Youth who can find decent jobs have a far better chance of realizing well-being and the full potential of their lives. They gain a source of income, as well as dignity and self-respect. Overall, a productive workforce and high employment rates among all working-age groups are key to national human development.

Sri Lanka has grappled with youth unemployment for several decades, with the portion of youth out of work persistently higher than the national average. Labour statistics, the National Policy on Decent Work, the National Human Resources and Employment Policy, and consultations to formulate the new National Youth Policy have all highlighted youth unemployment as a significant development gap. Concerns among educators and businesses invariably focus on the quality of the labour force. From a human development perspective, unemployment undermines capabilities and limits choices.

Sri Lanka’s efforts to boost youth employability, including through technical and vocational education, have had some positive outcomes, but have not made a substantial impact overall. A continued mismatch between education and labour market requirements sidelines many youth, even as post-war economic recovery has resulted in labour shortages in some services and industries. Deeply entrenched social and cultural patterns of exclusion and discrimination deny some Sri Lankan youth access to both education and jobs. In some cases, they have turned to the streets to express their discontent, including through violent means.

Understanding youth and employment needs to go beyond just a discussion about skills to explore broader factors. These issues call for fresh insights.

More workers, fewer jobs

Sri Lanka’s population growth rate has fallen from 4 percent in the 1950s to around 1 percent currently and is expected to further decline, as birth and death rates both have diminished. Consequences include a shrinking portion of economically active people in the labour force and an increased dependency ratio since there are more elderly citizens. Labour force growth has already slowed; youth participation in the labour market has been low or stagnant. From 2011 to 2013, the labour force participation rate increased only marginally from 53 to 53.8 percent. The portion of employed people in all youth age groups slightly declined.

The private sector continues to be the dominant source of jobs, absorbing nearly 40 percent of the employed, although its share has declined in the past decade from 46 percent. Employment generation has risen only in the public sector and among the self-employed, though marginally. A major question is whether or not the economy, particularly its formal sectors, is generating enough jobs. While unemployment is officially only 4.4 percent, the current national definition of employment is very broad. It includes those working a minimum of one hour during the reference week, meaning there is a strong possibility that widespread under-employment could be undermining prospects for many workers. More than 20 percent of employed persons who are willing to work 35 hours or more in a week do not have opportunities to do so.

Persons available and/or looking for work, and who did not work and have taken steps to find a job during [the] last four weeks and are ready to accept a job given a work opportunity within [the] next two weeks are said to be unemployed

- Department of Census and Statistics 2012 -
Declining youth participation in the labour market and consistently high youth unemployment have occurred despite increased investments in education, and technical and vocational facilities, as well as measures such as the 2007 National Action Plan on Youth Employment, the 2014 National Youth Policy, the 2006 National Policy on Decent Work, and the 2009 National Policy Framework on Higher Education and Technical and Vocational Education. There is a need to critically examine why youth are losing out, including by analysing the challenges they face through their own perspectives, as captured in the National Youth Survey 2013.

Youth aged 15 to 19 years, a sizeable 16.6 percent leave school early in search of employment. Most are young men with poor vocational skills. The lack of schools, increased educational costs, being unsuccessful in lower secondary education, and the need to contribute to family income are some of the reasons young people abandon their education.

All over the world, countries struggle to get young people into jobs. Globally, of the estimated 1.2 billion young people between the ages of 15 and 24 years, around 73 million were unemployed in 2013. Nearly 600 million new jobs need to be generated in the next 10 years to absorb those who are currently unemployed and the 40 million estimated entrants to job markets. The Asia-Pacific region, with 60 percent of the world’s youth population, has an average youth unemployment rate of around 11 percent, more than double the rate of the total working-age population. Bangladesh alone may need to generate at least 2.25 million jobs per year to accommodate new labour market entrants.

<table>
<thead>
<tr>
<th>Age group (years)</th>
<th>Total (%)</th>
<th>Male (%)</th>
<th>Female (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sri Lanka</td>
<td>53.8</td>
<td>74.8</td>
<td>35.8</td>
</tr>
<tr>
<td>15-19</td>
<td>16.6</td>
<td>23.6</td>
<td>10.1</td>
</tr>
<tr>
<td>20-24</td>
<td>56.0</td>
<td>72.6</td>
<td>39.4</td>
</tr>
<tr>
<td>25-29</td>
<td>65.9</td>
<td>92.2</td>
<td>46.2</td>
</tr>
</tbody>
</table>

Source: Department of Census and Statistics, 2013, third quarter.

Youth confront considerable obstacles

Young people face considerable obstacles in the labour market, especially young women, whose participation rates are particularly low (table 3.1). The national labour force participation rates for youth aged 20 to 24 years and 25 to 29 years are 56 percent and 65.9 percent, respectively, compared to around 70 percent for older age groups. Among

<table>
<thead>
<tr>
<th>YEAR</th>
<th>15-19 years (%)</th>
<th>20-24 years (%)</th>
<th>25-29 years (%)</th>
<th>30-39 years (%)</th>
<th>40+ years (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>17.5</td>
<td>39.3</td>
<td>21.5</td>
<td>11.9</td>
<td>9.8</td>
</tr>
<tr>
<td>2007</td>
<td>15.7</td>
<td>41.2</td>
<td>19.7</td>
<td>13.1</td>
<td>10.4</td>
</tr>
<tr>
<td>2008</td>
<td>15.8</td>
<td>38.4</td>
<td>21.5</td>
<td>13.6</td>
<td>10.6</td>
</tr>
<tr>
<td>2009</td>
<td>14.5</td>
<td>37.5</td>
<td>21.3</td>
<td>15.1</td>
<td>11.6</td>
</tr>
<tr>
<td>2010</td>
<td>14.8</td>
<td>38.7</td>
<td>21.2</td>
<td>14.7</td>
<td>10.6</td>
</tr>
<tr>
<td>2011</td>
<td>12.8</td>
<td>42.5</td>
<td>20.6</td>
<td>15.6</td>
<td>8.5</td>
</tr>
<tr>
<td>2012</td>
<td>14.2</td>
<td>40.6</td>
<td>18.8</td>
<td>15.6</td>
<td>10.7</td>
</tr>
<tr>
<td>2013Q1</td>
<td>12.9</td>
<td>42.0</td>
<td>17.7</td>
<td>13.9</td>
<td>13.4</td>
</tr>
<tr>
<td>2013Q2</td>
<td>15.7</td>
<td>42.3</td>
<td>15.8</td>
<td>16.8</td>
<td>9.5</td>
</tr>
<tr>
<td>2013Q3</td>
<td>14.6</td>
<td>36.4</td>
<td>18.4</td>
<td>16.1</td>
<td>14.5</td>
</tr>
</tbody>
</table>

Source: Department of Census and Statistics, 2013.

1: Excluding Northern and Eastern provinces
2: Including Eastern Province but excluding Northern Province
3: All districts included
Labour statistics indicate that Sri Lanka’s unemployment rate for youth aged 20 to 24 years has been around 40 percent since 2006, showing a slight decline in the last year to 36 percent\(^3\) (table 3.2). By contrast, overall unemployment declined by 50 percent in the past eight years. Despite higher rates of youth unemployment than its South Asian neighbours, Sri Lanka has a better record of reducing it over the past two decades. Afghanistan, India and the Maldives have experienced slight increases in unemployment, while Bangladesh, Nepal and Pakistan have achieved marginal improvements\(^4\) (table 3.3).

Data from the National Youth Survey 2013 presented in figure 3.1 show that, among respondents, only 41.6 percent, excluding full-time students, have full-time employment, either temporary or permanent. The portion of youth seeking employment was 17.8 percent. A further 10 percent of employed youth were also looking for work, signifying the possibility of under-employment. Around 19 percent of respondents were not satisfied with their current jobs, and a further 15.5 percent engaged exclusively in unpaid household work. These findings indicate that young people in significant numbers may be vulnerable to the lack of stable employment.

For youth to find their first jobs, earlier studies showed it took over 50 percent of youth a year.\(^5\) According to the National Youth Survey 2013, this situation has improved. Nearly 73 percent of respondents said they found employment within 12 months. Almost 43 percent did so within six months (figure 3.2). Among those who found employment within a year, nearly 85 percent had vocational training, reinforcing the rationale to promote this kind of education.

**Table 3.3: Sri Lanka has reduced youth unemployment faster than its neighbours**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nepal</td>
<td>3.4</td>
<td>6.2</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>8.1</td>
<td>9.0</td>
<td>8.2</td>
<td>8.9</td>
</tr>
<tr>
<td>India</td>
<td>9.0</td>
<td>9.0</td>
<td>10.2</td>
<td>9.7</td>
</tr>
<tr>
<td>Pakistan</td>
<td>10.2</td>
<td>13.6</td>
<td>8.0</td>
<td>8.2</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>18.5</td>
<td>18.1</td>
<td>19.5</td>
<td>19.5</td>
</tr>
<tr>
<td>Maldives</td>
<td>21.1</td>
<td>23.8</td>
<td>25.4</td>
<td>25.1</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>42.8</td>
<td>24.9</td>
<td>18.8</td>
<td>18.5</td>
</tr>
</tbody>
</table>

Source: World Development Indicators 2014.
In general, however, the transition from school to work continues to be a rocky one, for a variety of reasons. As discussed in this chapter, they include a lack of marketable skills, inadequate formal private sector jobs, youth aspirations that exceed actual capabilities, low levels of entrepreneurship, and deeply entrenched social factors of class, ethnicity and caste.

Other reasons include a reluctance among youth to choose certain jobs due to low social status, high expectations that lead youth to wait until preferred jobs appear, the unavailability of labour market information, insufficient skills to develop self-employment and prolonged family support. These problems need a concerted response involving both educational and macroeconomic reforms, and changes in labour market institutions to better align skills and employment creation. See box 3.1 for a successful experience in Peru.

**BOX 3.1: PERU’S ACTION PLAN FOR YOUTH EMPLOYMENT**

Despite significant economic expansion between 2000 and 2010, two out of every three unemployed persons in Peru in 2010 were young people, four out of every five young employed persons worked in precarious jobs, and 56 percent of youth would have left the country if given the chance. The government responded by adopting a national employment policy (2010–2014) that assigns priority to youth employment. More than 380,000 young people were assisted by the end of 2012.

Building on the findings of national surveys, the government introduced several reforms: a reduction in ‘red tape’ and costs relating to job applications through a free single certificate that contains all required information; skills training and work experience programmes; modernization of career guidance services; establishment of a training programme targeting young entrepreneurs; development of an information system that simplifies market assessments; and creation of an information and orientation service for young people working (or planning to work) abroad.

Source: Adapted from ILO 2012b.
A persistent gender gap

Young women’s participation in the labour market is less than half that of young men, a gender gap (table 3.4) that persists despite young women’s higher levels of education. Low involvement in the older age cohort of 25 to 29 years implies that young women face difficulty getting jobs even after completing their studies. Among National Youth Survey 2013 respondents, close to 60 percent of unemployed youth were women (figure 3.3). While gender stereotyping confines women to certain types of jobs, their participation is affected by a multitude of other factors that include lack of understanding of or exposure to different employment options, employer preference for males, the choices of their family or spouse, or the need to balance work and family responsibilities. Safety concerns linked to moving outside the home environment are widespread among young women and their families. For foreign employment, however, the determination to overcome poverty releases women to make choices outside normal socio-cultural tendencies, away from the inhibitions of their own country.

...I have heard about some vocational courses in the town, but my parents don’t allow me to go there; we don’t have frequent bus service; I have to go in the morning and can get back only in the evening; I have no place to stay in the town...

Young Woman, Focus Group Discussion, Northern Province

Table 3.4: In rural and urban areas, men dominate the workforce

<table>
<thead>
<tr>
<th>Age group</th>
<th>Total labour force participation rate</th>
<th>Male (%)</th>
<th>Female (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>47.2</td>
<td>66.8</td>
<td>29.9</td>
</tr>
<tr>
<td>15-19</td>
<td>14.8</td>
<td>20.8</td>
<td>6.7</td>
</tr>
<tr>
<td>20-24</td>
<td>54.7</td>
<td>73.6</td>
<td>37.7</td>
</tr>
<tr>
<td>25-29</td>
<td>64.6</td>
<td>94.0</td>
<td>39.4</td>
</tr>
<tr>
<td>Urban</td>
<td>43.7</td>
<td>63.4</td>
<td>26.4</td>
</tr>
<tr>
<td>15-19</td>
<td>10.9</td>
<td>14.8</td>
<td>6.7</td>
</tr>
<tr>
<td>20-24</td>
<td>54.0</td>
<td>67.2</td>
<td>40.5</td>
</tr>
<tr>
<td>25-29</td>
<td>61.0</td>
<td>92.6</td>
<td>36.3</td>
</tr>
<tr>
<td>Rural</td>
<td>48.0</td>
<td>67.5</td>
<td>30.6</td>
</tr>
<tr>
<td>15-19</td>
<td>15.7</td>
<td>22.2</td>
<td>9.1</td>
</tr>
<tr>
<td>20-24</td>
<td>54.9</td>
<td>5.2</td>
<td>37.1</td>
</tr>
<tr>
<td>25-29</td>
<td>65.3</td>
<td>94.3</td>
<td>40.1</td>
</tr>
</tbody>
</table>


Figure 3.3: Women’s unemployment rates far exceed those of men

Since much of what defines women’s low labour force participation is deeply cultural, changes in gender relations are necessary over the long run, supported through appropriate programmes in educational institutions and workplaces. In the short and medium term, other initiatives are needed to meet young women’s financial and protection needs, and boost their confidence and willingness to pursue education and employment choices. More targeted interventions could improve skills. Training with job placement assistance, and business development skills matched by greater access to microfinance are proven strategies, as found, for instance, in Liberia (box 3.2).

BOX 3.2: ECONOMIC EMPOWERMENT OF ADOLESCENT GIRLS IN LIBERIA

The Economic Empowerment of Adolescent Girls and Young Women project aims to increase employment and income among 2,500 Liberian women aged 16 to 27 years. It provides six months of training and six months of follow-up activities under two different curricula: skills training for wage employment, combined with job placement assistance; and business development skills combined with links to microfinance. Mentorship is provided from the third month of training, which encompasses technical, professional and behavioural skills, as well as life skills to reduce social vulnerability. The training is market driven, and training providers are hired under performance-based contracts.

An evaluation found that the programme had significantly improved labour market outcomes, particularly employment rates. The likelihood of working after the training was 67 percent, compared to 45 percent for young women who did not take part. The impacts were even greater for girls trained on business development compared to wage employment. The experience provides strong evidence that skills training can be an effective policy option for increasing employment among young women.

Job options vary by location

Regional disparities in Sri Lanka mean some youth have more job options than others. Unemployment and under-employment have traditionally been widespread across provinces except the Western and Central ones, which have a high concentration of economic activities. Low labour force participation, poor skills and a dwindling agricultural sector, which dominates the economy in many regions, are some of the reasons for regional disparities. Conflict plays a role as well.

Among National Youth Survey 2013 respondents, 44 percent of the employed came from the Western and Central provinces (figure 3.4). Youth were more likely to be out of the workforce in the Uva, North and Eastern provinces, affected by poverty and conflict. In the North, the overall unemployment rate may be as high as 20 percent, with under-employment hovering at around 30 percent.

Figure 3.4: Youth employment is higher in some regions than others

Unemployment is particularly severe in certain areas. The overall 2012 unemployment rate for the Kilinochchi district was 7.2 percent, while Mullaitivu recorded 6.8 percent, higher than the national average of 3.9 percent. Both districts are still recovering from a prolonged conflict. Other districts with high rates were Kandy at 7.2 percent and Matara at 7 percent.

The National Youth Survey 2013 confirmed that the provinces of the North, East and South are struggling to provide jobs, including to youth. Up to 50 percent of survey respondents from these provinces reported they were looking for work. Uva and Sabarakamuwa provinces also face challenges. Among districts, Hambantota, Monaragala and Trincomalee have higher youth unemployment.

Post-war economic recovery has not boosted employment in most cases. New enterprises registered with the Board of Investment were mainly in Colombo from 2009 to 2010. A more deliberate approach to infrastructure reconstruction could be supported through new enterprise development initiatives that take into consideration regional resources and needs.

Vocational education falls short

Sri Lanka is transitioning from an agricultural economy based on low skills and wages, and oriented around exports. It aims to become a knowledge-based, higher value economy, but to get there requires more advanced skills and a capable workforce.

Reforming vocational training is one move to increase employability, and to connect the quality and relevance of skills to industry growth and greater employment.

The National Youth Survey 2013 found that many young people consider vocational education unattractive. While 85 percent of survey respondents said that vocational training is important to securing a job, 62 percent have not taken any vocational courses. The courses are designed based on the skill requirements of services, industry and agriculture, according to the Ministry of Youth Affairs and Skills Development.

**Box 3.3: Egypt’s Education and Employment Alliance Programme**

Egypt’s Education and Employment Alliance programme develops partnerships among public, private and NGO entities. These pilot and expand innovative approaches to closing education and employment gaps for young Egyptians.

Activities fall into two main categories: career development centres on the campuses of a number of Egyptian public universities, and “one-stop shops” for youth development in national youth centres in different villages. The programme has provided demand-driven training in basic life skills as well as technical skills, such as computer literacy, Web design, information and communications technology, office management, and other competencies. Offerings have also included career counseling and mentoring, and entrepreneurship training.

An evaluation found that both types of centres have evolved from simple job matching to career development programmes. The university centres aid in areas such as career exploration and counseling, soft skills and language training, and student assessment. The one-stop shops reach out-of-school youth as well as students in secondary schools and technical institutes who are eager to build their workplace readiness.

But youth prefer higher skilled, professional employment, creating a discrepancy between labour market needs and jobs sought by youth. Educated youth tend to aspire to professional employment; the less educated aim to work in computer operation, administration and clerical fields. Among survey respondents, 48.7 percent said they would prefer a skilled job (Figure 3.5). They viewed the mid-level skills generally imparted by vocational courses unfavourably. This attitude links to that of the general labour force, where people traditionally aspire to white collar jobs.

While certain skills have helped young people establish self-employment or migrate abroad for work, prevailing attitudes combined with a perceived lack of economic benefits from vocational training seem important in reducing demand for courses, even if they are available and accessible. The recent formation of the University of Vocational Technology may be a step forward in National Human Resources and Employment Policy, could be helpful as well.

Vocational courses are not reaching the vast majority of youth, for a variety of reasons. Awareness of available courses tends to be minimal to start, particularly among rural youth. Although many courses are offered free of charge or at affordable rates, transport and costs related to studying, including the opportunity costs of foregoing labour, pose additional constraints. Institutes in many regions have few human resources and cannot offer some popular courses. For young women, finding accommodation close to vocational training centres is a major consideration. Many women end up in courses equipping them mainly for informal, home-based employment.

The strong presence of the government in vocational education may curb incentives for improvements through private sector investment. A recent study in Turkey found that vocational training by private providers has a stronger impact on employability, since these providers are more responsive to the heterogeneous needs of industry. This finding underlines the strong case for the Government to shift its intervention from directly providing vocational education to supporting youth in gaining access to industry-led vocational courses, in addition to its role in quality assurance and accreditation. There can also be positive impacts from linking regional vocational and technical institutions to local small and medium enterprises.

![Figure 3.5: Youth strongly prefer skilled and professional jobs](image-url)

The lack of a level playing field

In the National Youth Survey 2013, around 60 percent of respondents said that job opportunities are available but not without constraints. Forty percent said their major source of information on jobs is newspapers, while 30 percent noted that social networks played a considerable role (figure 3.6). Youth said that qualifications, skills in information and communications technology (ICT), English language fluency and training experience are important in securing employment. Yet for public sector jobs, they listed other factors—54.4 percent pointed to political connections, 34 percent to recommendations from professionals and 30 percent to family connections, which young people often do not have (figure 3.7). The situation is similar for the private sector. The lack of a level playing field fosters a sense of discrimination.

"We do not get government jobs; these are given to those supporting the dominant political party and to those from certain regions where the politicians come from; qualified people do not get these jobs, they are discriminated (against). Some private sector companies also engage in such practices."  
Young Men, Focus Group Discussion, Uva Province

Diminishing the strong-hold of class and status can be challenging. In the private sector, a starting point is to promote jobs in micro, small and medium enterprises, where entry may be less restrictive. In some Southeast Asian countries, as a comparative example, these enterprises make up more than 90 percent of all domestic firms and 75 to 90 percent of the non-agricultural workforce. They provide a supplier basis that can support the success and productivity of large international corporations, becoming the essential foundation of their operations. For this, Sri Lanka needs to focus on economic diversification and increased access to these kinds of enterprises, with specific initiatives to encourage youth.

Around 10 percent of National Youth Survey 2013 respondents said they preferred to be self-employed. But they face challenges in establishing themselves, including in accessing finance to invest in entrepreneurial activities. Most are not considered credit-worthy because of their lack of collateral, skills and experience. Since targeted programmes to assist them are mostly lacking, the implementation of previous policies suggesting these, such as the Action Plan on Youth Employment, would be a step forward. A few existing financial schemes to promote
self-employment among young people with vocational skills have limited outreach, particularly those under the state-managed banks. Prerequisites such as a suitable physical location and a well-drafted business plan are hard for youth to satisfy.

Youth in general lack basic financial literacy, another barrier to participating in the formal financial system. Many look at the limited income and market access of other self-employed youth, particularly in rural areas, and feel discouraged from initiating business activities. Poor interaction and coordination among potential supporters, such as the district chambers of commerce, also retard the growth of youth enterprises. Expanding self-employment requires widespread promotion of entrepreneurship, the introduction of entrepreneurship principles into education, access to low-cost finance and networking among different business actors.

I got training in making leather products, through an NGO; a few of my friends also got training; but we have no capital to start a business as a group; banks won’t give us credit.

Young Man, Focus Group Discussion, Northern Province

The 2006 National Policy for Decent Work recommends interventions to change negative attitudes towards jobs involving manual labour, and the general rejection of entrepreneurship and self-employment. The 2014 National Youth Policy also calls for promoting self-employment and entrepreneurship by facilitating links with regional chambers of commerce so that young people have access to mentoring and other forms of support.

The National Human Resources and Employment Policy proposes entrepreneurship development programmes, and credit and business development services for enterprises that maintain decent work standards. These programmes need to be more youth friendly, for instance, by simplifying administrative procedures that facilitate formal business ownership for the self-employed. Additional incentives might focus on skills training.

Aspirations limit choices

“I would like to be a school teacher; that will give me a lot of flexibility to take care of work at home.”

Young Woman, Focus Group Discussion, Central Province

Youth aspirations and preferences significantly affect employment prospects. Traditionally, there
has been a greater preference for employment within the public sector, despite lower wages than in private firms. The stability and prestige associated with the public sector inhibits young people from diversifying their employment options or setting up their own enterprises. In parallel, however, is widespread dissatisfaction over how public employment opportunities are distributed. Increased politicization has greatly disillusioned young people across the country about the prospect of finding jobs based on merit. The significant drop in minorities in the public sector is due to Sinhala being the primary language used there.

The National Youth Survey 2013 revealed a perception among minority youth that links discrimination with public sector jobs, and a feeling that they can do very little to improve the situation. For youth who are self-employed or engaged in various trades, problems in accessing markets because of language barriers negatively affect their ability to build businesses.

Swayed by social norms, youth tend to limit career choices within traditionally popular categories. Previous studies found that about 28 percent of school-going adolescents were not certain of their future goals, while 36 percent aimed at popular professional areas such as medicine, engineering and accounting. While boys have relatively more choices compared to girls, both tend to focus on a few categories such as computers, administration, education and clerical work. Without adequate educational opportunities in these areas, some youth prefer to migrate abroad, expecting to earn higher incomes, rather than choosing low-paid local jobs.

Youth in general were far less enthused about employment in agriculture or self-employment, largely because of irregular patterns of income and concern with risks. Youth from farming households said they were reluctant to invest in farming because of frequent crop failures, increased costs for inputs and uncertainty in market access. Agriculture continues to play a crucial role in providing employment to a sizable portion of the workforce, however. Among those contributing their labour to their family, 65 percent were in agriculture, as were 44 percent of self-employed people. Young men and women in farming households mostly contributed to family labour to maintain a subsistence living.

Despite low educational achievements, survey respondents expressed high aspirations for full-time, highly paid jobs in the formal sector. Rural youth, particularly women, however, said they were willing to accept low-skilled work in manufacturing if it was locally available. A significant 47 percent of youth, mostly men, were willing to move internally for jobs. Specific interventions to improve access to finance and markets could help youth actively engage in livelihood activities in their localities, which could in turn minimize youth unemployment and improve attitudes to entrepreneurial activities.

A major gap in helping youth make employment choices is the lack of career guidance facilities. Nearly 41 percent of survey respondents reported that there are no such facilities in their locality; almost 44 percent said they do not know if one exists near them. While some sectors have career guidance facilities, their quality and relevance could be improved to reflect the changing job market. An additional deficiency is the lack of personnel skilled in delivering career guidance services. Beyond creating new institutions, such as one-stop career centres, the necessary human resource pool could be expanded, including through public-private partnerships.
Venturing abroad

I don’t know about vocational courses, but I like to go abroad because I can earn more.

Young Man, Focus Group Discussion, Central Province

Foreign employment remains a key source of foreign exchange for Sri Lanka, bringing in nearly US $6 billion annually through remittances, or almost 35 percent of the foreign exchange requirement. Sending labour abroad also helps reduce the unemployment rate, and diminishes pressure on authorities from people otherwise without jobs, especially youth.

According to the Bureau of Foreign Employment, 35 percent of Sri Lankans going overseas are between the ages of 15 and 29. Recent studies have suggested that youth consider migration a serious option for improving their lives. In 2011, 87,509 youth between the ages of 20 and 29 years migrated for employment. A further 3,615 below age 20 also migrated. Thirty-three percent of all people migrating for employment were in these age groups.

Among those below the age of 20 years, 697 were women. In the 20 to 24 age category, 13,294 were women, as were 20,278 of those in the 24 to 29 age group. Although fewer women migrate, they are more vulnerable due to age, educational level and lack of life skills. Limited information to make informed choices has been a problem for many. Even if information is available, women cannot always use it prudently due to poor functional literacy.

Gender differences in skill levels are wide. While only women migrate for domestic work, considerably more men migrate for professional, clerical and other skilled jobs, and for semi-skilled jobs. Women of all age groups primarily migrate to become housemaids, with the largest number going to the Arab States—they comprise close to 50 percent of the entire migrant workforce.

Perceptions about migration among youth are influenced by what they see around them. Households with members abroad often prosper, although there are cases of failure. In the focus group discussions for the National Youth Survey 2013, youth tended to argue that, though not desirous, even migration for unskilled work can improve their family’s economic conditions more rapidly than can investing in education locally, either vocational or another form.

The National Youth Survey 2013 found that 88 percent of respondents preferred foreign employment, in either a professional or skilled category, but only 21 percent had acquired the necessary qualifications. Not surprisingly, 75 percent of those seeking foreign employment came from rural areas where job opportunities are rare (figure 3.8). Data for 2009 indicated that Sri Lanka was able to meet only around 30 percent of the overseas employment demand, in part because it lacks global labour market information to guide investments in the right skills.
To promote labour migration, the Government offers a range of incentives including subsidized housing loans through state banks, support for children’s education and ready access in villages to foreign employment services. The new thinking is to encourage the poor to migrate, but protection issues with respect to migrant workers as well as the families they leave behind remain largely unaddressed. The National Labour Migration Policy for Sri Lanka has discussed various forms of vulnerability and rights violations, such as harassment and abuse at the work place, that need to be seriously understood as part of safeguarding citizens who seek foreign employment to escape poverty. Social costs that can outweigh the benefits of migration, such as the lack of care, protection and education of children of migrant families, also need to be considered.

The National Human Resources and Employment Policy envisages a mechanism to educate youth about overseas skills requirements, since those with limited skills are vulnerable to exploitation, particularly in countries with poor working conditions. Developing better skills depends in part on modernized vocational education and collaboration with overseas partners offering diverse skills training.

**Limited ICT and English skills**

*Most of the job advertisements want us to be knowledgeable in computer usage and English; there are no proper courses or teachers; I can’t show any certificate on that.*

*Young Woman, Focus Group Discussion, Central Province*

In the National Youth Survey 2013, respondents said acquiring ICT and English language skills increased chances for employment, in urban and rural areas. But even though youth seek these skills wherever possible, it is not clear that they actually boost employability. Nearly 62 percent of survey respondents did not have the chance to acquire those skills.

Use of computers for learning remains low. More than 60 percent of survey respondents reported that they have never or rarely used a computer for education or learning. Only a handful of youth reported using computers regularly. Similar patterns applied to education-related use of the Internet, email and mobile phones, and to use of these technologies for employment or livelihoods. Eighty percent of youth believed that ICT in general increasingly helps them in accessing information.

According to the National Youth Survey 2013, among 84 percent of youth seeking employment, usage of ICT was low, implying a lack of practical application of ICT skills in learning and productive activities, although these evidently help them to be informed and connected. Much ICT usage is for social interactions, according to the survey focus group discussions. Promoting job-related applications of ICT skills in education, inside and outside schools, could improve access to employment and further education, and help the workforce become more competitive locally and globally.
With regard to English skills, youth, in general, do not rate highly their ability to communicate in this language. Only around 25 percent of survey respondents reported having confidence in their English language skills. Youth in rural areas, on estates, and who are members of minorities said they feel greatly constrained in accessing formal employment due to poor English. A lack of facilities, particularly teachers and learning materials, and few opportunities to regularly speak the language hinder fluency. The education dimensions of acquiring ICT and English skills are discussed in more detail in chapter 2.

**Policy perspectives: integrated actions build a supportive environment**

Youth participation in the labour market has slightly improved in the past decade, but challenges persist. Youth unemployment results from mismatched skills; excessive numbers of workers seeking certain jobs; and limited information on jobs available or qualifications required. Though each of these factors calls for a different solution, an integrated intervention combining training with vocational skills guidance, labour market information and job search assistance would, help more youth find suitable work. A policy dialogue on youth employment may also be important. It could be geared towards strengthening youth interventions based on sound analysis of the impact and effectiveness of existing youth-oriented policies and programmes, and towards closing gaps through innovative and cost-effective interventions.

A lack of information on the job market is a serious impediment. As recognized in the National Human Resources and Employment Policy, it could be addressed by periodically surveying enterprises to determine which economic sectors are growing, which occupations are needed, which skills are needed, and what kinds of training are warranted. Information generated through such surveys could then be disseminated through career guidance centres, job service centres and other relevant institutions so that youth can make informed choices. This would eventually help many see the rewards of investing in skills and higher education that better meet demands.

More broadly, economic growth policies need to seriously consider pro-employment strategies as also envisaged by the National Human Resources and Employment Policy. While Sri Lanka’s economy is largely composed of small and medium enterprises, most are in the services sector. Promoting them in agriculture and industry could boost employment opportunities for youth. Sri Lanka also needs predictable policies to attract foreign direct investment that brings in technology, supports industries, creates local demand for skilled jobs and aids the transformation to a knowledge economy. Currently, foreign direct investment is around US $1 billion against a projected US $2 billion for 2013, with a large share flowing into infrastructure. Attracting investment in manufacturing is particularly vital for job creation and increased employment opportunities for young people.

Specific efforts need to balance youth aspirations against labour market realities. High aspirations, mostly shaped by cultural perceptions and parental hopes, are not necessarily based on correct information. One positive aspect is that youth seek higher education. But for them to benefit from diverse employment opportunities, they need adequate knowledge about the kinds of jobs available. Introducing them to the world of work while in school, and making this part of their learning and assessment, could encourage attitudinal changes toward different career options. Incorporating labour market and entrepreneurship studies in curricula, and increasing career guidance could further improve the situation. Further, minimum wage provisions in the Shop and Office Act need to be implemented, as noted in the National Human Resources and Employment Policy, and a wage-setting system linked to productivity put in place.

Negative attitudes about vocational training could be addressed through the school curricula to increase the likelihood of students choosing these courses, particularly in a context where a significant 40 percent of unemployed people have only a 6th to 10th grade education. The National Action Plan on Youth Employment recommends
incorporating internships and mentoring programmes for youth at the higher secondary level to foster the transition to work. Other valuable measures would be to modernize school curricula to include training on entrepreneurship, and to consider exposure to workplaces as part of learning and assessment at the higher secondary level.

Vocational education may need to be broader in scope; provide skills for diverse fields in services, agriculture and manufacturing; and do more to appeal to students from different educational backgrounds. Outreach could be improved through active provincial education efforts. For example, the Vocational, Education and Training Plan, implemented by the International Labour Organization (ILO) in Sabaragamuwa Province with provincial authorities, took career guidance to over 15,000 young people in the most vulnerable area of the country. This and other innovative initiatives could be replicated elsewhere, helping to achieve existing commitments under the National Policy on Vocational Education and Training Provision for Vulnerable People. Support specifically for young women could help them overcome barriers related to financing and concerns about safety. Skills development initiatives could be guided by positive experiences, such as those linking training with small and medium enterprises.

Robust collaboration among the education, labour and industrial fields could do much to boost the relevance of skills education. Existing public-private partnerships need to be scaled up and made more strategic, perhaps catalysed by the chambers of commerce. They also need to reach out to young people in a more practical way, promoting young entrepreneurs and business leaders, and inspiring youth to develop positive attitudes to business. Enhancing organizations such as Youth Business Sri Lanka, which helps young people start businesses by providing mentoring and access to credit, could help the chambers engage more youth across the country. State support for low-cost finance is also important.

Public-private partnerships can be one strategy to improve skills development. More comprehensive actions are also needed to reform tertiary education, as envisaged in the National Policy on Higher Education and Tertiary and Vocational Education. These measures include diversifying academic programmes and aiming at higher order skills to make the workforce globally competitive. The Government could also identify priority public-private partnerships vital for developing skills and higher education, and develop an incentive mechanism to leverage private sector support. Partnership with the non-profit sector could provide additional leverage.

Youth increasingly aspire to secure foreign employment, but face vulnerabilities related to age, gender and low levels of skills. Steps could be taken to improve the provision of skills that are in demand in host countries, and to give youth more information about social and legal conditions in destination countries. Specifically targeting rural youth for employment opportunities within Sri Lanka would help mitigate their movement towards urban centres and potentially unsafe migration abroad.
Many youth live in regions generating only minimal employment opportunities and lacking modern education. Detailed mapping of regional challenges and opportunities could back specific strategies to improve the employability of young people. Specific regional needs could be considered not only in terms of skills, but also in promoting enterprise development, particularly labour-intensive small and medium businesses that can readily absorb youth. While 80 percent of Sri Lanka’s economy comprises these enterprises, most are in the services sector. The potential to develop them in agriculture and industry could be explored. With more training on entrepreneurship and access to credit facilities, youth could better integrate in value chains, particularly in agriculture, which is still a major source of employment, absorbing around 30 percent of the workforce. Youth could be encouraged in particular to venture into higher value areas such as agricultural processing and marketing.

Decentralizing the design and delivery of vocational courses to the regions could make course more responsive to specific labour market requirements and improve outreach. More actions are needed to extend vocational education to youth in regions with a deficit of facilities. Links among provincial vocational institutions, chambers of commerce and provincial authorities could help develop training based on regional demand.

Finally, in conflict-affected areas, collaboration with non-profit organizations could help reach vulnerable segments of youth, including former combatants. Initiatives on livelihood development supported by the Local Empowerment through Economic Development Project of the ILO with the Ministry of Labour and Labour Relations could be further enhanced to include more grass-roots youth. This initiative aims at supporting local enterprises and re-establishing market linkages with the private sector and cooperatives, which were severely disrupted during the conflict.