

Sri Lanka
State of the Economy Report 2013

Chapter 5
Investing in the Future: Maximizing Sri Lanka's
Youth Potential

by
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5. Investing in the Future: Maximizing Sri Lanka's Youth Potential

5.1 Introduction

Youth are an important asset in realizing a country's development aspirations. If fully harnessed with access to quality education, healthcare, employment, and financial resources, the youth of a country can play an innovative role in furthering the human and economic development efforts of a country. Investing in youth, therefore, is critical. These investment commitments will yield a high return as the youth are essentially the future leaders of a nation.

Indeed, as Sri Lanka aims to work towards a transition to an upper middle income economy, many of the changes driving modern economies up the income ladder – technological innovation and globalization – benefit the skilled and educated youth of a country. At the same time, the youth have to be equipped with the necessary skills to enhance their capacity to engage in the development activities of the country. A constant monitoring and evaluation of progress is essential to ensure that youth are given the necessary access to the country's physical and social infrastructure so that they are full partners in the social mobility that comes with higher income growth. While there are many evaluation frameworks in place to look at these issues, the Millennium Development Goals (MDGs) stand as a popular and accepted universal framework. The purpose of such frameworks is to help galvanize development efforts and guide countries to achieve their national development priorities.

The conventional MDGs cover all age groups. The goals are: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, Malaria and other diseases; ensure environmental sustainability; and develop a global partnership for development. The youth are represented

Sri Lanka stands as an example of youth development for South Asia, especially in reducing youth poverty and unemployment, and addressing youth reconciliation

in many of these MDGs. The most important and relevant are those that cover unemployment, poverty, education and health. It is not that other MGD areas are not as important, but these four MDG are the most important in providing access to youth to effectively contribute to the human and economic growth of a country.

The current MDG targets are set for 2015, and Sri Lanka is on track to achieve many of them. For example, Sri Lanka is on track to achieve the targets of halving of poverty, universal primary education enrolment, universal water supply and basic sanitation, promotion of gender equality and empowerment of women, targets on skilled birth attendance and antenatal care, reduction of tuberculosis prevalence, and reduction in the consumption of ozone-depleting substances.¹ However, it is important to also explore how these MDGs in the areas of unemployment, poverty, education and health, are realized by the youth of Sri Lanka.

The current 2015 MDGs are likely to be revised and new goals put in place for the post-2015 period. Therefore, while it is important to look at the realization of the MDGs related to youth focusing on the targets set for 2015, Sri Lanka needs to be mindful of the post-2015 development agenda as well. One of the interesting new goals for the post-2015 development agenda are in the areas of peace building and post-conflict recovery. Given Sri Lanka's country context, this is an important post-2015 agenda item. Recovering from 30 years of war, Sri Lanka needs to explore the ways in which it can achieve successful post-conflict recovery, while building peace in the previously conflict-affected Northern and Eastern Provinces of the country. The youth of these areas have a bigger role to play in making sure that the country's post-conflict development is

achieved in a sustainable fashion, and that the North and East region makes an equal contribution to the human and economic development of the country.

The post-2015 agenda also has special emphasis on further reducing unemployment, eradicating poverty, increasing employability, promoting entrepreneurship, and also eradicating issues such as substance abuse and teenage pregnancy. These are again directly linked to youth as they fall within the key age group that will be targeted by these development priorities. Therefore, all these suggest that the post-2015 development agenda is also important for Sri Lanka, with youth as a key target group.

5.2 Youth Policies of Sri Lanka

Whatever the political regime, youth and their development have always been a priority of successive governments in Sri Lanka, offering universal free health care and education. Despite the many efforts, however, Sri Lanka witnessed violence related to youth-led social unrest in the early 1970s and the late 1980s. In many ways, perceptions of lack of access to economic opportunities fuelled these rebellions. Indeed, Sri Lanka has long suffered from high rates of educated youth unemployment in the country.

The GoSL has over time attempted to address issues of particular concern to youth. A National Youth Services Council (NYSC) has been in existence since 1969, and was strengthened through the National Youth Services Act 69 of 1979. A Ministry of Youth was also established in 1979, and a Presidential Commission on Youth was appointed in 1989 to examine the causes for youth discontent, disquiet and unrest that contributed to social unrest in the country during 1987-89, and to make suitable recommendations to resolve outstanding issues. The govern-

² IPS (2010), "Millennium Development Goals Country Report 2008/09", Institute of Policy Studies of Sri Lanka, Colombo.

ment also launched the "Tharuna Aruna" programme in 1997 to provide a subsidy to the private sector to hire graduates among other things. A National Youth Corps was established in 2003. Although Sri Lanka did not have a policy for youth, several youth focused initiatives have been in existence for several years. One such initiative is the Youth Employment Network (YEN), initially placed under the National Planning Department and later shifted to the Ministry of Labour Relations and Foreign Employment. At the moment, the YEN is under the Ministry of Youth Affairs and Skills Development (MYASD). The YEN serves as a coordination and information center consisting of government, employers' and workers' organizations, non-governmental organizations, and youth organizations. The YEN focuses on four priorities – employability, equal opportunities, entrepreneurship, and employment creation (known as the 'Four Es'). Initiatives such as YEN were intended to promote decent and productive work among the youth in Sri Lanka with the objective of eradicating poverty.²

However, given limited resources and multiple demands needing government attention, there have been constraints on budgetary allocations to direct programmes especially targeting the youth. In particular, when youth development is looked at, it is essential to bear in mind that Sri Lanka is only now coming out of a costly 30 year conflict. During the post-conflict development efforts, the GoSL has made provisions for special institutional set-ups to help develop youth and allow them to actively participate in policy development processes. The MYASD is the main government institution that is responsible for youth development in Sri Lanka. The ministry conducts its mandated activities with a view to formulating national youth policies to implement youth development

initiatives. In turn, these are expected to help develop youth as future leaders. This is hoped to be achieved by providing access to vocational and technical training, improving the entrepreneurial and leadership skills of youth, and enhancing the socio-cultural activities of youth.

The MYASD is empowered by several other institutions that look at different aspects of youth development. These entities operate under the purview of the ministry and are, the NYSC, Vocational Training Authority (VTA), University of Vocational Technology (UNIVOTEC), Department of Technical Education and Training (DTET), Tertiary and Vocational Education Commission (TVEC), National Apprentice and Industrial Training Authority (NAITA), National Institute of Business Management (NIBM), Skill Development Fund Limited (SDFL), Ceylon-German Technical Training Institute (CGTTI), National Human Resource Development Council (NHRDC), National Youth Service Co-operative (NYSCO), National Institute of Fisheries and Nautical Engineering (NIFNE), Ocean University of Sri Lanka (OUSL), Sri Lanka Youth, National Youth Corps, and the Youth Service Company Ltd.

The MYASAD was successful in finalizing a draft of a 'National Youth Policy for Sri Lanka' in 2013. This aims to develop the full potential of young people to enable their active participation in national development for a just and equitable society. The draft policy is equipped with seven policy objectives: (1) build the capacity of young people to meaningfully engage in the national development process; (2) enhance the participation of youth in the economy; (3) instill a sense of social responsibility and social cohesion among young people, while recognizing and respecting diversities of ethnicity,

² YEN Secretariat (2006), 'Strategic Assessment and Policy Recommendations for National Action Plan for Employment', Colombo, Sri Lanka.

culture, religion, language and lifestyles in the country; (4) develop the potential of youth to challenge all forms of discrimination and exploitation; (5) develop supportive families and communities for the protection, growth and development of youth; (6) promote health and wellbeing among young people; and finally (7) facilitate a coordinated response to youth development and youth work among state, non-state organizations as well as families and communities. With reference to the first policy objective, the MYASD initiated the "Youth Parliament" in 2011, to enable youth to actively participate in policy debates and to groom future political leaders (Box 5.1).

Youth have significant attributes which makes them the pivotal in realizing the MDGs now

and in the post 2015 agenda. Youth are energetic, they are motivated, and have the amazing ability to collate and organize. Youth societies are proof of these characteristics. Undoubtedly, Sri Lanka has one of the strongest NYSC in the region. The NYSC is home to many youth, and every year more than 15,000 youth register and are engaged in education and development activities. These youth stand as examples in many ways, especially in developing their characters as responsible citizens and future leaders that would guarantee the human and economic growth of the country. However none of these can be achieved without an effective institutional setup and policy framework.

The rest of the Chapter explores the realization of MDG indicators by youth, focusing

Box 5.1

Sri Lanka Youth Parliament

The year 1985 marked the beginning of a new era for youth, by having it declared as the 'Year of Youth'. As a part of the 25th celebration of this landmark, in 2011, Sri Lanka launched its first ever 'Youth Parliament'. Following the theme of 'Dialogue and Mutual Understanding', the Sri Lanka Youth Parliament held its first session on 16th July 2011, with the objective of building a platform for Sri Lankan youth to discuss and reason out critical policy issues facing the country. The first Youth Parliament comprised of 332 elected members. These representatives were elected to represent ministries, which are more or less similar to the ministries of the national Parliament. The ministries were named after consultations with the youth representatives. They identified the following subject areas as most important: Ministry of Vocational Technology, Ministry of Sports, Ministry of Innovation and Research, Ministry of Co-existence, Ministry of Cultural Affairs, Ministry of Citizens Relations, Ministry of Education, Ministry of Internal Youth Solidarity, Ministry of Planning, Ministry of Human and Capital Resource Provisions, Ministry of National Youth Policy Provisions, Ministry of Media and Information Technology, and finally, the Ministry of Protection of the Mother Earth.

Members of the Youth Parliament came through 'youth societies'. Therefore, they have well established links with the Sri Lankan youth, and had a sound understanding of youth related issues in the country. Thus, the Youth Parliament was conducive to the expression of diverse opinions, suggestions, and debate. Members of the Parliament were able to bring in different perspectives to the discussion, viz., urban and rural, gender, different ethnicities and religions, etc., and bring forward clear recommendations for future action. However, one major drawback of the first Youth Parliament as perceived by its members, was that the recommendations made by them were never published, and the national Parliament failed either to adopt or evaluate these recommendations. Therefore, one of the main objectives of the second Youth Parliament of 2013 is to publish the recommendations for public review as well as making them available for evaluation and consideration by the national Parliament.

on the areas of youth and unemployment, poverty, education, and health.

5.3 Youth and Unemployment

Sri Lanka has historically recorded a high rate of youth unemployment, well above the national rate of unemployment. Several explanations have been put forth to explain this phenomenon, the most common being that of a 'skill mismatch'.³ According to this explanation, the Sri Lankan education system produces skills that are not valued by employers, while raising the expectations of those who acquire them. Therefore, the unemployed are not attracted to the existing vacancies, and the employers are not interested in the existing work force. Another explanation is that the youth are more interested in public sector jobs compared to other sectors. The public sector jobs are more secure and are perceived to be more attractive in terms of benefits such as training and development, as well as the 'prestige' factor. Therefore, youth who have reasonable educational qualifications are more interested in public sector jobs and are willing to hold on until such job opportunities open. This explanation was proposed by Glewwe (1987) and was discussed in more detail by Dickens and Lang (1996).⁴ The latter claim that Sri Lankan public sector jobs are actually created with the deliberate intention of alleviating the country's unemployment problem. It is also argued that labour market regulations such as the TEWA enacted in 1971 deters the expansion of formal private sector jobs whereby any absorption of more than 15 workers brings such firms into tighter labour market regulations.⁵ Additionally, economic growth has not necessarily translated into the creation of productive employ-

ment opportunities for youth. The jobs created are considered to be of low quality in terms of benefits and job security, and hence are not attractive to many of the youth.⁶

The following section analyzes certain employment related youth indicators for Sri Lanka – i.e., youth unemployment, youth labor force participation, and youth at wage employment. All the indicators are computed using two data sets from the DCS – the HIES, and Labour Force Survey (LFS). Indicators are computed using data base of 2006/07 and 2009/10 for comparison purposes. While the 2009/10 HIES data set includes both the Eastern and Northern Provinces, the 2006/07 does not include the Northern Province. Additionally, qualitative information collected through focus group discussions (FGDs) done with youth from the North and East of Sri Lanka is also used for the analysis. These FGDs represented youth in reconciliation; youth in the estate sector; youth in secondary, university, and vocational education; disable youth; youth in entrepreneurship; and finally youth in the Youth Parliament. These FGDs was conducted by the IPS in collaboration with the MYASD, as a part of on-going research on "Commitment of Sri Lanka in Effective and Meaningful Participation of Youth in Realizing the MDGs".

5.3.1 Issues of Unemployment

The percentage of the total youth labour force that is economically inactive but actively seeking employment, and is willing to work, is referred to as the youth unemployment rate. The youth unemployment rate was recorded at 17 per cent during 2006, and was reduced to 15 per cent by 2010 (Figure 5.1). For the same periods, the youth unemploy-

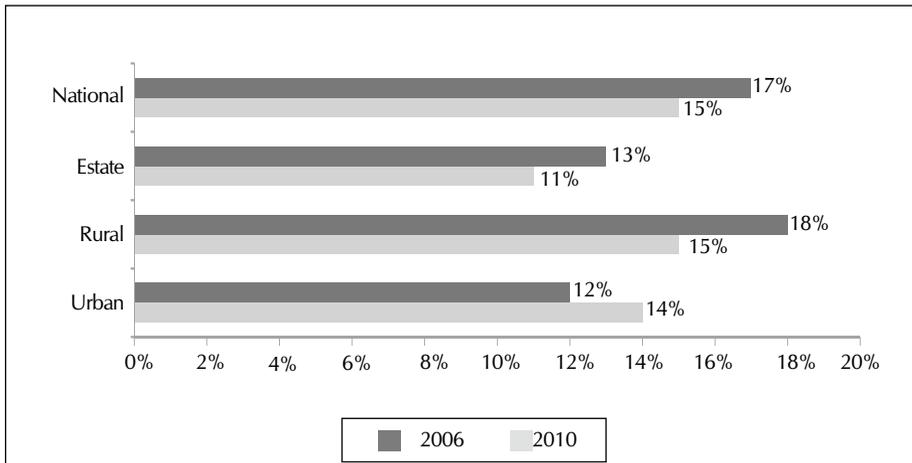
³ Seers, D., (1971), "Matching Employment Opportunities and Expectations, International Labour Office, Geneva.

⁴ See Glewwe, P., (1987): "Unemployment in Developing Countries: Economist's Models in Light of Evidence from Sri Lanka", *International Economic Journal*, Vol. 1, No. 4, pp. 1-17; Dickens, W.T and K. Lang (1996), "An Analysis of the Nature of Unemployment in Sri Lanka", *Journal of Development Studies*, Vol. 31, No. 4, pp. 620-636.

⁵ Rama, M., (1999), "The Sri Lanka Unemployment Problem Revisited", The World Bank Development Research Group, Washington, D.C.

⁶ Iburgun, C., (2004), "Poverty and Youth Issues in Sri Lanka", Briefing Paper Series No 4, Center for Poverty Analysis, Colombo.

Figure 5.1
Youth Unemployment Rate



Source: Compiled using data from DCS, HIES data for 2006/07 and 2009/10.

ment rate reduced from 13 per cent to 11 per cent in the estate sector, and from 18 per cent to 15 per cent in the rural sector. However, the youth unemployment rate rose from 12 per cent to 14 per cent in the urban sector. Youth unemployment rates have decreased from 2006 to 2010 for the Western, Southern, North Western, North Central, Uva, and Sabaragamuwa Provinces. However, the rates have increased over time for the Central Province.

Sri Lanka records an urbanization rate of 23-43 per cent,⁷ and over the years many youth from the estates and rural sectors migrated to urban areas in search of work. However, it is not that easy to find employment and, specifically, permanent employment. Therefore, at any given time, there is a high number of unemployed youth in the urban sector. At the same time, youth that migrate to urban areas for education purposes is also high. With both state and private university education institutions which promote foreign

external degrees, as well as vocational education centres clustered around urban areas, there is a higher proportion of youth in the urban areas who are not employed but instead engaged in studies, compared to other areas. For example, the VTA has many vocational training and education centers all around the country. However, demanding programmes such as food process technology, quantity survey, video production technology and mechatronics, is only available in the VTA centers in Colombo, Gampaha, and Kandy. Similarly, the UNIVOTEC is located in Colombo, and students must come there for the National Vocational Qualification (NVQ).

However, on a positive note, the government is at the moment in the process of establishing 25 university colleges under the UNIVOTEC, where students will have access to all the programmes in demand mentioned earlier. The UNIVOTEC currently offers both full time and part time programmes.

⁷ DCS (2012), "Census of Population and Housing 2011 - Preliminary Report." Colombo.

A majority of the students at the UNIVOTEC are full time resident students and are not allowed to be employed until they finish the three year programme. At the same time, initiatives are in place to establish fully functioning vocational education centers in the North and East. Even though these initiatives reduce the number of youth being employed at a given time, it is a positive feature that youth invest time and money on education, since the acquisition of knowledge and skills is important for long term sustainable development.

"I came to UNIVOTEC from Badulla... a lot of my friends are from the Central Province. We are here for three years, and during that time we work only for six months, which is during our industrial training. We are all full time students and we are not allowed to be employed. If you want to be employed and work, then you have to follow the weekend classes and that programme is long and costly"- A Student from UNIVOTEC.

Comparatively, youth unemployment was high in the estate sector during both 2006 and 2010. Since the Central Province accounts for a majority of the estate sector, this would explain the youth unemployment rates in the Central Province.

"Most of youth in the estate sector migrate to urban areas to look for jobs. They mainly go to work at textile factories, hotels, and as labour in households. There are some who migrate to the Middle East for jobs. The remaining youth, especially the females, are forced to go and work in the tea estates. Some youth have started their own business, such as cultivating vegetables, driving three wheelers, and operating boutiques. But still there are a lot who still do not have jobs"- An estate sector youth representing Badulla District.

The FGDs among youth suggest that there is an issue of skill mismatch. The skills that youth acquire are not in line with job availability. For example, students who enter the arts stream at the universities have a hard time obtaining jobs since their curriculums are not up-to-date, and does not address what the job market requires. This is more dominant in the private sector compared to the public sector. The public sector seems to provide opportunities regardless of the educational stream that youth have followed. Being profit oriented, the private sector appears to be much more selective in skills that youth have obtained. The FGDs further suggest that university students are more concerned about government sector jobs simply because they are seen as more stable, offer better opportunities for training and development, and interestingly are also perceived to be less stressful. The students appear to be willing to hold out on employment opportunities in the private sector for future employment in the public sector, even though the pay may be less. Most youth see private sector employment as competitive, requiring hard work and not as secure, since most private organizations operate on contract basis. However, the FGDs also suggest that public sector opportunities have their own weaknesses such as low pay and mismatch between the educational qualifications and job responsibilities.

"I think youth like public sector jobs since they are less stressful and they give you enough time and flexibility to do other things. There are many holidays and you have a fixed eight hours to work. There is always the opportunity to deal with other family matters such as taking your children to school. I have seen graduates in government institutes who are doing jobs that do not cover their respective bachelor education. There are graduates who have left good private sector jobs since they are so demanding"- A member of Youth Parliament representing Kalutara District.

The FGDs among youth from the North and East suggest that youth have issues in finding employments in their localities. A majority of youth are reluctant to go back to agriculture or fisheries since it generates less economic rent. Many come to urban areas, but find themselves unemployed or holding poor quality jobs. Most youth stressed the point that they want to earn money as soon as possible, given that they have missed a lot of time and are not encouraged to go back to education. Therefore, youth who migrate out of the North and East, as well as those who stay back, are both facing a dilemma in securing quality employment.

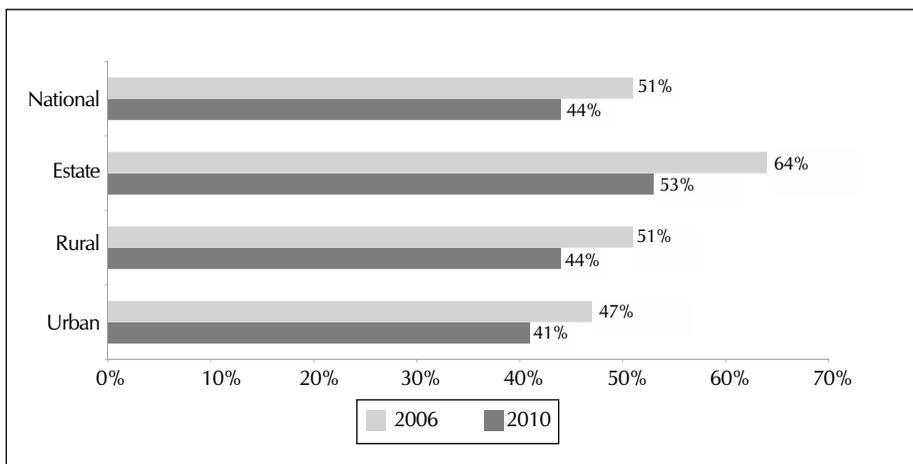
The labour force participation rates among youth have declined from 51 per cent in 2006 to 44 per cent in 2010 (Figure 5.2). This trend extends across the sectors also. The youth labour force participation rates in the urban sector declined from 47 per cent to 41 per cent from 2006 to 2010, and the rate declined in the rural sector from 51 per cent to 44 per cent, and the rate declined in the estate sector from 64 per cent to 53 per cent.

sector, where it dropped from 64 per cent to 53 per cent. Excluding the Northern Province, the lowest labour force participation rate (approximately 38 per cent) was recorded in the Eastern Province in 2010. The youth labour force participation showed a decreasing trend for all the other provinces during 2006 to 2010.

At the national level, the decrease in the labour force participation rate could be due to the low level of employment of youth as they spend more years in education instead of joining the work force. While this is decreasing the current level of the labor force participation rate, investing in education, as mentioned earlier, is a positive thing which could pay-off in the long run. However, other issues discussed earlier such as skill mismatch, and foregoing private sector jobs in favor of future public sector jobs, could also explain the reduced youth labor force participation.

"There is a growing interest among youth to pursue further study. Even though they cannot pass O/L they still go for educa-

Figure 5.2
Youth Labour Force Participation Rate



Source: Compiled using data from DCS, HIES data for 2006/07 and 2009/10.

tion through vocational training centres. Almost everyone who has done A/L and cannot go to the university is again engaged in vocational education and other types of professional training courses. Even the students who were selected for the universities are doing more courses until the university starts. Therefore, more youth are at study rather than working" - An undergraduate student representing the University of Colombo.

The estate sector youth, as suggested by the FGDs, seem to enter the labour force at a very early stage of their youth. This could be due to the income constraints that these families face.

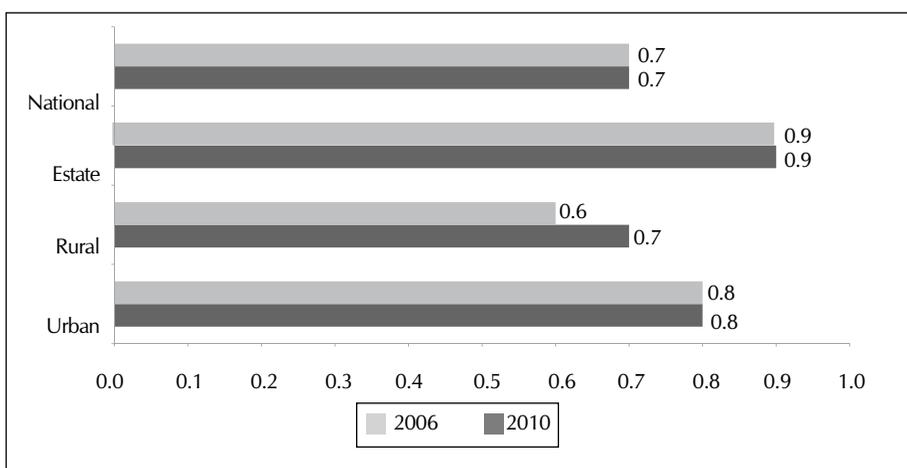
The estate sector youth are confronted with limited earning avenues that constrain their income earning capacities, and with large family sizes, they tend to push young children to work at early stages.

"Estate sector youth are doing jobs in many areas. They are not necessarily working in the estate. Some cultivate vegetables and some migrate to urban areas for jobs.

The youth drop out of school at very early stages to find employment so that they can support their families. Most of the time, the elder child will drop out from school and go to work if the family has more than three children. Therefore, it is common to see most of the youth trying to earn some money. The sustainability of these jobs and the earning capacity is in question, but anything is better than nothing. Therefore, they continue to start working at very early stages of their young lives" - An estate sector youth representing the Gampola District.

The youth at wage employment is defined as the proportion of youth who are working for a salary. Wage employment is important since it demonstrates some element of job security, guaranteeing a certain pay for a given time period. This time period varies, based on whether it is the private sector or public sector, where wage employment in the latter is more permanent. The youth in wage employment has not changed significantly over time, although a slight increase is evident in the rural sector (Figure 5.3).

Figure 5.3
Youth at Wage Employment to Total Youth Employed



Source: Compiled using data from DCS, HIES data for 2006/07 and 2009/10.

The youth who are at wage employment, especially those who are at the government, private and non-governmental organization (NGO) sectors increased after events such as the December 2004 Tsunami and the conclusion of Sri Lanka's armed conflict. For instance, many job opportunities were created by the NGO/INGOs after the Tsunami,⁸ but these lasted only for a few years as related NGO/INGOs phased out their operations in Sri Lanka. Some of the organizations that started in Sri Lanka after the Tsunami continued their work in the post-conflict era. Significant numbers of employment opportunities were also created by the government, especially by recruiting unemployed graduates to government institutions. Wage employment also includes casual work. The availability of casual work for youth has also increased over time with the infrastructure development going on in the country. However, the overall changes in the youth on wage employment are not significant.

"The government gave a lot of job opportunities to graduates. Many of them were recruited for regional government institutions. However, there are mismatches in some of those jobs. Some graduates were not given appointment in areas where they have been trained through the university system. Yet, it is important that they were given the chance to participate in the development agenda of the country in one way or the other, rather than wasting their valuable education" - A member of the Youth Parliament representing the Gampaha District.

The estate sector youth are keener on wage employment as opposed to entrepreneurship. This could be due to the financial and skills constraints that they have. With limited capital and collateral, the estate sector youth are

moving more towards finding wage employment. However, a majority of these wage employment is not permanent and represent casual labor employment opportunities.

"In the estate sector, youth have only a few options. Either you work in the estate, do vegetable cultivation and farming, or else migrate to urban areas looking for jobs. The youth mainly migrate to work in hotels, houses as housemaids, and to work in textile factories. There is a proportion that migrates to Middle East also. Therefore, the youth who start up their own enterprises are very few and a majority are dependent on wage employment" - An estate sector youth representing the Kandy District.

Small and medium enterprises (SMEs) are one of the main employment generators for youth at the urban, rural, and estate sectors. Today, there are better opportunities for youth to start-up their own businesses than before, especially since the end of the armed conflict. Whilst there is assistance extended towards improving SME opportunities for youth, there are also some bottle-necks. The FGDs suggest that youth in the North and East were optimistic about starting businesses just after the conflict ended, hoping that the government expenditure on road development, and outreach by the banking sector would help them. However, many youth believe that this has not been the case. The banking system is still heavily concentrated on collateral, and hence even if improved transport access carries goods produced in the North and East to Colombo, the SMEs are constrained by low availability of financing.

At the same time, the government has begun initiatives to start up new industrialized zones

⁸ Rodrigo, C., (2010), "Employee Motivation: What Factors Motivate Employees to Work in Nongovernmental Organizations (NGO) in Sri Lanka: A Study According to Maslow's Hierarchy of Needs Model", *International Journal of Interdisciplinary Social Sciences*, Vol. 5, No. 4, pp.197-212.

such as the Achchuveli Industrial Zone, to facilitate SMEs in the Northern Province, and these efforts will be expanded in to the Eastern Province also. The objective of these interventions was to provide SMEs a chance to start-up business with the full support of the government, through both operational, as well as financial assistance. Further, government assistance is also envisaged by way of helping SMEs to establish marketing channels so that their produces could also be exported in the long run.

"The youth in the North are quite excited about the initiatives such as Achchuveli Industrial Zone. It will facilitate more than 50 SMEs in the area and will be a good opportunity for youth entrepreneurs to develop. These initiatives will develop the rest of the area also, with the provision of water, electricity, and infrastructure. The youth SMEs outside the zone can also develop new business ventures to supply materials and provide transportation. For example, there are SMEs in the zone that produce fruit drinks and pulps. This can be an opportunity for other youth to establish links to supply the required fruits" - A youth representing Jaffna District.

There is an influx of educated youth starting their own enterprises. A majority of them have realized the importance of starting such ventures to ensure financial independence, as well as flexibility. Wage employment at the private sector is seen as less flexible, demanding and competitive, while government sector pay is considered to be lower. SMEs on the other hand are seen as providing youth with the opportunity to master what they like, and earn money in the process.

"There are many university students who have started SMEs in all parts of the country. They have got together and started their business while they were in the

university, so by the time they graduate, their business is stable and they have paved their own path to earn money. This is now being introduced to schools also where students at O/L and A/L are encouraged to start up innovative enterprises. Examples are manufacturing CFL bulbs, website designing, and doing research. There are youth led enterprises which do data collection and analysis for major research companies in Sri Lanka" - An entrepreneur still studying at the University of Moratuwa.

Vocational training is one of the key elements in the development of SMEs. This training helps youth to develop their skills which can be applied later to earn money in the form of an enterprise. This training is mainly given through the VTA by way of the NVQ qualification, and youth can even earn a degree from UNIVOTEC. However, it should be noted that the vocational training and education covers only a part of the SME sectors.

"Most students come to the VTA to get the skills they want to start their own business. For example, once a youth gets a NVQ qualification in motor mechanics, there is very little chance that he would go and work for a motor repair shop in Sri Lanka. Most of the time he would start his own enterprise, or else there is a pretty good chance that they migrate, since the NVQ certification is valid in foreign countries" - A student representing the UNIVOTEC.

While there are positive aspects regarding the SME sector for youth, there are constraints as identified by the FGDs. First is the ability of youth to obtain financial assistance. Whilst it has already been mentioned that financing is an issue in the North and East, this is also common to the whole country. The FGDs suggest that most youth are keen to start businesses but are unable to do so due to this fact. Banks require collateral in order give

financial assistance, but most youth entrepreneurs are not able to meet these conditions. Therefore, it has been a constant challenge for youth to secure finances from banks which pushes them towards informal sector finances with higher interest rates. In such an event, the sustainability of the enterprise becomes questionable. Additionally, youth entrepreneurs lack financial management capabilities, and are not able to ensure the sustainability of their ventures. Furthermore, the youth also tend to follow trends in starting up new businesses without doing proper feasibility studies. Youth entrepreneurs in this aspect fail to understand the viability of the enterprises and the potential competition it might face in reality.

5.4 Youth and Poverty

The youth play a significant role in the broad discussion on poverty in Sri Lanka. At the moment, poverty is estimated mostly in terms of income poverty. However, it should be noted that poverty is multidimensional, and should ideally be based on income as well as non-income terms. Therefore, poverty is not solely a function of income, but rather it is a function of income, health, education, gender, and many other factors.⁹ However, the complexities in analyzing multidimensional poverty in quantitative terms have constrained studies to rely on income poverty alone. Yet, qualitative information allows the drawing of a broader picture incorporating other dimensions of poverty to a certain extent.

Studies show that only a small portion of unemployed youth comes from the most disadvantaged households. Therefore, poor youth are less likely to be unemployed. However, poor youth end up attracting low quality jobs

with less pay, which push them towards a vicious cycle of poverty. Waiting for secure jobs, mostly in the government sector puts a greater burden on poor families. As a result, they tend to be attracted to whatever employment opportunity is available without much chance of bargaining for a higher pay. The inability to spend on education, at least to acquire vocational education, can also constrain poor youth from attracting secure and well-paid jobs.

Poor households are characterized by low levels of health and sanitation. Malnutrition and exposure to other communicable diseases constrain poor youth from acquiring a proper education, while also weakening their physical strength. Furthermore, living in insecure environments, especially in former conflict-affected areas, have caused poor youth to be less ready for the work force, and increased the levels of poverty among them.¹⁰ Therefore, youth become poor not only because they are not capable of obtaining employment, but because their educational, health, and situational conditions might prevent them from acquiring the comparative advantages to attract quality jobs.

Based on HIES data, approximately 14.6 per cent of Sri Lankan youth were below the poverty line during 2006/07. This figure has reduced to 8.9 per cent by 2009/10, reflecting the overall poverty reduction in the country during these two periods (from 15.2 per cent in 2006/07 to 8.9 per cent in 2009/10). Again, reflecting national trends, youth poverty remains high in the estate sector, while urban poverty is the lowest. During 2006/07, the percentage of youth below the official poverty line in the estate sector stood at 29.4 per cent, 15.1 per cent in the rural sec-

⁹ Iburgun, C., (2004), "Poverty and Youth Issues in Sri Lanka", Briefing Paper Series No 4, Center for Poverty Analysis, Colombo.

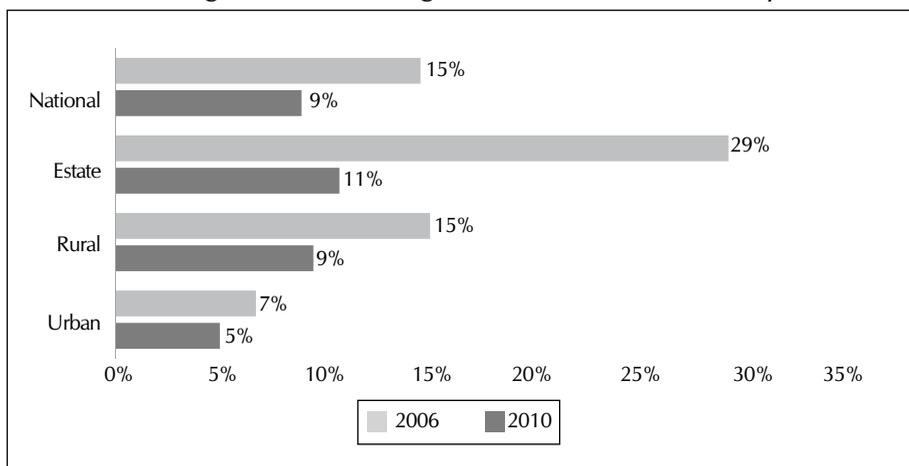
¹⁰ Samaraweera, C.G., (2010), "Economic and Social Assessment of Poverty Alleviation Programmes in Sri Lanka, Special Reference to the Gemidiriya Community Development and Livelihood Improvement Project", *Journal of Emerging Trends in Economics and Management Science*, Vol. 1, No. 1, pp. 60-65.

tor, and 6.7 per cent in the urban sector. All these showed significant improvements by 2009/10. The percentage of youth below the official poverty line in the estate sector was reduced to 10.7 per cent, 9.5 per cent in the rural sector, and 5.1 per cent in the urban sector (Figure 5.4). Therefore, income poverty among youth has reduced over time in all the sectors. These results are attributable to the government's attempts to reduce poverty in the country as a whole, and it is satisfactory to see that the youth of the country also received the benefits of these efforts. However, especially in the estate sector, poor youth face far more challenges compared to youth in the urban and rural sectors. The involvement of politically influential characters such as 'thalevars' in the lives of estate sector youth can constrain them from receiving poverty related assistance and even engaging in entrepreneurial activities.¹¹

"We appreciate the development that happened throughout the past decade to eradicate poverty in our areas. However, poverty in these areas is still high. More needs to be done. We have conveyed our situation to all the politicians personally and through 'thalevars.' However there are questions about the transparency, especially when thalevars' are involved in taking our message to the political leaders. We would appreciate to receive any assistance related to poverty through government officials" - An estate sector youth representing the Nuwara-Eliya District.

One important dimension of poverty is its regional disparity. Poverty across different areas vary based on many factors such as access to employment, access to health and education, infrastructure facilities, family size, etc. Like in any other country, poverty among youth in Sri Lanka varies based on the province. Comparing 2006/07 and 2009/

Figure 5.4
Percentage of Youth Living below the Official Poverty Line



Source: Compiled using data from DCS, HIES data for 2006/07 and 2009/10.

¹¹ Thalevars are political representatives of local politicians in the estate sector. They act as mediators between the local people and local politicians. Since they are appointed by local political leaders, there is a tendency to follow the political agendas of particular politicians.

10, poverty in all provinces, except the Eastern Province, saw a reduction over time. Among the provinces, the percentage of youth under the official poverty line is high in Uva, Sabaragamuwa, and Central Provinces. The percentage is lowest for the Western Province. During 2006/07, only Uva, Sabaragamuwa, North Central, and Central Provinces recorded poverty levels higher than the national level for that time period. However, in 2009/10, except for the Western Province, poverty levels of all the other provinces were higher than the national level. The Samurdhi and Gemidiriya programmes were the main interventions by the government to reduce poverty in Sri Lanka. However, the Eastern and Northern Provinces saw only limited interventions due to the on-going conflict during this critical period, exacerbating poverty among youth in these provinces.

As explained earlier, the poor and vulnerable in some sectors are eager to find employment, rather than spending money and time on acquiring education, mainly because their parents are not in a position to support them. This has pushed them to take on low quality jobs with less pay that will not allow them to save any money. Leaving education early and entering the workforce is common in the estate sector in particular, compared to other sectors.

"I wanted to do A/L or a vocational education but my parents could not support my education. Therefore, after O/L, I went to Kandy with my cousin to work in a construction site. I do not earn enough money to send home or save, but can manage my needs. I need to find a job soon where I can earn more money, otherwise I will not be able to have a family" - An estate sector youth representing the Kandy District.

The rural and estate sector poor households are frequently faced with malnutrition and other communicable disease threats. There-

fore, while income poverty might have reduced in these sectors, non-income poverty, especially related to health is high in the estate and the rural sectors.

"Malnutrition is high among poor households in the estate sector and the rural sector. Youth in these poor households have gone through many episodes of these health issues and they are physically affected. Therefore, sometimes they are not capable of holding on to jobs. They mostly get blue collar jobs that require them to work hard, but health issues from time to time have caused them to fail at their employment. They might have a job, but the quality of the job that they are doing is determined by their health conditions"- A member of the Youth Parliament representing the Monaragala District.

Therefore, while government efforts over the past several years have helped to reduce income poverty among the youth of Sri Lanka across sectors, much more needs to be done. Even though income poverty has reduced, poverty caused by educational constraints, health conditions, and situational conditions such as exposure to conflict, is visible. Therefore, the youth of Sri Lanka are by and large victims of multidimensional poverty, in addition to income poverty.

5.5. Youth and Education

Youth is the period between childhood and adulthood. This period of life is considered as one of the most dynamic stages of life, turning one's vision into reality. The process of setting goals impacts the entire continuum of the lifespan. In achieving these goals, realistic, self-aware, critical thinking abilities, and decision-making skills are needed. Hence, a good education is a must. Sri Lanka's educational policies are quite comprehensive. The O/L and A/L examinations are very competitive and they are set to high standards, whereby the education system in Sri Lanka is

well recognized among other developing and developed countries.

According to an adolescent survey in Sri Lanka, 72 per cent of adolescents (aged 14-19 years) had a future goal set.¹² More than a half of the adolescents wanted to enter traditionally popular professions such as teachers, doctors, engineers, and accountants. However, the survey findings suggest that the stated ambitions are mostly governed by parental influence and traditional norms that prevail in society, rather than decisions arrived at after considering their own talents. Only about a quarter of the respondents had considered their talents in setting their future goals.

The youth related educational indicators for Sri Lanka discussed in the following section are both qualitative as well as quantitative. They capture the educational aspects of youth, mainly the equal opportunity for education and school to work transition.

5.5.1 Educational Opportunities for Youth

Equitable quality education is essential if young people are to acquire the skills which they need to achieve their future goals. Sri Lanka has committed to providing free access to education for decades. It is clear that great progress has been made, indicated by Sri Lanka's position with regards to the 'Education for All' goals set by the MDGs. However, much remains to be done. While Sri Lanka has long been recognized for its achievements in access to education, it faces new challenges in providing quality education services that are relevant to the changing demands of a rapidly growing economy and life styles of people.

Although more than 50 per cent of the adolescents aspire to be teachers, doctors, engi-

neers, etc., many students discontinue school education due to poor performance at the national level examinations. Each year, about 400,000 students sit for O/L, but only 50 to 60 per cent of them qualify to sit for A/L (Table 5.1). Those who have passed O-Levels continue on to A-Levels for two years. When selecting a subject stream in A/L, these students do not appear to have a proper idea about the type of job opportunities available in the labour market.

"When we were schooling, we were caught up by the trend. Most of the time, we selected the A/L subjects which were chosen by our friends. We were not aware about it. Sometimes, it might not be matched with our talents." - A student studying at UNIVOTEC.

Each year, slightly above 200,000 students sit for A/L, but only 40 to 60 per cent of them qualify to enter public universities. Thus each year, about 200,000 and 90,000 students leave the school system without succeeding at the O/L and A/L examinations, respectively. This is further highlighted in Table 5.1.

The country's higher education system leaves out hundreds of thousands of young people from obtaining a higher education. Due to the limited number of placements in the state funded universities, only 17 per cent of those who qualify for university education gain admission to state universities. Each year, more than 100,000 qualified students are forced to abandon their ambitions to enter university. Youth, who cannot enter public universities, have few options for pursuing higher education.

Lack of avenues for higher education hampers the future goals of youth. Although there is no explicit legal barrier, the political

¹² UNICEF (2004), "National Survey on Emerging Issues among Adolescents in Sri Lanka", UNICEF, Colombo.

Table 5.1
National Examination Success Rates, 2003 and 2010

	2003	2010
Number sitting for O-Levels	434,131	433,673
Percentage qualifying for A-Levels	43	58
Number sitting for A-Levels	213,201	233,354
Number qualifying to enter university	93,292	142,415
Percentage qualifying to enter university	44	61
Number admitted to university	12,736	21,547
Percentage admitted to university	14	17

Source: DCS, "Statistical Pocket Book 2011".

economy context of the country makes it impossible to invest in private universities.¹³ Only those from highly affluent families are able to obtain university education outside the country. Others are able to obtain external degrees from degree awarding institutions in Sri Lanka which are affiliated to private universities outside the country. However, these institutions have gained the attention of policy makers for at least two reasons recently: the high cost of these degree programmes, and the quality of education offered by these institutions. Thus, available opportunities for school leavers is a major issue of concern.

5.5.2 School to Work Transition

Due to the competitive nature of the O/Ls and A/Ls, a majority of youth leave the education system after these two exams. The best alternative for these youth to continue in the education system is to engage in vocational training and education. These children should be the prime target for specific training and skills development programmes in meeting the skills demand of the country. However, there is no proper career guidance system to these school leavers. As a result, most usually find unskilled jobs or go in search of

casual jobs. This is partly due to the lack of a systematic technical education and vocational training (TEVT) link with the secondary education system, leaving a majority of school leavers with no access to skills development programmes.¹⁴

"If students can get information on different vocational opportunities through school, it will be helpful for them to build up their career path. In that case, the students are aware of the requirements for a particular employment opportunity, and how they can get those skills. This is very important for the school dropouts to draw their career plan." - A student studying at UNIVOTEC.

Further, the general acceptance of the country's TEVT sector has been low due to poor recognition of the qualifications, low employability of graduates, and the ineffectiveness of the course in catering to the demands of the market. While the government, especially the MYASD and the Ministry of Education, is doing quite a lot of work in promoting vocational education – allowing students to acquire bachelor's degrees in technical and vocational education and training – the conventional university degree is still

¹³ ADB (2005), "Technical Assistance to the Democratic Socialist Republic of Sri Lanka: Preparing the Education Sector Development Programme", Asian Development Bank, Manila.

¹⁴ *Ibid.*

regarded as the pinnacle of educational qualifications.

"Society undermines vocational education. They believe that the students who are not good in education enter the technical colleges. These attitudes should change." - A student studying at UNIVOTEC.

There is a wide gap between school and the world of work. The quality of human capital produced by the general education system, mainly provided by the public sector, does not transmit any productive skills to pupils. As stated in the National Education Commission (NEC) sector review, the country's education system has failed to adequately promote quality and relevance of education, as well as individual orientation to the world of work.¹⁵ This results in mismatches between the demands of the market, and the skills of school graduates.

A large proportion of youth who secure educational certificates also remains unemployed. A high unemployment rate among graduates has been a recurring issue for successive governments. There is a mismatch between the courses offered by higher education institutes and competencies needed by the private sector.¹⁶ Key reasons for this mismatch are that university programmes are not updated over a long period of time, and lack interaction with the private sector when designing courses.¹⁷ Inadequate linkages between the higher education system and the requirements of the private sector are a reason for the high unemployment levels amongst graduates.

"Our university curriculum does not include the practical aspects of the relevant subject. It provides all the theory based

knowledge, but very few practical training opportunities. So we cannot get experience on what we are taught at the university." – Undergraduate student at University of Sabaragamuwa.

There is an inadequate information flow between youth and the labour market. The inadequate information flow on the type of job opportunities in the labour market limits the aspirations, attitudes, and life goals of youth. Due to the existing information gap in the system, some students spend two years unnecessarily following A/L without entering vocational training, after following O/L.

"If we were linked with vocational training programmes after O/L, we can get our technical degree at a younger age, and have more time to build up our career path. So, a proper career guidance programme is essential after O/L." - Student studying at UNIVOTEC.

Addressing the mismatch between skills acquired through the education system and the requirements of the labour market has been a key concern of the current education system.

5.6 Youth and Health

Improving nutrition contributes to productivity, economic development, and poverty reduction by improving physical work capacity, cognitive development, school performance, and reducing health care costs.¹⁸ Nutrition is an input and foundation for health and development. Better nutrition means stronger immune systems, fewer illnesses and better health. Healthy children learn better; healthy people are stronger, are more productive, and more able to create opportuni-

¹⁵ NEC (2003), "Proposal for a National Policy Framework on General Education in Sri Lanka", National Education Commission, Colombo.

¹⁶ NEC (2009), "National Policy Framework on Higher Education and Technical and Vocational Education", National Education Commission, Colombo.

¹⁷ *Ibid.*

¹⁸ World Bank (2006), "Repositioning Nutrition as Central to Development", World Bank, Washington, D.C.

ties to gradually break the cycles of both poverty and hunger in a sustainable way. One of the main consequences of malnourished adults is reduced work capacity and absenteeism owing to illness or exhaustion, which in turn has an impact on economic productivity. Further, in the long run, they run increased risks of acquiring NCDs such as high blood pressure, diabetes, coronary heart disease, and cancer, in adult life. Epidemic of NCDs in adulthood reduce productivity and increase health care costs.

Youth related health indicators cover the areas of women's health, teenage pregnancy and knowledge on sexuality, and nutrition and youth wellbeing.

5.6.1 Women's Health and Nutrition

Women's health is central not only to their productivity in employment, but also more importantly in association with specific reproductive outcomes, and to the performance of their many other household tasks. To a large extent, the wellbeing of children depends on the health of their mothers. According to research findings on socio-economic determinants of child malnutrition in Sri Lanka, the mother's nutritional status was one of the main contributory determinants of having low weight babies as well as child-

hood malnutrition.¹⁹ Further, when a mother is malnourished and sickly, their children face a higher risk of diseases. Repeated infectious diseases of family members will in turn increase health care costs and impact on the household's finances. In adolescence, a young woman's nutritional needs increase because of the spurt of growth during the transition from childhood to adulthood. An inadequate diet, illness and heavy physical demands during this period can jeopardize the health and physical development of young women, resulting in delayed or stunted skeletal growth and anaemia.²⁰

In Sri Lanka, the prevalence of malnutrition is highest among adolescents and youth. According to the Demographic and Health Survey (DHS) carried out in 2006/07, one in six women of reproductive age (15-49 years) was malnourished. Further, as shown in Table 5.2, the highest proportion of malnourished women was observed in the youngest age group of 15-19 years (40 per cent), followed by the second lowest age group of 20-29 (22 per cent).

Nearly one-third of female youth were anaemic. On average, 39 per cent of reproductive aged women (15-49 years) were identified as anemic (Hb < 11.0 g/dl). Adoles-

Table 5.2
Women's Nutritional Status

Age group	% Malnourished (BMI < 18.5)	Anaemia (Hb < 11.0 g/dl)
15-19	40.1	31.4
20-29	22.0	32.0
30-39	14.4	36.8
40-49	13.3	46.0

Source: DCS, DHS 2006/07.

¹⁹ Jayawardena, P., (2012), "Socio-Economic Determinants and Inequalities in Childhood Malnutrition in Sri Lanka", *Well-Being and Social Policy Journal*, Vol. 8 No. 1, pp. 1-22.

²⁰ World Bank (1994), "A New Agenda for Women's Health and Nutrition Development in Practice", World Bank, Washington, D.C.

cence nutritional deficiency is one stage of the life cycle of malnutrition. Thus, nutritional deficiency among young girls has an adverse effect on reproductive outcomes, as well as on the continuation of the life cycle of malnutrition in Sri Lanka.

5.6.2 Teenage Pregnancy and Knowledge on Sexuality

Research indicates that adolescent girls are not physically prepared for childbirth, since linear growth is not complete until 18 years, and the birth canal does not reach its mature size until 2-3 years later. As a result of this and other factors, teenage mothers face a high risk of serious pregnancy-related health complications. According to studies on the determinants of low birth weight babies, the latter is found to be positively associated with mothers who have started childbearing between 15-19 years.²¹ According to the DHS 2006/07, there were 6.4 per cent teenage pregnancies in Sri Lanka. Further, teenage pregnancies were highest in the estate sector (9.6 per cent) whereas child malnutrition and low weight births were also highest in this region, when compared to urban and rural sectors. Poor knowledge on reproductive health among adolescents could be a major reason for these teenage pregnancies.

Adolescents' knowledge on conception and pregnancy in Sri Lanka is very poor. According to the adolescent survey findings, the overall knowledge among school-going adolescents (aged 14-19 years) on matters related to reproductive health was less than 50 per cent.²² Further, less than 25 per cent of adolescents had comprehensive knowledge on menstruation, risk of conception, and signs of pregnancy. As teenage and young adult pregnancies are likely to result in small statured women giving birth to low weight babies, family planning measures must also focus on reducing pregnancies in this age group.

Further, knowledge on sexually transmitted disease and HIV/AIDS among adolescents was also found to be poor. Less than 50 per cent of adolescents had the correct knowledge on HIV/AIDS. Only about 57 per cent of adolescents had some awareness of the existence of sexually transmitted diseases in general.²³

5.6.3 Wellbeing of Youth

Young people are in need of appropriate knowledge, life skills, and self-esteem to achieve their future goals. The wellbeing and happiness of youth is very important to en-

Table 5.3
Teenage Pregnancy

Sector	Have had a Live Birth (%)	Pregnant with First Child (%)	Begun Childbearing (%)
Urban	4.6	1.7	6.4
Rural	4.1	2.1	6.2
Estate	7.0	2.6	9.6
Total	4.3	2.1	6.4

Source: DCS, DHS 2006/07.

²¹ Jayawardena, P., (2012), "Socio-Economic Determinants and Inequalities in Childhood Malnutrition in Sri Lanka", *Well-Being and Social Policy Journal*, Vol. 8 No. 1, pp. 1-22.

²² UNICEF (2004), "National Survey on Emerging Issues among Adolescents in Sri Lanka", UNICEF, Colombo.

²³ *Ibid.*

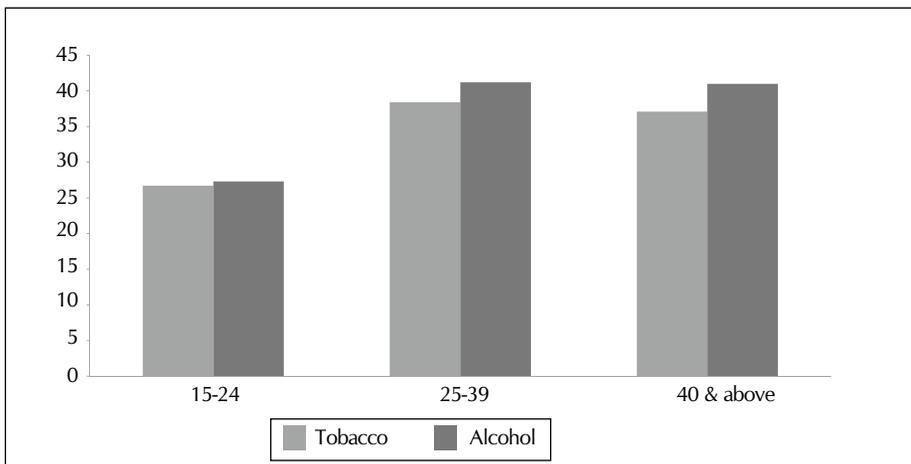
hance physical health, productivity, and quality of life. Poor levels of psycho-social competency will lead to anxiety, depression, substance abuse, and suicide among young people.

Smoking and alcohol use among youth is significant, and need careful attention. Usually, the first use of a cigarette or consumption of alcohol takes place during adolescence. Some youth continue with smoking and alcohol use from then on. According to a spot survey carried out by the Alcohol and Drug Information Centre (ADIC) in 2012, 33 per cent of respondents were current users of tobacco while 35.6 per cent were users of alcohol.²⁴ According to the responses, the highest prevalence of tobacco and alcohol use was in the age category of 25-39 years. Of current smokers and alcohol users' in the age 15-24 year group, the majority reported that the main reasons for use of substances are to be social with friends and to enjoy themselves.

These substances greatly impair mental abilities and physical skills of youth, and enhance the long term risks of developing cancers, lung diseases, ulcers, heart disease, and liver diseases. Further, the use of substances is a contributing factor to accidents, suicides, violence, and sexual abuse, among young people. While the substance abuse issue is directly linked to peer pressure, it can also be due to other stress factors. For example, substance abuse is high among youth who live in conflict-affected areas, compared to other parts of the country. This is mainly due to that fact that such youth face greater stress due to uncertainties related to their future. Sometimes, the lack of availability of guidance and employment, and educational opportunities, fuels the stress, and can push them towards smoking and drug usage.

The high incidence of homicides, other purposely inflicted injuries, and suicides, are major causes of death among youth in Sri

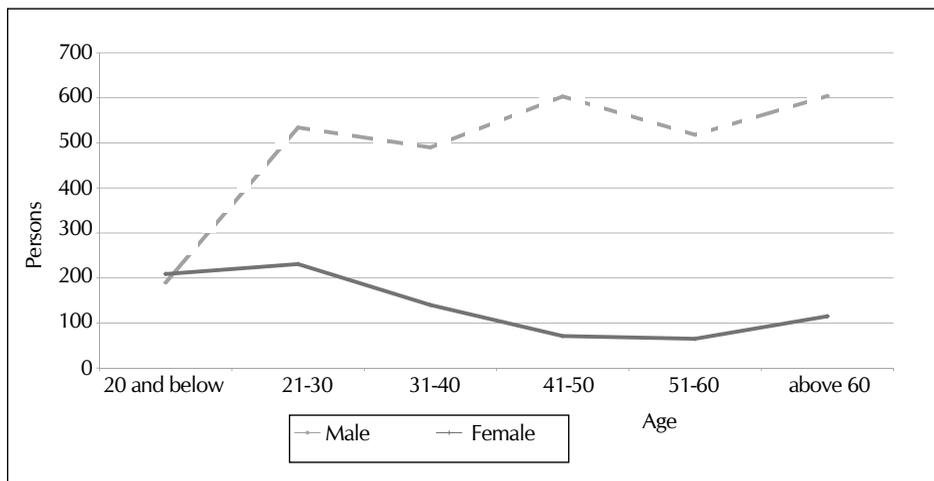
Figure 5.5
Use of Tobacco and Alcohol



Source: ADIC (2012), "Spot Survey on Tobacco Use", July 2012, Alcohol and Drug Information Centre, Colombo.

²⁴ ADIC (2012), "Spot Survey on Tobacco Use", July 2012, Alcohol and Drug Information Centre, Colombo.

Figure 5.6
Deaths due to Suicide (2011)



Source: Sri Lanka Police, Modes of Suicide, <http://www.police.lk/index.php/crime-trends>.

Lanka. According to Sri Lanka police records, 3,770 deaths were recorded in 2011 due to suicides. Further, deaths due to suicides was highest among females in the 21-30 year age group, followed by below 20 year age group (Figure 5.6). The highest male suicides were among the aged, but there were more than 500 deaths due to suicides, with nearly one-fourth of them being young males. There should be special educational measures to protect young people from all forms of physical and mental violence and injuries. Further, protective measures should include effective procedures for rehabilitation and socialization of victimized young people.

5.7 Conclusions and Way Forward

The youth are an important part of Sri Lanka's development agenda. A healthy and educated youth force that will actively participate in labour activities can benefit Sri Lanka's development process. Hence, this is an important population cohort that needs to be carefully nurtured for the betterment of the country. Sri Lanka needs to carefully look at the bottlenecks in employment, poverty, educa-

tion, and health aspects, related to youth in order to make them ready to contribute towards the country's social and economic development.

The evidence suggests that the youth unemployment rate has fallen over time. The evidence further shows that their labor force participation rate has also fallen, while youth in wage employment shows a positive trend. Even though the youth unemployment rate has decreased over time, the current rates are still high. There are many reasons behind this, but the most prominent are skill mismatch, youth foregoing available private sector employment for public sector employment, and more youth staying on in education till late stages of their youth life. The skill mismatch is largely due to weaknesses in the education system. However, rather than blaming the system entirely, it is also important that the youth focus on making better decisions in selecting their educational paths. For example, rather than picking the popular medium of study, youth can evaluate their potential and match these with current job

market demands. However, in order to do this successfully, the youth need to be carefully guided, and this can only be done by their teachers and parents.

There are always young people who are eager to take up challenges in dynamic work environments. These youth are likely to focus on competitive and stressful private sector jobs. At the same time, there is a proportion of youth that would look for more secure, less stressful, and less competitive jobs. These attitudes are hard to change since it is a personal decision whether to take up an employment offer or not. However, their attitudes and perceptions on permanent and secure jobs can, and need to, be changed. While spending more years studying lowers the youth labor force participation rate, in the long run, educated youth will be a positive advantage. However, the benefits will accrue only if they are more employable. Thus, the youth have to be certain of what they are acquiring as educational qualifications, and whether that is what employers are demanding in today's job market.

As identified by the FGDs, there is an increasing willingness for the establishment of SMEs among the youth. Especially after the end of the conflict, the youth in the North and East are presented with more opportunities. However, the inability to secure finances, lack of financial management capabilities, and most importantly, the inability to assess and understand business viability, has constrained youth entrepreneurs. While banks need to be encouraging young entrepreneurs with financial assistance, one way to tackle this issue is to encourage youth to develop partnerships. In this way, the business idea can come from the youth, while others can contribute the necessary capitals. There are initiatives such as the Young Entrepreneurs of Sri Lanka (YESL) and Youth Business Sri Lanka (YBSL), that are in the process of helping youth to develop their skills in the finan-

cial management of SMEs. However, more government involvement is needed to make these efforts sustainable, with government institutions taking the lead in training youth in these aspects. However, these institutions are likely to need additional financial assistance to enable them to take the initiative in providing such training.

The biggest threat to the poor youth is that they are engaged in low quality jobs. While income poverty rates among youth have reduced over time, the youth are facing constraints in areas of education and health that can increase their risks of being poor. Poor and vulnerable households lack the capacity to spend on education and health, aggravating the physical abilities of poor youth to be work force ready. Therefore, poverty alleviation programme should focus on financial assistance, as well as on eradicating educational and health barriers faced by the youth.

In this instance, while Sri Lanka has a well-established education and examination system, a majority of students who sit for O/L fail. Even at A/L, only a very small percentage will succeed in obtaining university entrance, and the others fall out of the education system. Most of the students who could not get entrance to state universities will opt for a private certificate, diploma, or degree. However, those who drop out after O/L have limited options. The government tries to absorb most of the O-Level dropouts to vocational education and training. However, most students do not have adequate awareness of these opportunities presented by the institutes of vocational education and training. Therefore, creating this awareness is essential, and at the same time the capacities of these institutions need to be upgraded so that they can accommodate more students. Vocational education will address this issue only if the vocational education system is linked with the industries that can absorb these students. Therefore, public-private partnerships

and schemes of recruitments through vocational education and training institutes directly to the industry, are essential. Whilst such linkages are being established gradually, awareness and absorptive capacities in the private sector, as well as in the education and training institutes need to be developed. Students that sit for O/L do not receive enough guidance on selecting their next stage of life if they do not pass the exam, or if they do not wish to sit for A/L. Therefore, career guidance and counseling needs to be set up. Some schools, especially the well-established ones, have career guidance and counseling centers at schools, but rural schools are left out in this regard. Therefore, both teachers and parents should help students in deciding what they would like to do with their education, if they fail in certain stages, and create awareness on the available options.

On a positive note, the MYASD and The Ministry of Education, collaboratively introduced vocational education in to the A/L stream recently. This will be in effect from July 2013. Initially, 225 schools have been selected to introduce this programme, where close to 300 teachers will be trained with the help of the ministry and the UNIVOTEC. However, training teachers, developing good curriculums and absorbing them to the UNIVOTEC system for a bachelor's degree, need to be carefully implemented. Therefore, policy initiatives like this must develop the necessary infrastructure in order for these programmes to be sustainable.

Health determines the capacity of youth to be in education and be work force ready, which would ultimately lift them out of pov-

erty. Teenage pregnancy, especially in the estate sector, is a serious issue to be considered. One of the main reasons is a lack of awareness on reproductive health. Sri Lanka's education system does not support adequate knowledge on these aspects, and as a result, the youth must rely on their parents and peers for information on reproductive health and sexual behaviour. However, with media and access to information through internet, this information is no longer a secret to youth. But access to such information through such mediums can pose higher risks to the youth, as well as to society. These issues have been brought up by youth themselves through the NYSC discussions and Youth Parliament debates. One of the main suggestions that came out of these discussions is to integrate education on reproductive health and sexual behaviour into the education system, focusing on the youth cohort. Substance abuse is also a significant issue that relates to the health of youth. While peer pressure and stress are two of the most significant factors that drive youth towards substance abuse, it remains a personal decision. With proper knowledge and enforcement, such trends can be deterred. In most developed countries, retail outlets are prohibited from selling tobacco and alcohol to minors. However, this is not the case in developing countries. Access to these substances is easy for youth, and given peer pressure and stress, the probability of them being victims of substance abuse is high. Therefore, in order to steer the youth away from these habits, awareness creation of the negative outcomes should be a priority. At the same time, effective enforcement of law has to be in place to suppress the supply of these substances.