

**CELEBRATING 60 YEARS OF PROGRESS AND CHALLENGES IN  
EDUCATION IN SRI LANKA**

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## PART ONE

### THE POLICY FRAMEWORK AND ORGANIZATION OF THE EDUCATION SECTOR

#### Introduction

1. Sri Lanka has been well-known, in economic policy circles and in the development literature, as a country that has succeeded in providing universal access to primary and secondary education while still a low-income economy. The country enjoys some of the highest human development outcomes relative to *per capita* income among developing economies. This performance is the result of public policy decisions, from the 1940s onwards, to invest in education, health and social services. The policy makers who created the overall framework of the education system, in the 1940s, were generations in advance of their time in viewing human capital as a strategic long-term investment of public resources.

2. The Sri Lankan education system reflects the classical development model of education policy in two important aspects. First, the cardinal importance of public financing and delivery of primary and secondary education services to the entire population is recognized. Second, greater priority is awarded to public investment in primary and secondary education than to tertiary education. The long-term benefits of these policies are clearly visible in human development outcomes, such as primary and secondary education attainment, adult literacy and life expectancy rates comparable to outcome levels attained in upper-middle income and even developed countries.

3. The Sri Lankan education system differs from the classical development model of education policy in one important aspect. The private sector is discouraged from financing and delivering education services. The establishment of private schools from grades 1-9 has been legally restricted from the early 1960s. In addition, the government is reluctant to accredit private universities. As a result, Sri Lanka is now one of the very few countries in the world which has binding restrictions on private sector investment in education. Interestingly, other developing countries, including in the South Asian region, such as India, Pakistan, Bangladesh and Nepal, all encourage private sector participation in education. The Indian State of Kerala, which has the closest resemblance to Sri Lanka in terms of education attainment, has a vibrant private sector, with over half of school enrolment in private schools. Also, in restricting formal private schools and universities, Sri Lanka deviates from even former communist countries, such as Russia and China, which now have thriving and expanding private education sectors.

## **Organization of the Overall Education and Training System**

4. The education system consists of four main stages [Figure 1]. The first stage consists of primary education (grades 1-5), followed by junior secondary education (grades 6-9) and senior secondary education (grades 10-13) cycles. Compulsory basic education spans the primary and junior secondary education cycles, grades 1-9. The fourth and final stage consists of tertiary education, with entry open to students successfully completing the GCE A/L examination, the highest level of senior secondary education, or to appropriately qualified students entering from the training system.

## **The Devolved Governance Structure of the Education Sector**

5. The governance structure of the education sector is complex, with a combination of de-concentration, delegation and devolution of functions and powers between the central government and the nine provincial councils. Policy makers and legislators have attempted to combine the benefits of centralized academic systems, which facilitate objectives such as nation-building, the promotion of social cohesion and the establishment of consistent quality standards, with the benefits of delegated management systems, such as the increased proximity of service delivery to beneficiaries, particularly school communities such as principals, teachers, students, parents and guardians. Figure 2 and Figure 3 illustrate the flow of funds to the central and provincial education authorities, to support their respective functions.

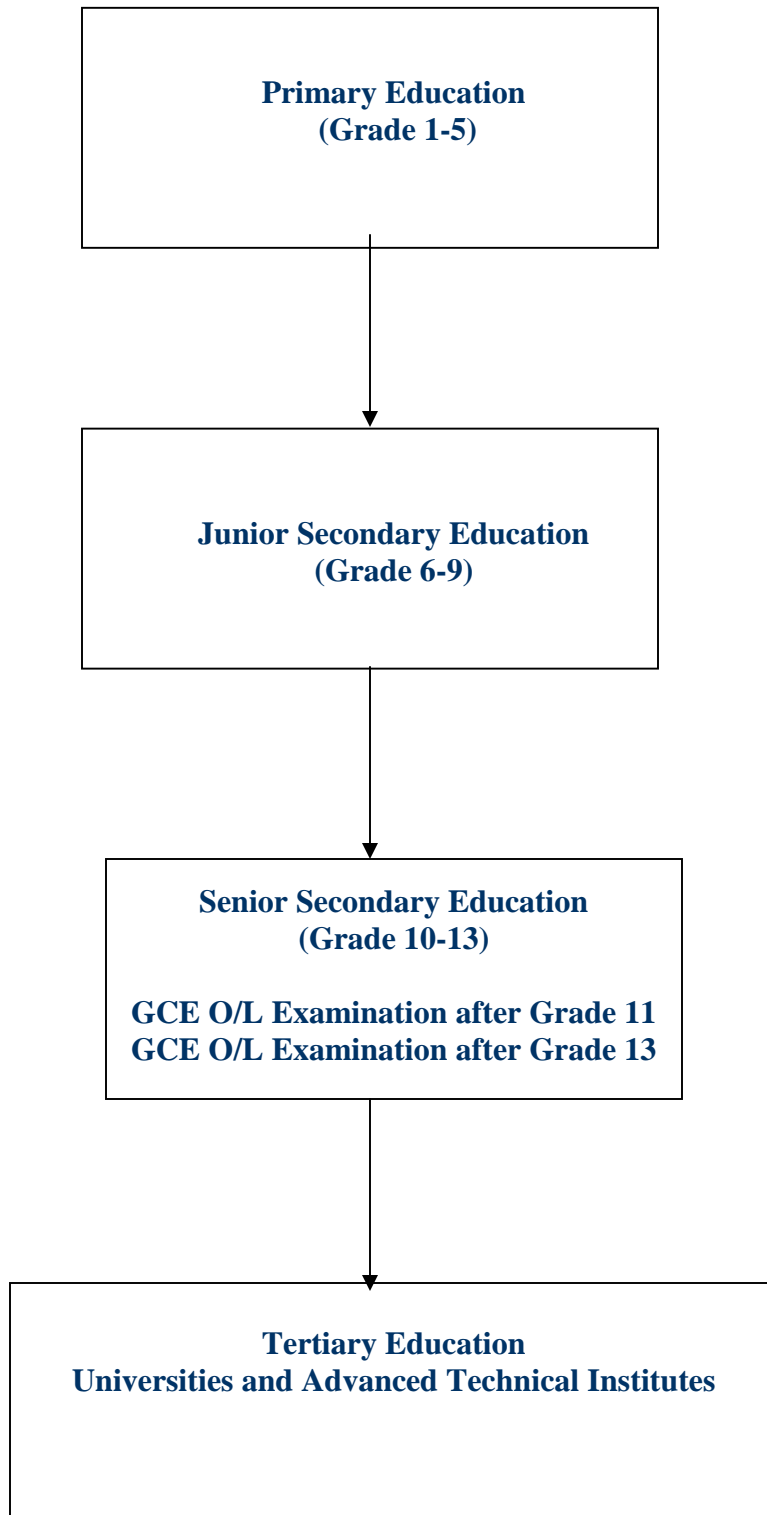
## **Central Government Functions**

6. The central government has responsibility for the formulation of national education policy at all levels, primary and basic education, secondary education, and tertiary education. In the school system, central government institutions are responsible for: (a) the development and establishment of the school curriculum; (b) the curricula of teacher education institutions; (c) the production, publication, accreditation and distribution of textbooks; (d) the provision of demand-side incentives, such as school uniforms and transport subsidies, to promote school attendance; (e) the administration of professional development programs and courses for principals, section heads and teachers; (f) the management of the public examination system; (g) the administration of about 330 national schools; and (h) the implementation of a range of education development measures and initiatives, such as special education programs, non-formal education programs, adult education programs, and library and reading habits development programs. However, the actual delivery of these education services is normally undertaken jointly by central government education staff and the staff of provincial councils, with the latter operating within a matrix management structure of central and provincial responsibility.

7. Within the tertiary education system, the central government has the responsibility for expenditure and financing, the allocation of staff cadre to universities and technical colleges, accreditation and standards setting, and the intake of students to universities. Within this broad framework, individual universities enjoy substantial

**FIGURE ONE**

**THE STAGES OF THE SRI LANKAN EDUCATION CYCLE**



autonomy. The universities have the power to select and employ academic staff within the approved cadre, prepare curricula and design syllabi, accredit courses, teach degree programs and other tertiary level courses, conduct examinations, certify graduates, undertake research and provide consulting services. In addition, funds raised by universities can be utilized to employ staff, engage in research and other academic activities without requiring sanction from any external government authorities. Universities operate as agents with a high degree of autonomy, within a de-concentrated governance system.

### **Provincial Council Functions**

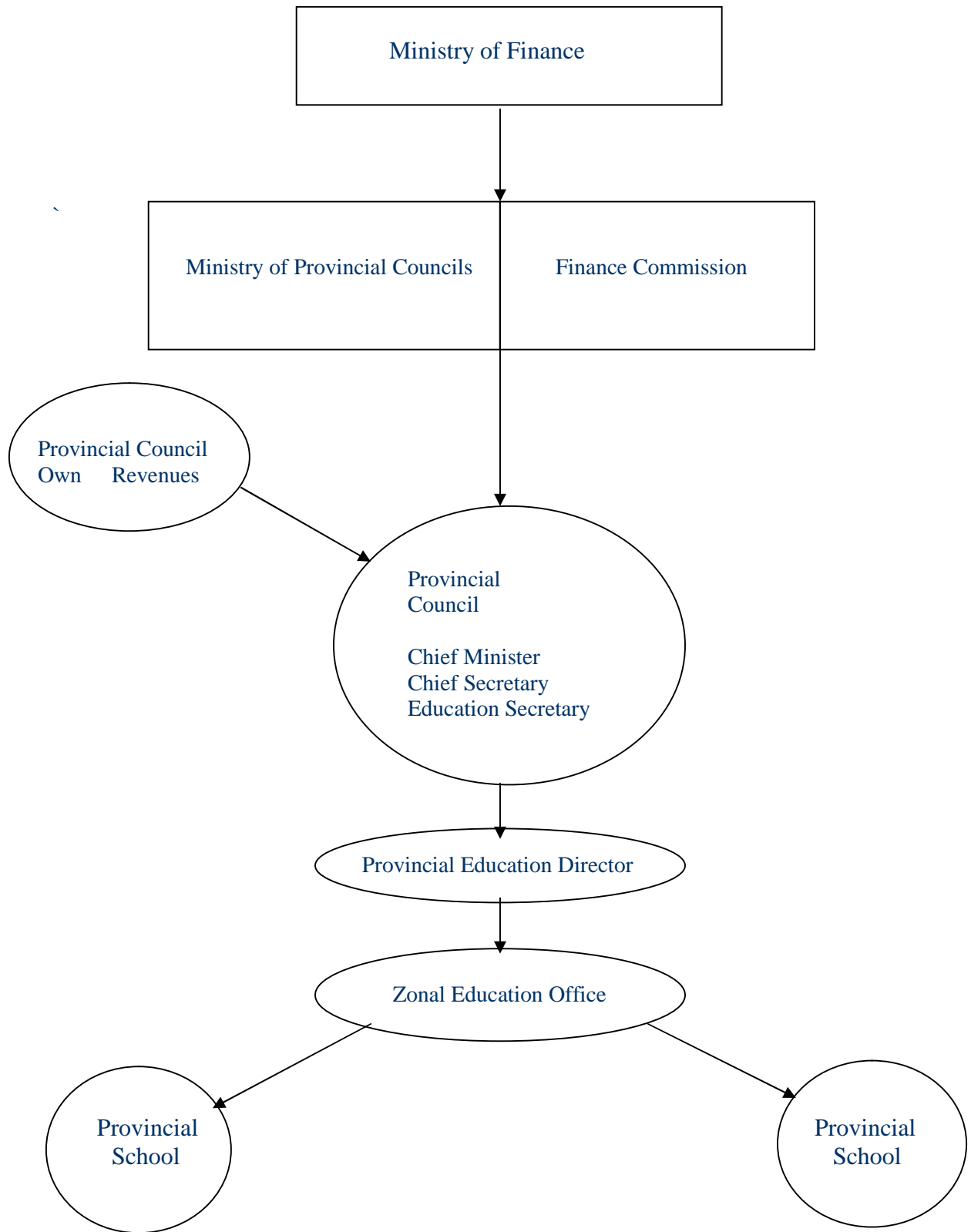
8. The provincial councils perform a vital function within the school system. Around 9,400 schools (over 95% of public schools and 90% of all schools) are managed and administered by the nine provincial councils and their intermediate education agencies, 93 education zones and 365 education divisions. Provincial councils have responsibility for developing education plans and budgets, and for implementing these plans, for their provinces. They also have the authority to deploy education administrators, principals and teachers within their provinces. Zonal education authorities have the responsibility to transfer and deploy principals and teachers within their zones.

### **Performance Incentives within the Public Education System**

9. The incentives faced by agents within this organizational and managerial framework, such as officials of the central Ministry of Education, the Provincial Councils, principals, teachers, academics and administrators, are of central importance for the performance of the education system. Within the government system, there are explicit and implicit performance incentives through a reward system, such as appointment to offices of high status, promotions through the career ladder, positions of greater responsibility, security of job tenure, work that is more interesting and stimulating, and lighter supervision. These performance incentives are found at all levels of the education system. For instance, high performing teachers have the opportunity to become principals, curriculum developers or teacher educators; zonal officers can seek offices in the Provincial Council; and provincial officials can seek positions in the central Ministry of Education. University academics who acquire postgraduate research degrees can obtain tenure and promotion as senior lecturers; high performing senior lecturers can be promoted as associate professors and professors; and senior university academics who demonstrate good managerial skills can become heads of departments, deans of faculties and vice-chancellors of universities. The actual operation of this incentive system, however, is limited due to two key reasons. First, economic incentives for performance are minimal within the public service. The government wage structure is tightly compressed, and provides only small annual salary increments. As a result, the opportunity cost of non-performance is minimal. Second, promotions are largely seniority based, which also limits performance incentives. These are system-wide features which apply to the entire public service, and are not specific to the education sector.

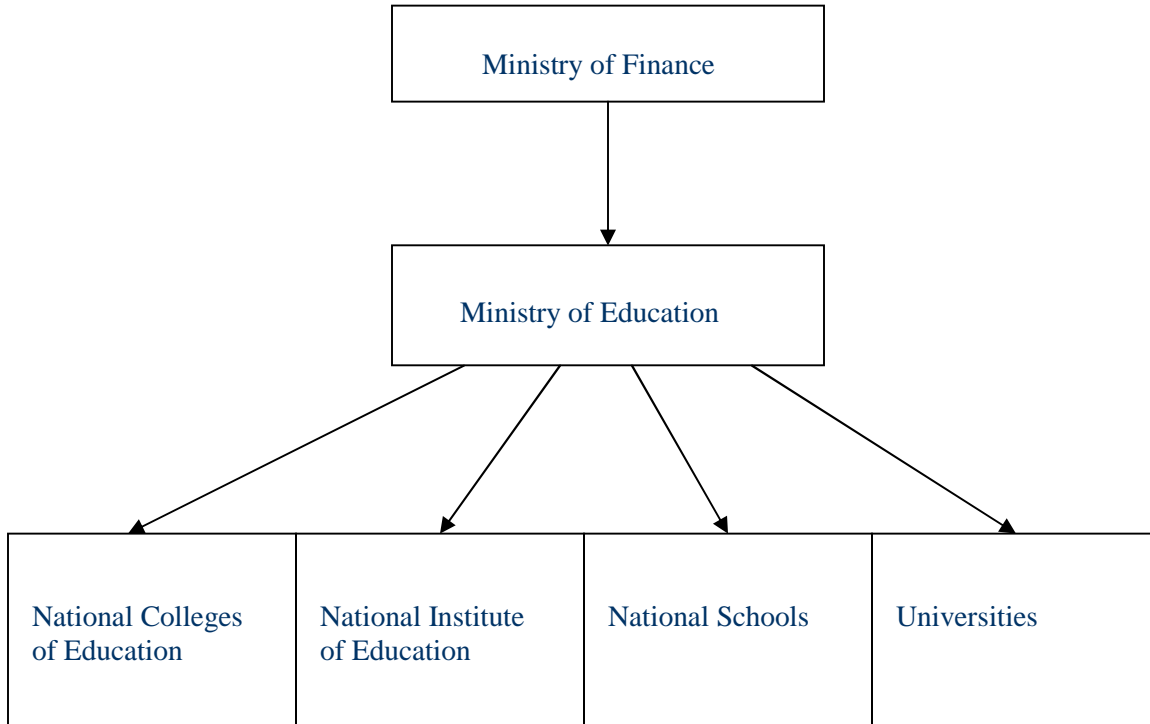
**FIGURE TWO**

**Flow of Government Education Resources in the School System**



### FIGURE THREE

#### Flow of Resources to Central Government Education Institutions



#### The Institutional Requirements for the Delivery of Education Services

10. The central government and provincial councils possess the core institutional foundation to deliver public education services. Sri Lanka has several features of an adequate first-stage public service institution, such as: (a) input-oriented line-item budgeting; (b) legal cadres of public education officials, such as education administrators, teacher educators, principals, teachers and university academics; (c) opportunities for career progression and professional development of academic and administrative staff; and (d) cash accounting systems. In addition, the country possesses features of a good second-stage public service institution, such as: (e) institutionalized performance auditing within a supreme audit institution, the Auditor General's Department, and (f) an internal audit within the education system.

## PART TWO

### EDUCATION ACCESS AND COVERAGE

11. The central focus of public policy in the education sector, since Sri Lanka became an independent nation in 1948, has been the promotion of equitable access to education [Sumathipala (1967), Jayaweera (1998), Aturupane (2008)]. In 1947, just prior to political independence, primary school enrolment was slightly over 60 percent. Secondary education was rare, and only 15 percent of the combined primary and secondary school-aged population attended school. Over the years, successive governments introduced a number of demand and supply side policies to improve school enrolment and completion. On the demand side, tuition free primary and secondary schooling was introduced in the 1940's. Subsequently, a range of further demand side incentives have been introduced, including free textbooks, free school uniforms, subsidized public transport and school meals. On the supply side, the government has expanded the network of schools offering primary and secondary education, to ensure access to education for all children aged 6-18 years. The number of government schools in the country has increased from about 3,200 schools in 1950 to over 9,700 schools in 2006. In addition, measures have been taken over time to staff the schools with qualified and trained teachers. The student-teacher ratio in government schools has improved from 35:1 in 1950 to 19:1 in 2006. Non-formal and special education opportunities have also been provided for children with education needs which cannot be met through the formal school system.

#### **The School Network and Student Enrolment**

12. The public school system dominates the primary and secondary education sector, accounting for about 91 percent of schools and 94 percent of enrolments. Overall, about 4.1 million children are enrolled in schools. Out of this number, slightly over 3.8 million students attend approximately 9,700 public schools, around 108,000 students are enrolled in about 90 private schools, and a further 55,00 students are enrolled in around 650 pirivena (Temple) schools. These students follow the national school curriculum and face the national public examinations. In addition, approximately 100,000 students are enrolled in about 200 international schools, which teacher foreign curricula and prepare students for overseas examinations.

13. The geographical distribution of public schools, at present, is given in Table 1 below. The information shows that there is a reasonably equitable distribution of schools and teachers among the various provinces. On average, there is a public school for every 395 students in the country. The relatively rural and sparsely populated areas, such as the Northern, North-Central, Uva and Sabaragamuwa Provinces have student-school ratios below the national average, ranging from 333 students to a school in the Uva Province to 297 students per school in the Northern Province. The more urban and densely populated areas, such as the Western and Southern Provinces, have student-school ratios above the national average. There are also adequate teachers in the education system. The average student-teacher ratio for the country is 19:1, and the range is from 17:1 in the Central,

North-Western and Sabaragamuwa Provinces to 21:1 in the Western and Eastern Provinces.

**Table 1. Government Schools, Student Enrolment and Teachers, by Province, 2006.**

Province	Number of Schools	Number of Students	Number of Teachers	Average School Size	Student Teacher Ratio
Western	857,466	1,353	40,956	634	21
Central	503,535	1,467	29,421	343	17
Southern	494,906	1,093	28,184	453	18
North-Western	456,502	1,221	26,247	374	17
Northern	264,849	892	13,481	297	20
Eastern	372,452	971	17,627	384	21
North-Central	248,637	782	12,541	318	20
Uva	276,851	831	15,567	333	18
Sabaragamuwa	361,352	1,104	20,875	327	17
<b>Sri Lanka</b>	<b>3,836,550</b>	<b>9,714</b>	<b>204,908</b>	<b>395</b>	<b>19</b>

Source: Ministry of Education, School Census, 2006.

14. This network of public schools has been established to provide universal access to primary and secondary education. There are four classes of government schools: Type 3 schools, which are primary schools with enrolment from grades 1-5; Type 2 schools which contain classes from grades 1-11; Type 1C schools with classes from grades 1-13, but offer the GCE A/L examination only in the Arts and Commerce streams; and Type 1AB schools, which have classes from grades 1-13 and offer the GCE A/L examination in the Science, Arts and Commerce streams. The distribution of enrollment among the different types of schools is given in Table 2 below.

**Table 2. Distribution of Government Schools by Type of School, 2006**

School Type	Number of Schools	Number of Students	Number of Teachers	Average Number of Students to a School %	Student-Teacher Ratio
Type 3 Schools	2,976	338,214	19,312	114	18
Type 2 School	4,225	1,057,071	67,523	250	16
Type 1C Schools	1,854	1,250,235	63,962	674	20
Type 1AB Schools	659	1,191,030	54,111	1,807	22
<b>Total</b>	<b>9,714</b>	<b>3,836,550</b>	<b>204,908</b>	<b>395</b>	<b>19</b>

Source: Ministry of Education, School Census, 2006.

15. The evidence in Table 2 reveals that Type 2 and Type 3 schools tend to be small, with average sizes of 250 students and 114 students respectively. These are mainly rural and estate schools, located chiefly in sparsely populated regions. The government maintains these schools, which have a broad geographical spread, to provide access to children in rural and estate areas to general education. Children from poorer households tend to attend these Type 2 and Type 3 schools. Children from more affluent households tend to attend the Type 1C and Type 1AB schools. The network of public schools has

enabled the country to achieve the cardinal policy objective of providing access to primary and secondary education for all children, with at least a primary school in every village, and a secondary school within reasonable traveling distance, 5 kilometers, of the homes of all children in the relevant age group.

## **Enrolment and Completion of General Education**

### **Enrolment in Primary Education**

16. The enrolment rates in primary education are high [Table 3]. The net primary enrolment rate among both boys and girls was already substantial, at 95 percent, in 1990/91. This rate increased slightly to 96 percent in 1995/96 and held constant until 2002. There is gender parity in primary enrolment, with the net primary enrolment rate equal for boys and girls over the entire period from 1990/91-2002. In addition, there is parity among children in urban areas and children in rural areas. The net primary enrolment rate in the urban sector and in the rural sector, at 95 percent in 1990/91 and 96 percent in 1995/96 and 2002, is even between the two sectors.

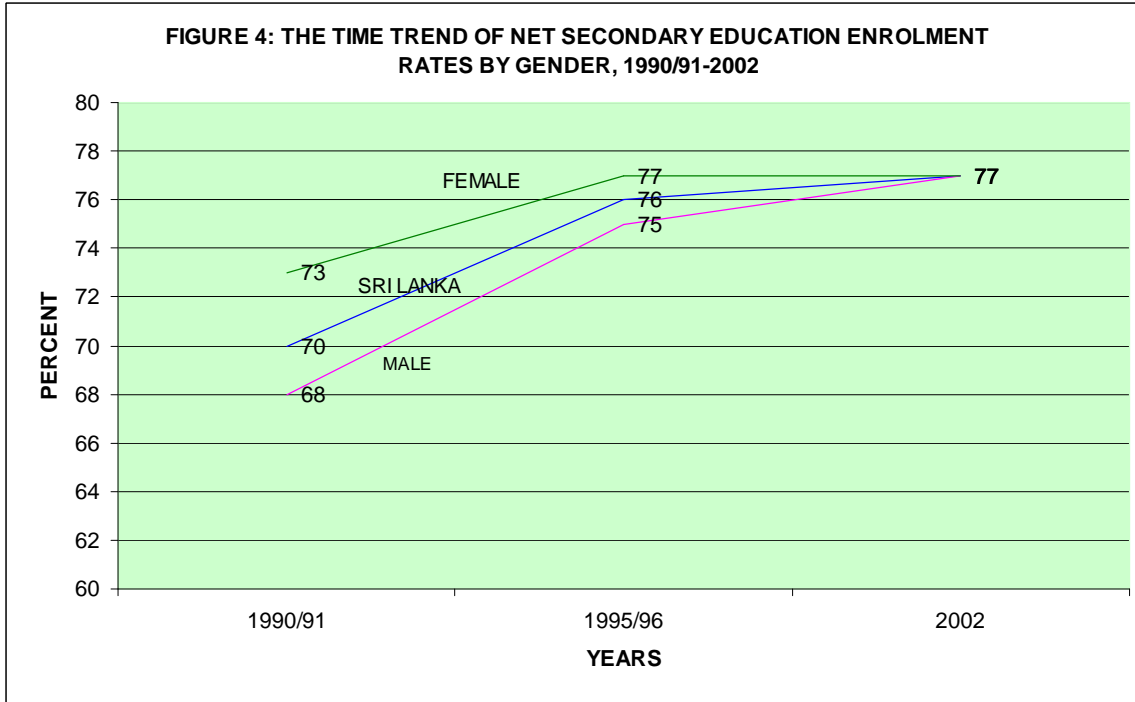
**Table 3. The Time Trend of the Net Primary Education Enrolment Rate, 1990/91-2002**

<b>Net Enrolment Ratio</b>	<b>1990/91</b>	<b>1995/96</b>	<b>2002</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Primary Education (Grades 1-5) Total	95	96	96
Primary Education (Grades 1-5) Female	95	96	96
Primary Education (Grades 1-5) Male	95	96	96
Primary Education (Grades 1-5) Urban	95	96	96
Primary Education (Grades 1-5) Rural	95	96	96

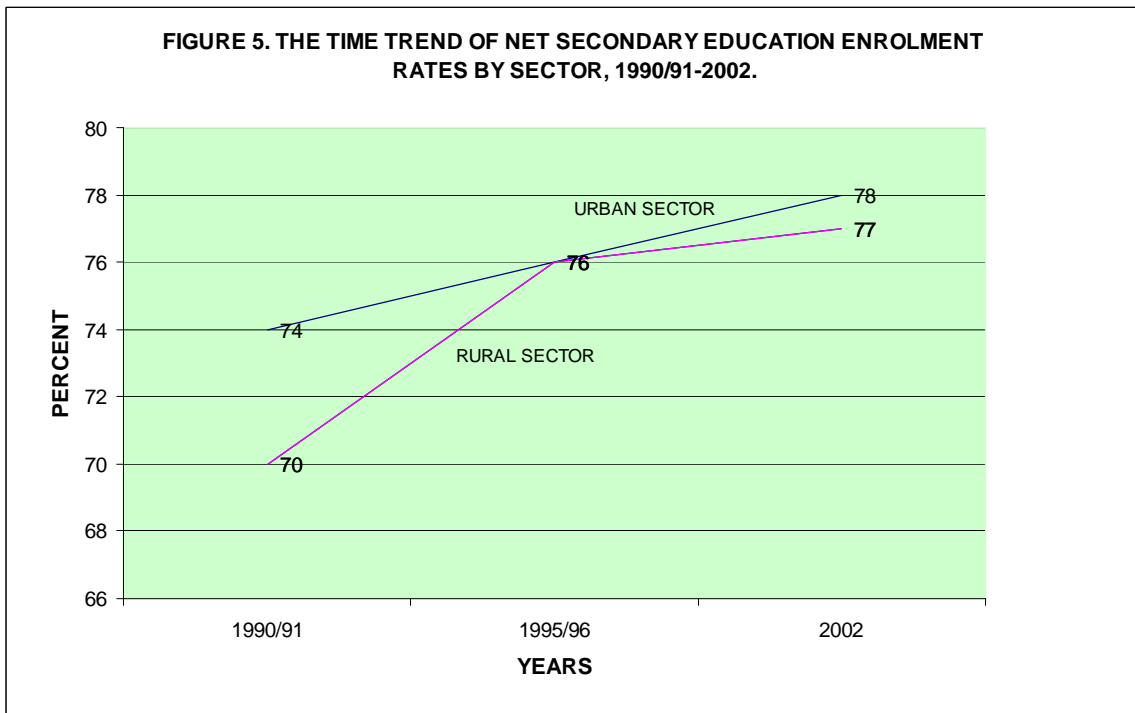
Source: Estimated from the Department of Census and Statistics, Household Expenditure Surveys, 1990/91, 1995/96, and 2002.

### **Enrolment in Secondary Education**

17. Enrolment in secondary education has been increasing over time [Figure 4]. The net secondary enrolment rate rose from 70 percent in 1990/91 to 76 percent in 1995/96, and marginally further to 77 percent in 2002. The secondary enrolment rates were slightly in favor of girls in 1990/91 and 1995/96, but were equal between girls and boys in 2002. Net secondary enrolment increased among girls from 73 percent in 1990/91 to 77 percent in 2002, while among boys net secondary enrolment rose from 68 percent in 1990/91 to 77 percent in 2002. Secondary school enrolment rates are also equal between children living in urban and rural areas [Figure 5]. The net secondary enrolment was slightly higher among urban children in 1990/91 in comparison to rural children, 74 percent as against 70 percent. However, by 2002 this gap had reduced to a net enrolment rate of 78 percent among urban students and 77 percent among rural students.



Source: Estimated from the Department of Census and Statistics, Household Expenditure Surveys, 1990/91, 1995/96 and 2002.



Source: Estimated from the Department of Census and Statistics, Household Expenditure Surveys, 1990/91, 1995/96 and 2002.

## The Compulsory Education Policy and Completion of the Basic Education Cycle

18. The government introduced a policy of compulsory basic education (grades 1-9) for all children aged 6-14 years in 1997. At the time, although net primary enrolment was 96 percent, only about 59 percent of students survived through grade 9. After the introduction of compulsory basic education through grade 9, combined with the expansion of the school system to provide access to education up to grade 9 in remote areas where education facilities were insufficient, regular surveys of out-of-school children and campaigns to draw such children into the education system, and improvements in the quality of education, the survival rate through grade 9 increased over time, reaching 90 percent by 2007 [Table 4].

**Table 4: Net Survival Rates in the Compulsory Education Cycle (Grades 1-9), by Province, 2007.**

Province	Net Survival Rates through Grade 1-9 (percentage)		
	Male	Female	Total
Western	93	96	95
Central	91	95	93
Southern	91	96	93
North-Western	88	91	89
Northern	85	90	87
Eastern	85	77	81
North-Central	90	95	92
Uva	88	95	91
Sabaragamuwa	88	91	89
<b>Sri Lanka</b>	89	92	90

Source: Ministry of Education.

19. The information in Table 4 shows that gender variations in survival rates to Grade 9 are relatively high among boys and girls, by the standards of Sri Lanka. In some provinces the gender difference in survival rates is about 5 percent, while in the Uva Province it is 7 percent, in favor of girls. Overall, about 92 percent of girls and 89 percent of boys survive through grade 9. This gender disparity in favor of girls is seen in all provinces except one. The main reason for the lower survival rate of boys appears to be the opportunity cost of schooling. Boys in their early teens enjoy labor market opportunities in low skilled jobs, and male children from poorer homes sometimes drop out of school to take advantage of these opportunities. The only exception to the normal gender pattern of survival rates is in the Eastern Province, where the female survival rate is significantly lower than among boys. During 2007 there was considerable military activity in the Eastern Province between the government and rebel secessionist forces, and this is likely to have adversely affected school attendance by girls.

20. The pattern of survival rates across the provinces show that survival rates are comparatively high in all regions. The survival rate of girls through grade 9 is above 90 percent in all provinces except the Eastern Province. The survival rate for boys is 85

percent or above in every province; and in four provinces, Western, Central, Southern and North-Central, it rises above 90 percent. The Western Province has the highest survival rates for both boys and girls. This is plausible, as the Western Province is the wealthiest and most developed province in the country. Other provinces, especially the Central, Southern, North-Central and Uva, although less affluent and economically advanced than the Western Province, have survival rates for boys and girls that are very close. This can be attributed to the success of public policies to promote school enrolment and attendance during the aged period of 6-14 years. The Northern and Eastern Provinces, which have the lowest survival rates, are also the regions which have been most affected by the long secessionist conflict in the country. Yet, even in these regions, which have been the arena of armed conflict for over thirty years<sup>1</sup>, around four-fifths of all children survive to the end of the basic education cycle. This can be attributed to multiple factors, such as the commitment of the government which maintained education services even in areas under rebel control and the strong demand for education among families and students in these regions.

21. It should also be observed that even the affluent Western Province has not yet attained universal completion of basic education. Hence, Sri Lanka still faces the challenge of ensuring that all children aged 6-14 years complete 9 years of education. This challenge is greatest, of course, in the poorest regions of the country, especially the conflict-affected Eastern and Northern Provinces. Increasing the survival rate through Grade 5 to 95 percent is the next main first-generation education challenge facing Sri Lanka.

### **Enrolment in Tertiary Education**

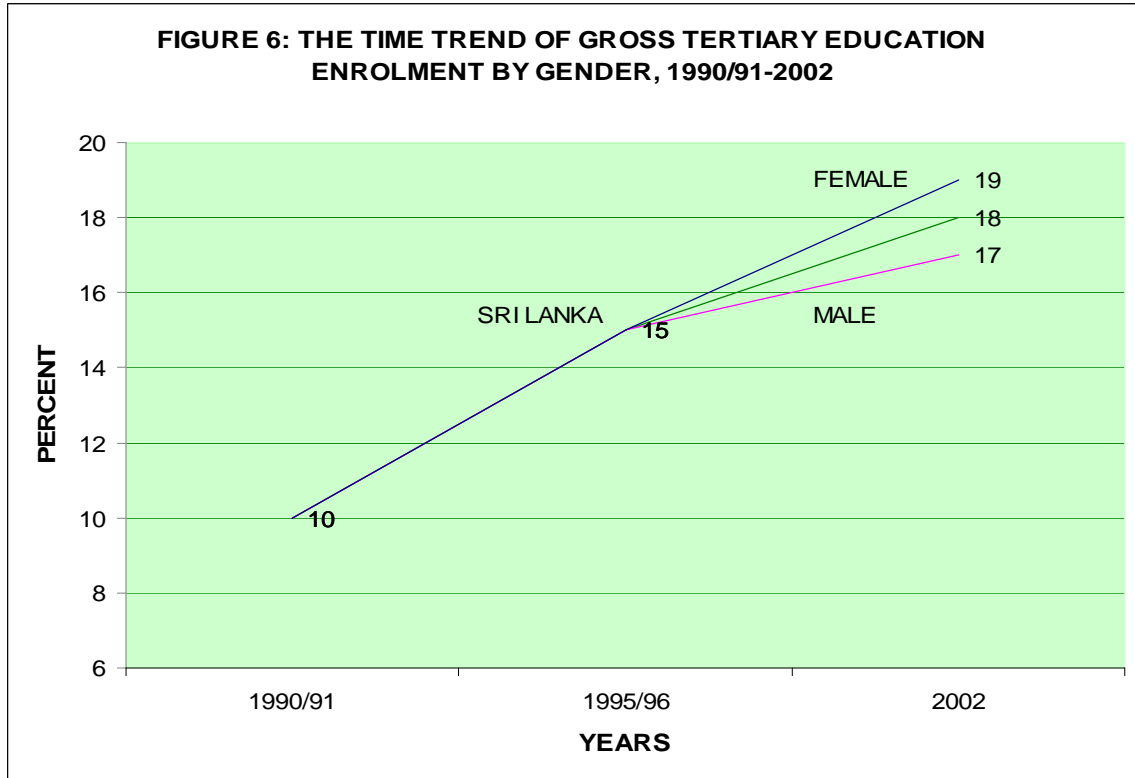
22. The trend of enrolment in tertiary education has been rising over time [Figure 6]. The gross tertiary enrolment rate has increased from 10 percent in 1990/91 to 15 percent in 1995/96 and 18 percent in 2002. The gross tertiary enrolment rates have been rising among both men and women. While enrolment in tertiary education was gender neutral in 1990/91 and 1995/96, by 2002 differences in favor of women can be observed. The female gross tertiary enrolment rate is 19 percent, as against the male gross tertiary enrolment rate of 17 percent. This is likely to be due to the higher opportunity cost of staying a long period in education for men.

23. Between the economic sectors, the gross tertiary education enrolment rates are higher in the urban sector than in the rural sector [Figure 7]. The tertiary enrolment rate in the urban sector has risen from 16 percent in 1990/91 to 29 percent in 2002. In the rural sector, the tertiary enrolment rate has increased from 8 percent in 1990/91 to 16 percent in 2002.<sup>2</sup>

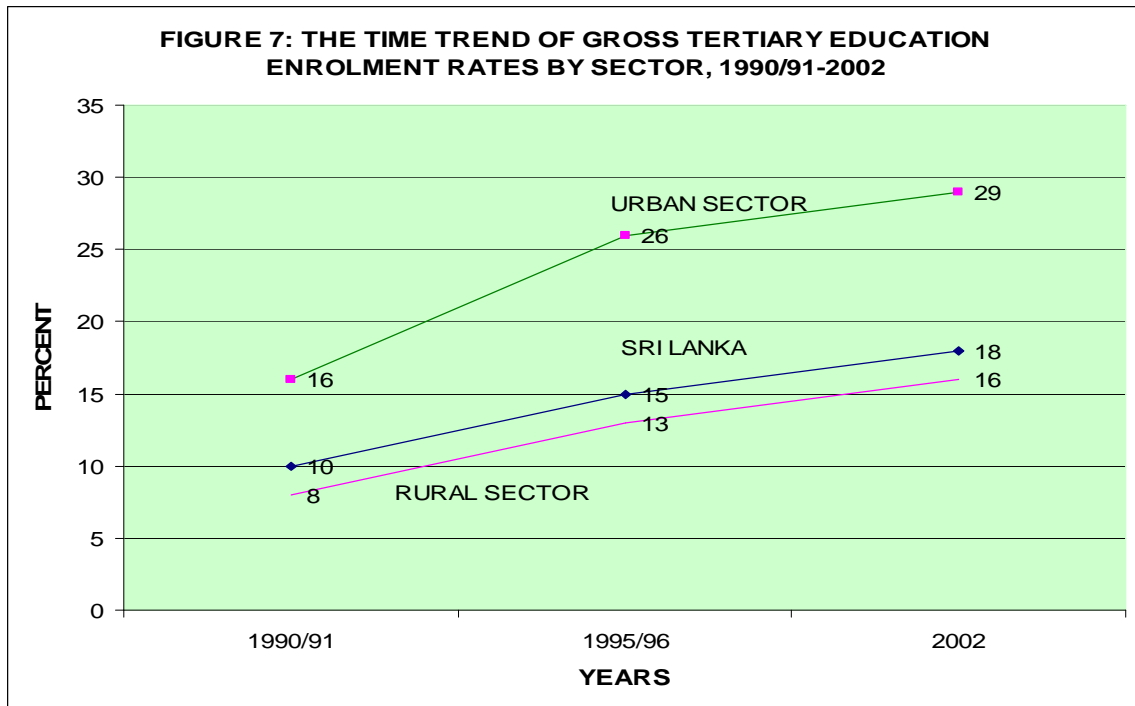
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<sup>1</sup> The first assassinations occurred in the mid-1970s.

<sup>2</sup> The Sri Lanka tertiary enrolment rate is closer to the rural sector tertiary enrolment rate than the urban sector tertiary enrolment rate because the rural sector accounts for a high proportion of all households.



Source: Estimated from the Department of Census and Statistics, Household Expenditure Surveys, 1990/91, 1995/96, and 2002.



Source: Estimated from the Department of Census and Statistics, Household Expenditure Surveys, 1990/91, 1995/96, and 2002.

24. Individuals living in urban areas are likely to be more affluent and more likely to complete secondary education than individuals living in rural areas. In addition, it is easier to access tertiary education institutions in cities and in towns than in rural areas. Hence, the higher tertiary enrolment rates among urban individuals is to be expected.

25. The expansion in tertiary education enrolment has been the result of a combination of factors, including higher levels of secondary education completion which makes a larger pool of candidates available for tertiary education; rising levels of economic development which increases the demand for tertiary education; and an expansion in the supply of tertiary education opportunities, with an increase in the number and in-take capacity of public tertiary education institutions as well as an increase in private tertiary education institutions.

## PART THREE

### THE QUALITY OF EDUCATION: IMPROVING LEARNING OUTCOMES

26. The quality of education has been improving over time and across many dimensions of quality. These include outputs such as the physical learning environments of schools and the availability of educated and trained teachers, and outcomes such as cognitive achievement levels of children, and the performance of students at public examinations. This section discusses improvements in key education quality outcomes, such as cognitive achievement in a variety of subjects at the primary education level, and performance at public examinations during the secondary education cycle.

#### The Rising Trend in Learning Outcomes

27. National assessments of learning outcomes in first language (Sinhalese and Tamil), mathematics and English, at the primary education level, show a clear improvement in cognitive achievement in recent years. Between 2003 and 2007 the proportion of children scoring over fifty percent, and also over seventy-five percent, increased in all three subjects [Table 5 – Table 7]. In first language, the proportion of children scoring between seventy five and hundred percent increased from 40 to 53 percent during 2003-2007 [Table 5]. Over the same period, the proportion of children scoring over fifty percent improved from 67 percent to 79 percent.

**Table 5. National Assessment of Learning Outcomes, First Language (Sinhala and Tamil) at Grade 4, 2003 and 2007.**

Province	National Assessment 2003		National Assessment 2007	
	Students scoring 51-75 percent	Students scoring 76-100 percent	Students scoring 51-75 percent	Students scoring 76-100 percent
Western	23	57	23	64
Central	28	38	27	50
Southern	25	46	23	59
North-Western	27	46	24	60
Northern	29	40	32	44
Eastern	32	26	29	43
North-Central	27	28	28	54
Uva	25	37	24	51
Sabaragamuwa	26	43	25	54
<b>Sri Lanka</b>	<b>27</b>	<b>40</b>	<b>26</b>	<b>53</b>

Source: calculated from the National Assessments of Learning Outcomes, National Education Research and Evaluation Center, University of Colombo.

28. In mathematics, the proportion of children scoring between seventy five and hundred percent grew from 41 to 59 percent during 2003-2007 [Table 6]. And the proportion of children scoring over fifty percent rose from 65 percent to 80 percent.

**Table 6. National Assessment of Learning Outcomes, Mathematics at Grade 4, 2003 and 2007.**

Province	National Assessment 2003		National Assessment 2007					
	Students scoring percent	51-75	Students scoring percent	76-100	Students scoring percent	51-75	Students scoring percent	76-100
Western	23		56		17		71	
Central	26		36		22		56	
Southern	23		47		20		63	
North-Western	26		46		19		65	
Northern	26		44		24		51	
Eastern	23		28		22		50	
North-Central	23		28		22		61	
Uva	23		38		20		56	
Sabaragamuwa	21		46		20		62	
<b>Sri Lanka</b>	<b>24</b>		<b>41</b>		<b>21</b>		<b>59</b>	

Source: calculated from the National Assessments of Learning Outcomes, National Education Research and Evaluation Center, University of Colombo.

29. In English, the proportion of children scoring between seventy five and hundred percent rose from 12 to 23 percent during 2003-2007 [Table 7]. Also, the proportion of children scoring above fifty percent increased from 31 percent to 49 percent.

**Table 7. National Assessment of Learning Outcomes, English Language at Grade 4, 2003 and 2007.**

Province	National Assessment 2003		National Assessment 2007					
	Students scoring percent	51-75	Students scoring percent	76-100	Students scoring percent	51-75	Students scoring percent	76-100
Western	28		25		31		37	
Central	20		11		23		23	
Southern	20		16		28		27	
North-Western	21		11		28		26	
Northern	19		10		23		17	
Eastern	15		7		24		21	
North-Central	14		8		27		17	
Uva	17		10		22		18	
Sabaragamuwa	21		13		26		21	
<b>Sri Lanka</b>	<b>19</b>		<b>12</b>		<b>26</b>		<b>23</b>	

Source: calculated from the National Assessments of Learning Outcomes, National Education Research and Evaluation Center, University of Colombo.

30. These increases in cognitive achievement scores in first language, English and mathematics are observed in all nine provinces, as well as the country as a whole. The increasing trend in cognitive achievement is likely to reflect improvements in the quality of education, as well as household investments in education. The period from the mid-1990's onwards has experienced intense policy interest in education, especially aimed at improving education quality, and the increase in learning outcomes in recent years can be

attributed, at least partly, to education policy initiatives. The Primary Education Reform Program initiated in the late 1990s, for instance, has been evaluated relatively favorably [Gunewardena (2002)].

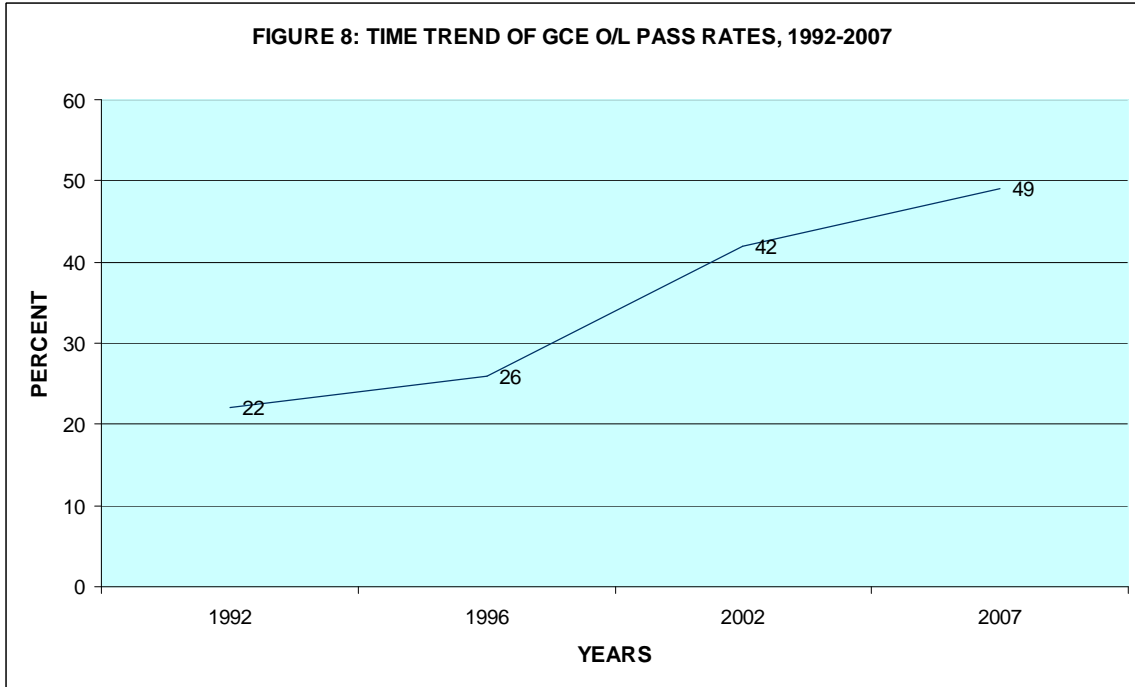
### **Regional Variations in Cognitive Achievement.**

31. The Western Province, which is the most affluent region in the country, shows the highest learning levels in all three subjects, first language (Sinhalese and Tamil), mathematics and English. Other provinces with relatively advanced education systems, such as the Southern Province and the North-Western Province, tend to have the next highest learning levels. The Eastern Province shows the lowest levels of cognitive achievement in first language and mathematics according to the 2007 National Assessment, while in English the Northern and North-Central Provinces have the lowest achievement levels, closely followed by the Uva Province.

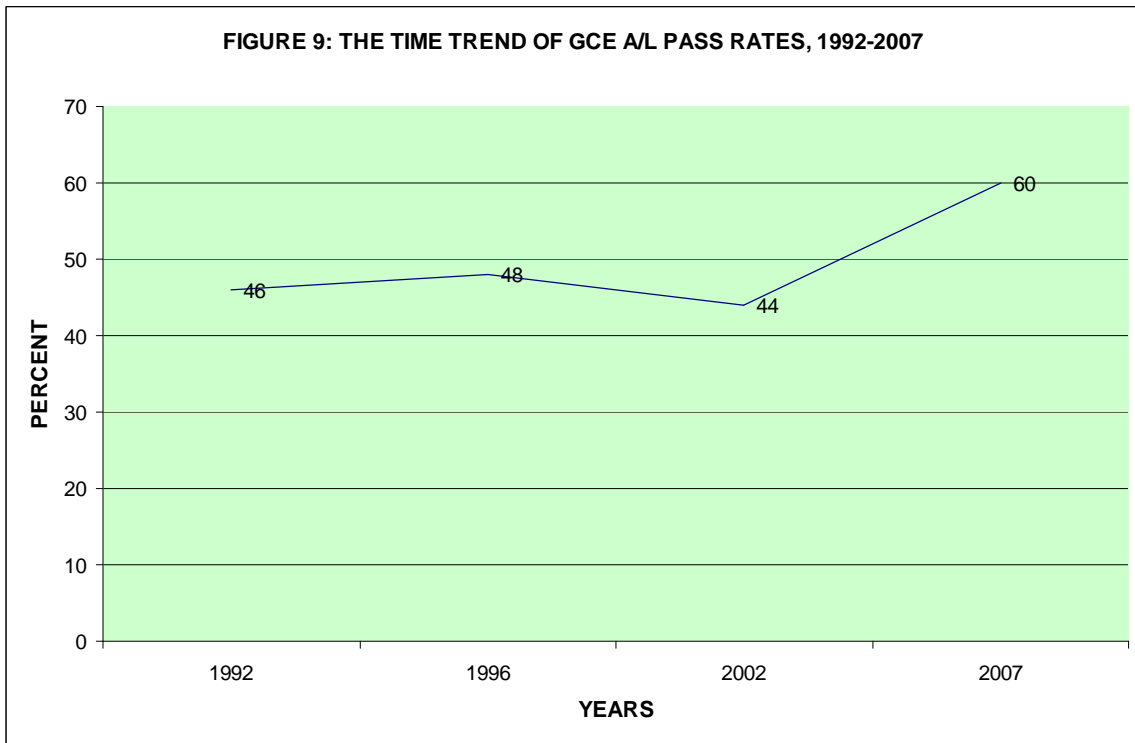
32. In general, there are relatively wide regional variations in learning outcomes. According to the National Assessment of 2007, in the first language, the range between the best performing and worst performing provinces runs from sixty four percent in the Western Province to forty-three percent in the Eastern Province. In mathematics, the distance between the Western Province and Eastern Province is from seventy one percent to fifty percent. In English, the range between the Western Province and the Northern and North-Central Provinces is from thirty-seven percent to seventeen percent. These regional variations in learning outcomes would partly be the result of differences in the quality of education available in the different provinces, and partly the result of differences in the economic levels of the provinces. Although learning outcomes have been rising, over time, the wide regional variations show that important policy challenges remain to improve education quality, especially among the poorer provinces.

### **Increasing Success at Public Examinations**

33. The performance of students at the General Certificate of Education (Ordinary Level), taken after eleven years of schooling at age sixteen, and the General Certificate of Education (Advanced Level), taken after thirteen years of schooling at age eighteen, have both been rising over time [Figure 8 and Figure 9]. The pass rate at the General Certificate of Education Ordinary Level (GCE O/L ) was only 22 percent in 1992 and 26 percent in 1996. By 2002 this pass rate had risen to 42 percent, and increased further to 49 percent in 2007. The increasing time trend in GCE O/L pass rates are likely to be the result, at least partly, of the policy initiatives taken by successive governments to improve the quality of education.



Source: Department of Examinations.



Source: Department of Examinations.

34. The pass rate of the General Certificate of Education Advanced Level (GCE A/L) in 1992 was 40 percent [Figure 9]. This pass rate improved over time, and by 2007 the proportion of students passing the GCE A/L had risen to 60 percent. The rising trend in GCE A/L pass rates can be attributed, at least partly, to the policy initiatives taken by many governments to improve the quality of education. It should be observed that the cumulative benefits of improved cognitive performance at the lower levels of education would also have a positive impact on education outcomes at this level.

35. Overall, the quality of education has improved substantially over the past 60 years in the country. This has been the result of strong policy commitment to education by successive governments and by both major political parties over the years. Education is also a high priority of the general public, so that there is social pressure to expand and improve the education system. Of course, as with nearly all countries, the overall quality of education needs considerable further improvement, especially in the poorer regions of the country, and constitutes the major challenge for public education policy in the future.

## PART FOUR

### INVESTMENT IN EDUCATION

36. Public investment in human capital has been one of the central pillars of government policy in Sri Lanka since 1948 [(Corea (1969), Aturupane (2008))]. The objectives of investing public resources in education have been to enhance equity and promote social mobility, generate economic growth and attain high levels of human development. Both major political parties in the country have shown clear policy interest and commitment to education. As a result, education has been a priority for public policy despite changes of government and irrespective of the party in office [(Corea (2008))]. This has been of great benefit to the people of Sri Lanka.

#### The Time Trend of Public Investment in Education

37. Sri Lanka, in 1948, had already achieved basic literacy and education levels that many low-income countries reached only in the 1990s or even the twenty-first century. According to the population census of 1946, male literacy was 70 percent and female literacy 44 percent. During the 1950's and 1960's the Government's policy priority in education was to increase the public school system to provide all children in a rapidly expanding population access to primary and secondary education [Table 8]. Education investment during this period was chiefly directed at constructing school buildings and increasing the supply of teachers to keep pace with sharply increasing enrolments.

**Table 8: Trends in Education Provision and Attainment, 1950-2006.**

	1950	1960	1971	1981	1991	2002	2006
Education Expenditure as a % of GDP	2.5	4.4	4.1	2.4	2.5	2.3	2.6
Government Schools	3,188	4,394	8,585	9,521	9,998	9,826	9,714
Students in Government Schools	1,349,345	2,192,379	2,828,070	3,451,358	4,258,698	4,027,075	3,836,550
Teachers in Government Schools	38,086	69,658	94,858	135,869	177,231	191,812	204,908
Adult Literacy Rate	65	72	79	87	87	91	93

Sources: Department of Census and Statistics, Ministry of Education, Central Bank of Sri Lanka and University Grants Commission.

Note: Literacy rates are for Census Years, 1953, 1963, 1971, 1981 and 2001 respectively. Literacy rates for 1991 and 2006 are estimated from Household Survey data.

38. During the 1960's and 1970's the number of schools, students and staff increased sharply in the education system, with public education investment absorbing over 4 percent of national income. By 1971, there were over 8,500 schools, about 2.8 million students and nearly 95,000 teachers, with a student-teacher ratio of 29:1. As an outcome of the rapid increase in education levels the male adult literacy rate rose to 79 percent by 1971. However, some policy measures were introduced during the 1960's that weakened the flow of resources into education. In particular, almost all private schools were taken over and the establishment of new private schools was prohibited in the early 1960's.

39. The sharp increase in education levels in the population during the 1950's and 1960's was not matched by correspondingly high economic growth, so that the demand for educated labor was lagging behind its supply. This was perceived as a looming social problem even as early as the late 1950's. In 1971 an insurrection by the Janatha Vimukthi Peramuna (JVP), led and largely staffed by educated unemployed or under-employed youth, sought to overthrow the Government. This insurrection was defeated, but caused policy makers to seriously consider the quality aspects of education in addition to its quantitative expansion.

40. Government policy through the 1970's and 1980's continued to award priority to the quantitative expansion of the education system. But education reforms were introduced in 1972 emphasizing job-oriented curricula and technical skills from an early age, rather than general learning and a broad basic education. These reforms reflected the conventional wisdom of the time, but were soon perceived as a failure as the graduates of the system were found to be too narrow, inflexible and lacked capacity for training. The proportion of education investment also declined to about 2.5-3.0 percent of national income, as economic policies that stifled markets and constrained private sector activity caused the economy to falter, compelling government to contain expenditure. The new government which assumed office in 1977 dismissed the education reforms and re-introduced the broad, British style general education system that had existed prior to the 1972 reforms.

41. The proportion of national income devoted to education remained at about 2.5-3.0 percent of national income through the 1980's and 1990's. However, the Government in the late 1970's, 1980's and early 1990's introduced several quality enhancing measures. The single, multi-campus University of Ceylon was broken up into 6 autonomous Universities in 1979 to facilitate managerial efficiency and promote competition. An Open University to provide distance learning courses was established in 1980. Colleges of Education were set up, in the mid 1980's, to ensure pre-service teacher education for school teachers before they were placed in schools. International schools, operating under the Companies Act and using English as the medium of instruction, were allowed to set up in the early 1990's.

42. Despite these investments in education quality, the main focus of public policy and government investment in education was on the quantitative expansion of the system. The number of schools increased to about 10,000 in 1991, with around 4.3 million students and 177,000 teachers. As an outcome of the continued expansion of the education system, the proportion of students enrolled in secondary education increased from 27 percent in 1960 to about 70 percent by the early 1990s. Undergraduate enrolments rose to above 28,000, while University academics exceeded 1,800 by 1991.

43. However, in the early 1990's, with the aim of providing universal access to general education virtually completed, the focus of public policy shifted to quality enhancement. The National Education Commission took a lead role in developing new education reforms aimed at introducing a new curriculum, and promoting student

centered learning and activity based pedagogical methods in schools. Implementation of these reforms country-wide commenced in 1998.

### Public Education Expenditure in International Perspective

44. Government education expenditure in Sri Lanka accounts for approximately 2.7 percent of national income and 7.5 percent of government spending [Table 9]. This represents a comparatively modest level of public education investment by developing country standards [Table 10] Sri Lanka devotes the lowest share of the GDP and of the

**Table 9. Public Investment in Education as a Proportion of National Income and Government Expenditure, 1998-2006**

Year	Public education expenditure (nominal prices)  (rupees million)	Education expenditure as a percentage of GDP  %	Education expenditure as a percentage of government expenditure  %
1998	28,689	3.1	8.4
1999	29,368	2.9	8.9
2000	35,348	3.1	7.8
2001	39,995	3.2	8.2
2002	40,017	2.9	6.8
2003	40,352	2.2	6.1
2004	45,568	2.2	6.7
2005	53,528	2.2	6.4
2006	78,243	2.7	7.5

*Source: Calculated from Revenue and Expenditure Statements and Budget Estimates, Government of Sri Lanka and Provincial Councils, and Annual Reports, Central Bank of Sri Lanka.*

public budget to education of the entire set of countries shown in Table 12, mostly high performing East Asian countries or neighboring South Asian nations. The group of lower middle-income countries to which Sri Lanka belongs allocates over 4 percent of their national income to public investment in education. Countries such as South Korea, Malaysia and Thailand, which act as models for Sri Lankan policy makers, devote 15-28 percent of government expenditures to education. South Asian countries allocate, on average, about 2.9 percent of national income to education. Further, in South Asia, only Pakistan and Bangladesh spend a lower proportion of national income on public education. There are five main reasons for the relatively modest level of public education investment in Sri Lanka: (i) the broad range of public services, such as universal free health care and wide-ranging access to poverty oriented safety nets, such as the Samurdhi program, which are generally not available in most other developing countries, and compete for government resources; (ii) high defense expenditure, which absorbs a substantial share of GDP; (iii) low public revenue, which has contributed to large budget deficits and constrained government

**Table 10. Education Expenditure as a Share of National Income and Government Expenditures, Sri Lanka and Selected Other Countries**

Country	Education Expenditure as a Proportion of National Income	Education Expenditure as a Proportion of Government Expenditure
	%	%
Sri Lanka	2.7	7.5
India	3.7	10.7
Bangladesh	2.5	14.2
Pakistan	2.3	10.9
Nepal	3.4	14.9
Malaysia	8.0	28.0
Thailand	4.2	27.5
South Korea	4.6	15.0
Philippines	3.2	17.2
Costa Rica	4.9	18.5
South Asia	2.9	12.8
Lower Middle Income Countries	4.3	na
Upper Middle Income Countries	4.6	na

Sources: Sri Lanka, calculations from the Government of Sri Lanka, Budget Estimates, Central Bank of Ceylon Annual Reports, various issues; Other Countries, World Development Indicators (World Bank). The information above for Sri Lanka is computed from 2006 data. Other countries and regions are from the closest available year to 2006.

expenditures; (iv) comparatively low teacher salaries, with Sri Lankan teachers receiving salaries about half or less, as a proportion of national income per capita, than teachers in countries such as India, Bangladesh, Malaysia, Thailand and South Korea; and (v) the fact that Sri Lanka built up its capital stock of schools during the 1950s-1970s, so that there is now no need for major investment in the construction of classrooms and new school buildings.

45. The tight budget constraint in recent years has fallen especially heavily on the capital budget. This fall in capital investments constrains the expansion and development of the education system. In particular, it restricts investment in physical facilities to expand and increase urban schools; supply basic services, such as water supply and sanitation, to rural schools; and invest in technology and equipment, such as IT centers, science laboratories, libraries, activity rooms and multi-purpose rooms. This is especially a problem for the large majority of schools which come under the Provincial Councils, where considerable expansion of the stock of technology and equipment is needed.

## PART FIVE

### ECONOMIC AND SOCIAL BENEFITS OF INVESTMENT IN EDUCATION

46. Sri Lanka has enjoyed substantial economic and social benefits from investment in education. The central objectives of public and private education expenditures have included increasing earnings through human capital accumulation, enhancing economic equity, promoting inter-generational social mobility and producing a healthy and long-lived society [Aturupane (2004), World Bank (2005)]. The economic literature identifies two important streams of benefits that flow from investment in education, efficiency improvements and equity gains. The Sri Lankan education system has performed well on both of these streams of benefits, efficiency and equity.

#### Economic Benefits of Investment in Education

##### *Social and private returns to education*

47. The external efficiency of investment in education is high. The three main education levels, compulsory basic education, senior secondary education and university education, produce generous economic benefits [Table 11]. Among males, social rates of return to education are highest at the senior secondary schooling level, 20 percent, followed by compulsory schooling, 15 percent, and university education, 11 percent. Among females, social rates of return to education are highest at the compulsory schooling level, 20 percent, followed by senior secondary schooling, 18 percent, and university education, 10 percent. Private rates of return to education are also substantial. Among men, the private rate of return is highest for university education, 26 percent, followed by senior secondary education, 25 percent, and compulsory schooling, 19 percent. Among women, the private rate of return is largest at the compulsory schooling level, 25 percent, followed by university education, 24 percent and senior secondary schooling, 22 percent. The difference between private and social rates of return to education at the compulsory schooling and senior secondary schooling levels is low, mainly due to the low unit costs of education at these schooling levels. In contrast, the difference between private and social rates of return to education at the university level is considerable, chiefly due to the high unit cost of university education, which reduces the social return. Overall, education is clearly an economically profitable investment, with high social and private rates of return.

**Table 11. Social and Private Rates of Return to Education, 2002.**

Education Level	Social Rates of Return to Education		Private Rates of Return to Education	
	Men %	Women %	Men %	Women %
Compulsory Education	15	20	19	25
Senior Secondary	20	18	25	22
University	11	10	26	24

Source: World Bank 2005.

### *Education and earnings*

48. The relationship between education and earnings is statistically significant and strongly positive, for both men and women, over the range of the education system [Table 12]. Among men, all levels of education are significantly and positively related to earnings. Also, the association between education and male earnings rises as the level of education increases, suggesting positive incremental private returns to education over all education grade cycles. Among women, too, all education levels are significantly and positively associated with earnings, provided the individual has at least completed primary education. Further, the relationship between education and female earnings increase as the education level rises from primary schooling upwards, indicating favorable private marginal returns to education. Overall, the findings strongly support the notion that education is a beneficial investment, for both men and women, in terms of increasing earnings. These findings support the notion that education enables individuals to accumulate human capital, improve labor productivity, signal innate abilities to potential employers during job search, and increase earnings in Sri Lanka.

**Table 12. Earnings Functions Corrected for Selection Effects, 2002. Two Stage Least Squares Estimates.**

Variable	Men		Women	
	Coefficient	'T' statistic	Coefficient	'T' statistic
Constant	8.576	63.47	8.517	40.94
Primary education incomplete	0.093	3.00	-0.008	-0.23
Primary education	0.225	7.28	0.128	3.48
Junior secondary education	0.354	11.00	0.379	9.54
GCE O/L	0.497	15.20	0.621	15.78
GCE A/L	0.739	21.36	0.765	18.70
Graduate	1.156	26.05	1.146	23.00
Postgraduate	1.287	17.86	1.158	16.28
Experience	0.027	14.46	0.021	9.33
Experience squared	-0.0001	-12.58	-0.0001	-8.21
Training	0.198	12.84	0.157	7.26
Log of weeks worked	0.460	13.76	0.428	8.16
Private sector employee	-0.123	-9.12	-0.164	-7.73
Urban sector employee	0.145	10.74	0.167	8.55
Estate sector employee	-0.271	-13.01	-0.016	-0.60
Selection effect	0.052	2.53	0.069	4.80
Adjusted R squared	0.409		0.523	
F	357.49 [15, 7,702]		254.87 [15, 3,454]	
Sample size	7,718		3,470	

Source: World Bank 2005.

#### *Education and female labor force participation*

49. The contribution of education to the promotion of female labor force participation constitutes a major element of economic modernization and gender empowerment. The association between education and female labor force participation is shown in Table 13 below. Education is positively and statistically significantly associated with female labor force participation among women with GCE A/L qualifications, graduates and

**Table 13. Education and Female Labor Force Participation, Marginal Effects Derived from a Probit Model, Maximum-Likelihood Estimates (2002)**

Education level	Marginal Effect %	'T' Statistic
Primary education incomplete	-0.3	-0.93
Primary complete	-0.7	-1.63
Junior Secondary	-0.9	-1.75
GCE O/L qualified	-0.2	-0.60
GCE A/L qualified	1.4	3.80
Graduate	5.2	3.09
Postgraduate	6.1	3.45

Source: World Bank (2005).

postgraduates. The marginal relationship between these education levels on the likelihood of labor force participation increases from slightly over 1 percent among GCE A/L qualified women to about 6 percent for postgraduate qualified women. Among women with GCE O/L qualifications or less, the relationship between education and labor force participation is statistically insignificant, although negatively signed. There are two sets of reasons for the higher labor force participation probabilities of women with GCE A/L or higher levels of education. First, there are self-selection effects, with women who study to these levels likely to be more able and more motivated to seek employment. Second, the life-cycle earnings prospects of highly educated women are greater than the earnings prospects of less educated women. In consequence, the opportunity cost of not participating in the labor force is higher for educated women.

### **Externality Benefits of Investment in Education**

#### **Education and nutrition and family health outcomes**

50. The social benefits of maternal education on child nutrition and family health are among the key externality benefits of investment in education, and have generated substantial benefits to Sri Lanka. The association between mother's education and child nutrition in the country is presented in Table 14. Maternal education is clearly and significantly associated with lower child under-nutrition. The likelihood of a child being severely or moderately underweight declines progressively as the level of maternal education increases from secondary (grades 6-10) level through GCE O/L and GCE A/L and above. Also, the likelihood of a child being severely or moderately stunted decreases continuously as the mother's level of education rises from primary (grade 5) through GCE A/L and higher. The positive association between maternal education and child nutrition can be attributed to the superior knowledge of nutrition, and the higher capability to indulge in favorable nutrition practices, among educated women.

**Table 14. The Association Between Maternal Education and Child Nutrition, 2000. Regression Coefficients from Probit Models, Maximum-Likelihood Estimates.**

<i>Education level of mother</i>	Probability of being severely or moderately underweight	Probability of being severely or moderately stunted
Primary educated mother (grade 5 completed)	-0.082 (-0.49)	-0.470 (-2.55)
Middle secondary educated mother (grade 6-10)	-0.311 (-1.93)	-0.757 (-3.92)
GCE O/L completed	-0.397 (-2.29)	-0.920 (-4.36)
GCE A/L completed or higher	-0.920 (-4.69)	-1.101 (-4.58)

Source: World Bank (2005).

51. Research in the health sector in Sri Lanka has shown that more educated mothers adopt better pre-natal and neo-natal practices, obtain and respond swiftly to new information on child nutrition, and utilize health care services for respiratory and water-borne diseases with greater effectiveness than less educated mothers. For example, mothers with primary or secondary education are more likely to seek treatment from medical facilities, and to use medicines over the prescribed cycle of treatment, than uneducated mothers. Similarly, secondary educated mothers are more likely to use nutrition supplementation in infancy, if and where necessary, and to adopt appropriate weaning practices [Table 15].

**Table 15. Proportion of Babies given Colostrum at Birth by Mother's Education Level, 1993 and 2002.**

<b>Education</b>	<b>1993 %</b>	<b>2000 %</b>
No schooling	34	65
Primary	45	66
Junior Secondary	54	74
GCE O/L	69	83
GCE A/L	na	92

Source: Department of Census and Statistics, Demographic and Health Surveys, 1993 and 2000.

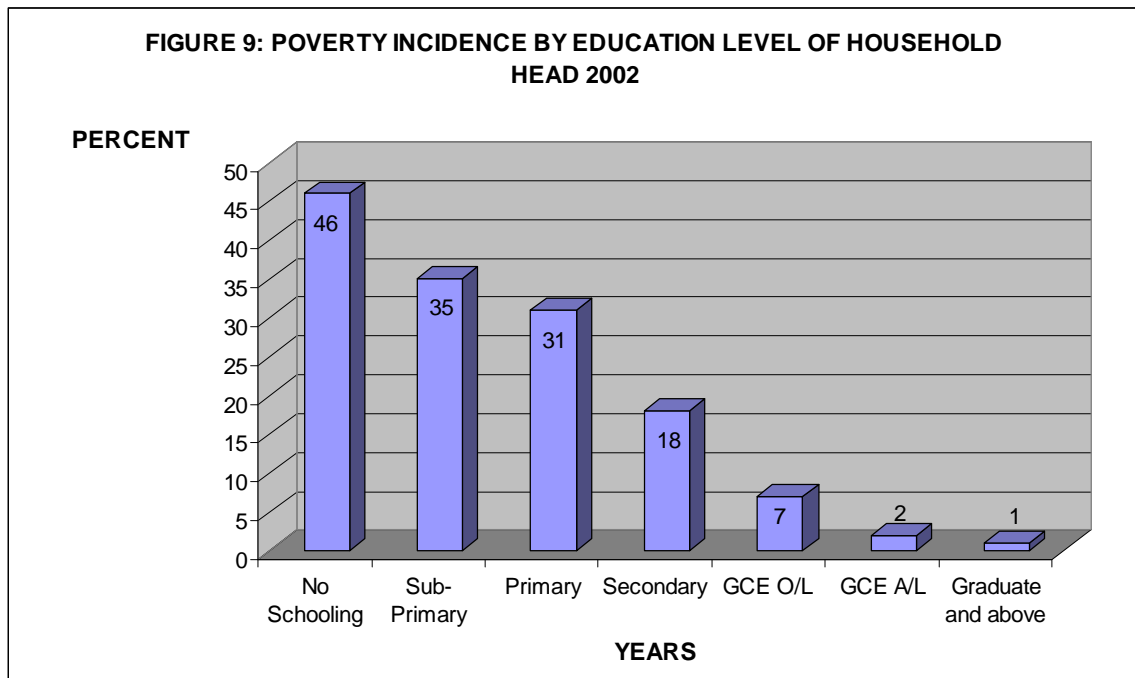
### **Equity and Distributive Justice**

52. The cardinal goal of Sri Lankan education policy, ranging over several generations even from before Independence, and across successive governments, has been the promotion of equity and distributive justice. Important education legislation, such as the Education Ordinances of (1939) and (1947), stressed the critical role of education in promoting social equity. Recent policy statements, such as NEC (2003) and MOE (2007), have re-emphasized that a fundamental goal of national policy is to advance equity through education. In support of this goal, the government has developed and supports several policy measures and development initiatives. These include the

island-wide network of free government primary and secondary schools; incentive schemes such as free textbooks, free uniforms and transport subsidies to promote school attendance, especially among low-income families; and tuition free public universities with admission quotas for students from disadvantaged districts.

### Poverty Rates by Education Attainment of Household Heads

53. Education attainment is closely associated with lower poverty rates [Figure 9]. The poverty rate is highest among households with uneducated heads, 46 percent. Poverty incidence is lower among households with sub-primary educated heads, 35 percent, among households with primary educated heads, 24 percent in 2002. As the education level of the household head increases household poverty rates decrease continually, falling to just 1 percent among households with a tertiary educated head.



Source: Gunewardena, Dilani (2007).

Poverty rates decrease most clearly when household heads move through the secondary education cycle, from secondary education through to GCE O/L and GCE A/L. This pattern of declining poverty as the education level of the household head increases is supported by studies which show the same decreasing pattern between poverty rates and education levels of principal income earners of households. The higher earnings received by educated household heads or principal income earners help to lift households out of poverty. Various other factors associated with the education levels of households heads, such as better fertility control and smaller family size, more regular employment, and informed consumption choices, are also likely to contribute to lower poverty.

## Education and Economic Welfare of Poor Households

54. The economic welfare levels of families from poor regions are closely related to the education attainment of the household head [Table 16]. A special study of household expenditures among households in the poorest regions of Sri Lanka in the late 1990s showed that consumption levels rose as the education level of the household head.

**Table 16. Multiple Regression Analysis of Economic Welfare, Generalized Least Squares Estimates**

Dependant Variable is the Logarithm of per capita Consumption Expenditures				
Variable	Female Headed Households		Male Headed Households	
	Coefficient	T Ratio	Coefficient	T Ratio
Constant	6.38	134.95	6.54	85.56
<u>Variables related to the head of household</u>				
Age 41-50 years	0.03	0.89	0.04	1.04
Age 51-60 years	0.06	1.61	0.08	1.72
Age 61-70 years	0.11	2.71	0.20	2.82
Age 71-80 years	0.09	1.78	0.11	1.46
Primary education (grades 1-5)	0.08	2.63	0.18	3.18
Junior secondary education (grade 6-9)	0.24	7.12	0.20	3.50
Secondary education (grade 10)	0.28	6.51	0.37	5.88
GCE O/L	0.54	12.45	0.59	8.91
GCE A/L	0.45	7.18	0.88	11.34
Unemployed	0.19	3.49	-0.12	-1.66
Homemaker	0.10	3.36	0.13	1.01
Unable to work	0.10	2.97	-0.04	-0.80
Widow/Widower	0.09	3.96	0.09	-0.36
Separated/ Divorced	-0.09	-2.18	-0.08	0.44
Unmarried	0.10	1.72	0.04	2.20
<u>Household Variables</u>				
Household size	-0.09	-8.23	-0.11	-6.40
Number of primary earners	0.10	5.39	0.08	2.20
Number of secondary earners	0.09	4.41	0.11	3.96
Number of dependants	-0.01	-0.57	-0.09	-1.08
Urban sector	0.29	11.86	0.38	10.97
Estate sector	-0.06	-1.36	-0.05	-1.19
Test Statistics				
Adjusted R <sup>2</sup>		0.22		0.32
F		38.22		30.88
X <sup>2</sup>		[21, 2801]		[21, 1337]
Sample Size		158.41		89.64
		[21]		[21]
		2823		1359

Source: Aturupane, Harsha (1998).

Note: F is a Wald test for joint significance of regression coefficients.

X<sup>2</sup> is the Breusch-Pagan Test for heteroscedasticity.

All 't' values have been estimated using heteroscedasticity consistent standard errors.

increased, among both female and male headed households. All education coefficients from primary education upwards are positively signed and statistically significant. Also, the coefficients increase as the education level improves. The regression coefficients imply that, among male headed households in poor regions, families with primary educated heads consume 20 percent more than households with uneducated heads. This consumption differential increases continuously, with households heads educated up to GCE A/L enjoying consumption levels 142 percent greater. Among female headed families, households with primary educated heads consume 8 percent more than households with uneducated heads. Among households with heads educated up to the GCE O/L, this difference in consumption is 72 percent higher. These findings suggest that poor households enjoy considerable welfare gains from education.

## PART SIX

### THE EDUCATION SECTOR DEVELOPMENT FRAMEWORK AND PROGRAM 2006-2010

55. The national Ministry of Education, in discussion with the Provincial Ministries and Departments of Education, has prepared an over-arching plan for the development of the education sector, the Education Sector Development Framework and Program (ESDFP) 2006-2010, to address the current challenges of the general education system. The consultation process for the preparation of the ESDFP covered government officials, academics and researchers, school communities including principals, teachers and parents, and development partners.

The ESDFP is organized into four themes:

- Theme 1. Promoting Equitable Access to Basic and Secondary Education
- Theme 2. Improving the Quality of Education
- Theme 3. Enhancing the Economic Efficiency and Equity of Resource Allocation
- Theme 4. Strengthening Education Governance and Service Delivery

56. The four themes are complementary and mutually reinforcing. Each theme contains several components which are the strategies through which the goals of the ESDFP are to be achieved. These components are outlined below.

#### **Theme One. Promoting Equitable Access to Basic and Secondary Education**

57. The principal objectives of this theme are to enable all children aged 6-14 years students complete the compulsory basic education cycle (grades 1-9), and to ensure that all students aged 15-18 years have access to secondary education (grades 10-13).

The ESDFP has several strategies to achieve these objectives.

58. **The provision of demand side incentives to attract children into the school system.** The main incentives are the provision of tuition free basic and secondary education in government schools, free school uniforms, free school textbooks from grades 1-11, and subsidized public transport. Further, there are scholarship schemes to support school attendance by children from poor households. In addition, free school meals are offered for children in poor areas. School attendance committees exist, at local level, to locate children aged 6-14 years who are not attending school and discuss with their parents and guardians measures to bring these children back into the education system.

59. **Improving the network of schools to relax geographical constraints to equitable access of good quality basic and secondary education.** The primary school network is largely complete. However, access to good quality secondary

education, especially in the GCE O/L and GCE A/L cycles, is sometimes constrained by the availability of good schools, especially in rural and estate areas. The high quality secondary schools are clustered in cities and large towns in wealthy regions. Under the ESDFP, the network of high quality secondary schools is being broadened to less affluent areas to enhance the equity of access to the full range of secondary school subjects, especially science, mathematics, ICT and English education in the GCE O/L and GCE A/L cycles. This initiative seeks to provide all children in the country with access to the full range of the secondary school curriculum, including the GCE O/L and A/L ICT, science and technology and mathematics streams, over a period of time. The improved secondary schools are also expected to act as centers of excellence for English language teaching and learning, and for ICT education. School completers fluent in subjects such as English, ICT and science and mathematics enjoy better labor market opportunities, as well as higher education prospects. In consequence, the secondary school development program will improve the future economic prospects of students from less prosperous areas of the country.

**60. Strengthening the provision of special education for children with special learning needs.** The ESDFP delivers special education programs to cater for children with special learning needs, including children who have been psychologically affected by the secessionist conflict, or suffer from visual impairment, hearing impairment, learning disabilities, behavioral problems, and multiple disabilities. The ESDFP also seeks to include other non-disabled individuals in special education needs categories. These include street and working children, and child combatants. The wide variance in the classification of school-aged children with special education needs makes this a challenging area.

**61. Strengthening non-formal education programs.** There are adolescents who either never attended school, or dropped out at a young age, and now require skills to work in the labor market. There are several key activities being implemented under the ESDFP to develop the non-formal education system. These include: (a) strengthening the compulsory education requirements through awareness and media programs, activating school attendance committees in local communities, surveying and identifying non-school going children, making arrangements to address the needs of these children, and training staff; (b) strengthening activity learning centers for children requiring basic literacy skills; (c) developing community learning centers; (d) delivering programs for street children; (e) building the capacity of non-formal education project officers; and (f) creating opportunities for further distance mode learning and certification through an Open School.

## **Theme Two. Improving the Quality of Education**

**62.** The main objectives under this theme are to improve education quality by developing the generic skills of students, such as communication, creativity, decision making and problem solving, as well as non-cognitive skills such as adaptability, leadership, initiative, responsibility and team work. There are several policy

initiatives, under this theme of the ESDFP, covering the full school curriculum, teacher development, the examination and testing system, and school textbooks.

63. **Curriculum Re-structuring and Upgrading.** The purpose of this policy measure is to introduce a curriculum approach that better reflects modern international trends in curriculum practice; effectively disseminate curriculum goals, values and aims to stakeholders; orient the education system better to the world of work; and provide implementation support for curriculum upgrading to schools. Initiatives to orient the curriculum to the world of work, which is considered particularly important by policy makers, emphasizes the development of competencies in information and communications technology and the English language, with all students at the end of the secondary cycle expected to achieve competency in General Information Technology and General English.

64. **Teacher Development.** The purpose of the teacher development initiative is to enhance teacher motivation, skills and performance. The government's country-wide network of National Colleges of Education (NCOEs), which provide pre-service teacher education, and Teacher Centers (TCs) and Teacher Training Institutes (TTIs) which provide institution-based continuing teacher training, constitutes a strong foundation for teacher education and training. The new wave of education reforms introduced by the ESDFP focuses policy attention on *teacher development*. This is a wider and higher-level concept than just teacher education and training, which are subsets of teacher development, and include factors such as professional career paths, performance standards, remuneration, and incentives and rewards for teachers. An important feature of teacher development is a system of regular and continuing on-site school based support to teachers. A broad range of human resources, including in-service advisors, teacher educators, university academics, principals and teachers are available to provide on-site school based teacher support to schools. This system is managed and administered mainly by provinces, under policy guidelines, norms and standards set by the Ministry of Education. Under the ESDFP school based on-site teacher development is expected to become the main channel through which the skills and motivation of teachers are enhanced, on a recurring and regular basis, to attain and maintain a high standard of teacher performance.

65. **Modernizing the Examination and Testing System.** The ESDFP, under this initiative, attempts to utilize the examination system as the lever to improve education outcomes. Four key activities are being implemented under the ESDFP towards this objective.

First, examination test items are being designed to construct a Bank of items. The items in this Bank are meant to be compared regularly with the content of examinations in developed and advanced developing countries with similar public examination systems to facilitate the attainment and maintenance of international standards.

Second, the Department of Examinations – National Evaluation and Testing Service (DOE-NETS) is undertaking the preparation, publication and dissemination of examination guidelines for the GCE O/L and GCE A/L public examinations. These guidelines contain specifications of the expected learning competencies at the relevant examinations, and are meant to promote awareness and understanding among schools of the expected standards, and facilitate academic work.

Third, the DOE-NETS is developing its research and evaluation capacity. This is meant to enable DOE-NETS to improve the quality of examinations and assessments, by undertaking studies of examination performance and the contents of examinations, and utilizing the results of these studies into the further development of the examination system.

Fourth, the national public examination system is being reformed to combine centralized examinations at grade 11 (the GCE O/L) and grade 13 (the GCE A/L) with school based assessment (SBA) from grades 6-9. The objective of this reform is to enable the advantages of the certification function of the national GCE O/L and GCE A/L examinations, which enjoy high public confidence, to be combined with the potential benefits of the school based assessment system, which allows continuous monitoring of student performance, and facilitates schools to receive regular feedback and promotes an activity based approach to education, with an emphasis on project work and practical assignments.

66. **Textbook development.** The Education Publications Department is improving the quality of textbooks, with special attention to several important measures. These include the careful reviews of textbook manuscripts, and previously published textbooks, by subject specialists to verify the accuracy of the contents, and editorial reviews to improve presentation. In addition, books are being reviewed by multi-ethnic and multi-religious committees to reduce bias and eliminate material offensive to any ethnic or religious group.

### **Theme Three. Enhancing the Economic Efficiency and Equity of Resource Allocation**

67. The objective of this theme is to improve the efficiency and equity of education resource allocation. The ESDFP contains three policy initiatives to improve achieve these objectives.

68. **Establishing a medium-term budget framework for education.** The main purpose of the medium-term budget framework (MTBF) is to enable multi-year planning and monitoring, at the national, provincial and lower tiers of the education system. The MTBF outlines the budgetary allocations for capital, recurrent and maintenance expenditure over a three-year period. These medium-term budget estimates, which are updated annually, form the resource base for the rolling education development plan. The MTBF seeks to enhance the external efficiency of the education system by prioritizing the allocation of resources to promote human capital

accumulation among school children. Within the MTBF, the allocation formula of the education capital budget prioritizes investment in higher order spaces such as computer centers, libraries, science laboratories, activity rooms, multi-purpose rooms, language resource centers and workshops, and higher-order capital assets such as equipment, technology, machinery and tools. The allocation formula of the recurrent education budget prioritizes investment in higher order processes, especially to improve the competencies and performance of teachers, the management and leadership capabilities of principals and the efficiency and output of education administrators. The MTBF also explicitly incorporates a substantial program for maintenance, repair and replacement activity.

69. **An overarching education sector development plan.** The Ministry of Education and the Provincial Councils, through public consultations, the consolidation of bottom up school based plans, and the preparation of complementary action plans from central, provincial and zonal education authorities, developed a long-term five year education sector development plan for the period 2006-2010. This plan is an indicative, rolling plan that is updated annually, especially in the light of new information from monitoring and evaluation activities, and policy research and analysis. The multi-year plan enables education institutions to prioritize and time sequence their development activities, and work within a broader resource envelope and over a longer time horizon.

70. **A public expenditure and quality education tracking system (PEQETS).** The objective of the public expenditure and quality education tracking system is to promote equity and transparency in resource distribution by tracing the flow of expenditures to, and through, the various levels of the education system such as central education agencies, Provincial Councils, and schools. The PEQETS is expected, in the long-term, to enable policy makers to monitor the extent to which resources intended for various activities, at the different levels of the education system, actually fulfill their intended purpose, and refine resource distribution accordingly. Also, by improving transparency, the PEQETS is expected to promote greater equity in the distribution of resources among education agencies.

#### **Theme Four. Strengthening Education Governance and Service Delivery**

71. The ESDFP, under this theme, is implementing three innovative policy initiatives.

**First, the program is introducing a balanced control model of school based management.** The Program for School Improvement (PSI), is a key policy reform under the ESDFP, to promote the devolution of power and responsibility to the school level. The objective of introducing school based management is to: (a) empower principals and teachers, especially to strengthen their professional motivation and enhance their sense of ownership of the school; (b) enable schools to develop links with local communities and give stakeholders, such as parents and past pupils, greater voice in school affairs; and (c) enable schools to raise resources to supplement the

budgeted funds provided by the government. The balanced control model spreads administrative power evenly between principals, teachers and members of local communities. The implementation experience of the PSI suggests that it is popular among schools.

**Second, organizational analysis and capacity building.** The key element of the organizational capacity building program is to strengthen the use of technology, especially computer technology, in the education system. This includes the use of technology in the preparation and presentation of education plans and budgets, communication through email, and monitoring activities. The general experience is that younger staff are more adept at the use of technology, and more willing to learn and work on modern, technology-intensive equipment.

**Third, the preparation and implementation of a human resource development strategy.** The objective of the human resource development strategy is to provide high quality human resources for the education system, at central, provincial and zonal levels, over the long-term. Particular attention is paid to improving the English language fluency of young education administrators.

### **Monitoring, Evaluation, Research and Studies**

72. The ESDFP has a strong focus on the monitoring and evaluation of results and outcomes. From the commencement of the program the government budget allocated resources for monitoring, evaluation, policy research and analysis. The monitoring and evaluation activities focus on program inputs, processes, outputs, results and outcomes. The monitoring activities are undertaken mainly by government education agencies, such as the Ministry of Education, the Finance Commission, Provincial Councils and the National Institute of Education (NIE). Evaluation activities are generally be contracted out to independent research agencies, such as the National Education Research and Evaluation Center (NEREC) and private consulting firms. Policy research is be undertaken mainly with the assistance of specialized research agencies, such as universities, research centers (including NEREC) and research institutes (including NIE).

## **PART SEVEN**

### **CHALLENGES FOR THE FUTURE**

73. The Sri Lankan education system has developed substantially over the past sixty years. In particular, the country has been successful in providing universal access to primary education and achieving gender parity in education attainment. However, the education system faces several challenges in the future. First, the compulsory education cycle has been defined as grades 1-9 (ages 6-14), and more than 10 percent of children do not complete grade 9. It is important that the basic education completion rate is increased to as close to 100 percent as possible over the medium-term. Second, the quality of education is uneven, with regional disparities. The ESDFP has several promising policy initiatives, which can improve the quality of education over time. However, time is needed to transform teaching and learning processes, especially in rural and estate sector schools. Hence, the reforms and initiatives under the ESDFP will need to be implemented efficiently to speed up their potential impact. Third, education processes are becoming increasingly technology-intensive. Sri Lanka is a lower-middle income country, and it will be difficult for the country to finance investment in capital goods for the education system, on the scale required by modern technology. Relaxing constraints to private investment in education would help increase resources for the education system, but is unlikely over the medium-term given the political economy context of the country. Fourth, the vocational training and technical education system has not received adequate policy attention, and considerable policy development is needed, especially to produce the skills required in the modern global labor market. Fifth, the higher education system also requires policy and program development, especially to provide tertiary education of good quality, and to strengthen the contribution of the universities to the country's economic development.

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