicates that it commits on promoting young entrepreneurs by providing credit guarantee and equity investment schemes for SME's, shortening the payment cycle for services provided by SME's to enhance SME cash flow, and

<sup>21</sup> World Bank. *Sri Lanka Poverty Assessment*. Colombo, 2001.

<sup>22</sup> Sri Lanka's Samurdhi programme, introduced in 1995 is the largest welfare programme in the country. It offers food stamps to means-tested eligible households. If used properly, these can be critical in cushioning the effect of a shock experienced by a poor household.

simplifying credit appraisals, collateral and approval requirements.

## **5.6 Business Support**

### **5.6.1. Best Practices**

Training, consultancy, marketing services, business information, promotion of business-to-business linkages, and other non-financial services offered to MSME's are vital to the growth and sustainability of enterprises operated by young women and men.

A number of very positive youth entrepreneurship support initiatives exist in Sri Lanka, including SIYB, JAI, and HYBT. Another worthwhile program is Shell LiveWire, which delivers specialized entrepreneurship awareness workshops to youth in communities across the country. It facilitated hundreds of youth to participate in programs such as SIYB and HYBT. Shell LiveWire also organized youth entrepreneur awards and organized a youth entrepreneurship conference in 2004. Within these programs many best practices have developed which could be replicated or expanded. Other organizations such as Outward Bound and JCI (Junior Chamber of Commerce), also have reputable programmes. Many other support initiatives also touch on entrepreneurship and self-employment for youth within their operations, such as Cathy Rich Foundation and FORUT.

Several ministries, the Samurdhi, Gemidiriya project, 1000 Small Industrial Village development programme, Milk production development programme, are some mainstream development activities that have youth entrepreneurship components. JobsNet also has the potential to play an important role as an employment service centre. It has already accredited SIYB facilitators, and provides a key entry point for youth who may be seeking a self-employment option for their livelihood. JobsNet's 17 service centres can enhance the SIYB-YEN hub by facilitating a direct on-the-ground link between youth and appropriate network tools, materials and support provided by network partners.

### **5.6.2. Business Development Support: Challenges and opportunities**

Many Business Development Service (BDS) providers do not target young entrepreneurs, since they are assessed as "risky" clients yielding low returns, especially so in the short term. However, it is early school leavers and those who operate in the informal sector in particular who are most in need of quality BDS. Without access to good BDS, promising young entrepreneurs committed to start or grow business, might lose interest and motivation and even fail in their attempts. Yet, the growth of the BDS market is partially dependent on the increasing numbers of young entrepreneurs. The more young entrepreneurs gain expertise and knowledge, and develop their business through BDS advice and other services, the greater the number of SME's requiring BDS services in the long run. It is apparent therefore that assistance to design BDS business models that can provide young entrepreneurs with tailored support is needed so that the BDS market as whole will have healthy growth.<sup>23</sup>

Providing incentives to promote BDS services to young entrepreneurs in both the formal and informal sectors might be a way forward. This would entail providing incentives to young entrepreneurs who are starting businesses to use BDS in their start up and business development process. Incentives may include participation in a social safety net, and subsidized rates for marketing and advertising services, space rental, equipment and/or other start-up needs. This may take the form of a voucher system that could also be used for participation in capacity building programs such as SIYB and others. Also related to promotion of BDS, provide incentives to BDS providers to pro-actively target young entrepreneurs as clients thereby minimizing the effects of perceived risk of this target group. This would potentially include subsidized rates, tax incentives, and government guarantees on services provided to accredited young entrepreneur firms.

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<sup>23</sup> In the BDS paradigm the emphasis is on developing a market for services as opposed to providing subsidized services.

### 5.6.3 Mentorship

While mentoring is often accessible informally in the community and among family members on certain issues, these mentors do not necessarily have entrepreneurial experience or knowledge. Members of the business community highlighted the need for a better coordinated mentorship initiative, which would enable the more experienced entrepreneurs and employers to invest time and energy with young protégées. They indicated that if such a programme were in place, a pool of mentors willing to engage with the young entrepreneurs would easily materialize. Such a program should be linked to micro credit initiatives that do not have mentorship and capacity building linked to credit provision services. It should also develop capacity and effectiveness of mentors, and introduce a mentor screening and development program.

### 5.6.4. A network of business incubators: Regional BDS hubs

A business incubator is an organizational concept that offers a range of services to emerging enterprises. There are several pilot initiatives of business incubators that have been successfully implemented, including one that was funded by a venture capital firm. The Ministry of Enterprise Development has initiated a business incubator programme with IDB and UNDP as partners. A pilot initiative was implemented and the capacity building formula has successfully generated several successful enterprises. The Ministry of Industry was promoting "industrial incubators" to be set up in all regions. The aim is to nurture a small business till maturity, thus ensuring its viability. Both of these initiatives are being prepared for expansion, and possibly provide entry points to promote continuous capacity building and after care services for youth.

## Conclusion

Although entrepreneurship can be defined as a set of skills, knowledge, attitudes and values that increase the employability of youth, it has been generally translated as self-employment, specifically business. While self-employment is a valuable source of employment and needs to be promoted, care must be taken to ensure that this is not viewed nor promoted as the most important response to addressing unemployment in the country. The opportunity to engage in self-employment in a supportive environment should certainly be ensured for those who choose to do so and with regard to youth employment, there is a need to address the diverse skills and interests that exist among youth, one of which may be self employment. But care should be taken so that self-employment is not viewed or promoted as *the* answer for youth unemployment.

Entrepreneurship training is increasingly seen as an important need, and it is recommended that it is offered in schools and universities as well. A distinction needs to be made between entrepreneurship training with a view to self employment and entrepreneurship training for developing a particular set of values and skills to increase the employability of youth. Skills such as creativity, innovativeness, and flexibility are important for any type of employment and education should ensure that young people are equipped with these skills. Entrepreneurship training with regard to self employment should be provided for those who are interested in it and designed appropriately. But care should be taken that entrepreneurship training that is basically designed for self employment or business should not be offered generally as a means of providing youth with skills such as creativity, innovativeness, and flexibility.

## 6. Policy Recommendations

The vision of the National Action Plan on Youth Employment is to recognize the potential of youth to make a positive and vital contribution to the social and economic development of Sri Lanka. Therefore, the overall objective of the National Plan of Action is to ensure that employment policies, programmes and projects for youth meet young people's aspirations, recognize their worth, and provide opportunities to realize their potential. The recommendations of the National Action Plan on Youth Employment, in keeping with its mandate, are specifically looking at improving employment opportunities for young people.

The problems faced by youth in Sri Lanka cannot be addressed in isolation from the general social and political context; nor can the issue of youth unemployment be addressed in isolation. It is important to keep in mind then that the constraints faced by youth with regard to employment are not limited to one particular sector, nor can they be addressed specifically by one sector.

Education is central in addressing youth employment. Education reforms, however, should not focus only on revising curricula in keeping with labour market needs, but more importantly take substantive measures to address the inequities in the education system, which has created disparities in the quality of education that is available to different groups especially those in rural, estate and conflict-affected areas. The National Action Plan on Youth Employment, however, has not included specific recommendations in this area, since a National Education Policy already exists.

Similarly, reforms are needed in the agriculture sector and public sector, which would have a crucial impact on youth employment. The National Action Plan on Youth Employment, however, cannot identify reforms for the agriculture sector specific to youth, unless reform is undertaken in the sector in general to make agriculture more profitable and productive. Without these reforms, it would be pointless to encourage or promote the agriculture sector for youth. Moreover, the fact that young people prefer employment in the public sector should not be dismissed as a case of wrong attitude as youth face real disadvantages in the private sector like little security and long working hours. As the public sector performs a central role in offering young people stable employment while providing important services to the country, reforms in the public sector must ensure that its institutions are dynamic and not plagued by inefficiencies and nepotism.

Economic reforms need to look at planning for strengthening existing and potential human resources in the country and creating a dynamic market place that allows for entrepreneurship initiatives. These economic policies and programmes cannot be driven only by the exigencies of market forces, but should take into consideration the welfare of the country and the hopes and aspirations of *all* its people, not just a privileged few. Thus, it is important that when policies and programmes are drawn up in these sectors, which are of crucial importance to youth employment, that the special issues of youth are considered seriously. However, the National Action Plan recognizes that the issues of youth cannot be taken in isolation from the need for reforms in general in these sectors, to make them more effective and responsive to the needs of the country.

The youth consultations carried out to inform the formulation of these recommendations in Colombo, Batticaloa, Hambantota, Matale, and Puttalam underscored the main issues highlighted in the background paper to this document. Due to the security situation discussion could not be held in Jaffna itself, but as an alternative a focus group was brought together consisting of Jaffna youth now residing in Colombo. In each region the focus group discussions were held with youth from different backgrounds and aimed to be as inclusive a representation as possible.

Youth felt strongly about the need to redress the consequences of historical discrimination based on gender, ethnicity and class, especially young people from the rural and estate sectors, and also conflict

affected areas. An affirmative action policy was proposed to redress discrimination in the education sector as well as public sector recruitment.

The lack of coordination and cooperation between various stakeholders within the State and also between the multiple actors in the private and NGO sectors was emphasized strongly by those who participated in the consultation process. While numerous initiatives exist to address youth employment, the duplication and overlaps have resulted in widespread frustration among all stakeholders, including implementers and recipients.

The National Action Plan has made recommendations that it feels can be monitored or implemented specifically through the mechanisms in place for the YEN initiative, while keeping in mind that unless reforms are also made in other areas, the question of youth employment cannot be addressed effectively. There is also need to explore and build upon the linkages between this document and the National Youth Policy and the National Employment Policy.