

Market Intelligence Brief

SRI LANKA



2019/2020



INTERNATIONAL
EDUCATION
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1. SRI LANKA AT A GLANCE



Market background

- Sri Lanka's economic growth remained above 3 per cent from 2002 and 2018, before dropping to an 18-year low of 2.7 per cent in 2019. Fiscal reform, a growing private sector, recovering tourism and infrastructure projects boosted the economy after the end of the civil war in 2009. However, severe drought and floods between 2017 and 2019 and the Easter Sunday terror attacks in 2019 weighed heavily on economic growth.
- There are a number of economic risks due to political uncertainty, strains and even violence along ethnic lines, a debt-to-GDP ratio of 90 per cent, lower demand for Sri Lankan exports, lower remittances from overseas workers, and high youth unemployment.
- The new government, led by former defence minister (2005-2015) and strongman Gotabaya Rajapaksa, announced targets for 2020-2025 including: economic growth of 6.5 per cent, maintaining unemployment at less than 4 per cent, containing the budget deficit to less than 4 per cent of GDP, and creating a conducive environment for building up domestic industry.



Local education trends

- The government has long prioritised education and Sri Lanka has the highest literacy rate in South Asia. However, there are not enough places at universities for all students who qualify to enrol. In 2018, only 19.25 per cent of students who qualified for university were admitted.
- The government is looking to reduce class sizes to no more than 35 pupils, reduce the dropout rate after secondary school, improve technical and vocational education and training (TVET), and increase the intake rate of undergraduates. Youth unemployment is high, and one of the key obstacles is a skills gap between graduates and employer needs.
- Online and distance learning is very popular in Sri Lanka. In 2017, there were over 30,000 undergraduate and postgraduate enrolments in the Open University of Sri Lanka, equal to one quarter of university enrolments.



International education

- Approximately 19,000 Sri Lankan students were enrolled in tertiary institutions abroad in 2017, and Australia was the most popular destination followed by the United States. Australia has dominated the market in recent years, growing over 20 per cent from 2017 to 2018.
- In 2018/19 there were 1,265 students studying in the UK, a 3 per cent increase from the previous year. This is still well below a peak of 7,580 students in 2010/11. Enrolments are evenly split between postgraduates and undergraduates. The most popular subject areas were engineering and technology and business and administrative studies.
- Sri Lanka is looking to become a destination for international education, and the government has designated a "free education zone" that will give tax breaks to overseas universities. However, the initiative has come under fire for not taking adequate stock of local demand. In 2018, there were 330 foreign undergraduate enrolments and 800 foreign postgraduate enrolments.

2. INTRODUCTION

Sri Lanka, officially the Democratic Socialist Republic of Sri Lanka, is an island nation in South Asia. It has a population of about 21 million people and is working towards becoming a fully industrialised nation. After the end of the 26-year civil war in 2009, the country's economy has surged with an average growth rate of 5.8 per cent between 2009 and 2017. Education access and literacy have long been a priority for the government and Sri Lanka boasts one of the highest literacy rates (98.8 per cent) in the region for youth aged 15-24.

The large and expanding youth population presents both opportunities and challenges for the government. One of the major challenges is in higher education, as current tertiary education capacity does not meet demand: only 19 per cent of qualifying students secure spots in public universities, which are free of tuition. The extreme lack of supply, coupled with the variable quality of local private institutes, is driving many students to seek international HE alternatives.

To date, Australia has been the main beneficiary of this trend. Over 9,000 Sri Lankan students enrolled on Australian HE courses in 2018. UK enrolments were just 1,265 in 2018/19, well below the peak of over 7,500 enrolments in 2010/11. Similar to other South Asian markets, the UK's tightened visa policies have heavily impacted UK recruitment. Despite this, 13 per cent more UK study visas were issued to Sri Lanka-domiciled applicants in 2019 than in 2018.

The Sri Lankan government wants the country to be a leading HE hub in South Asia and aims for education to be one of six major exports. TNE is a big policy focus point, along with improved quality control in the private HE sector, and reforming and expanding public education to better meet the needs of the labour market. Low education levels and the competitive access to higher education exacerbates skills shortages and mismatches between the skills of graduates and the skills needed by employers. Achieving those objectives is no small task, despite Sri Lanka being an increasingly well-educated and developed country.

Although Sri Lanka is likely to remain a relatively modest recruitment opportunity for the UK, there appear to be larger opportunities on the partnership front. An open regulatory environment has created one of the fastest-growing transnational education (TNE) markets in the South Asian region and Sri Lanka is now the 5th largest TNE market for the UK.

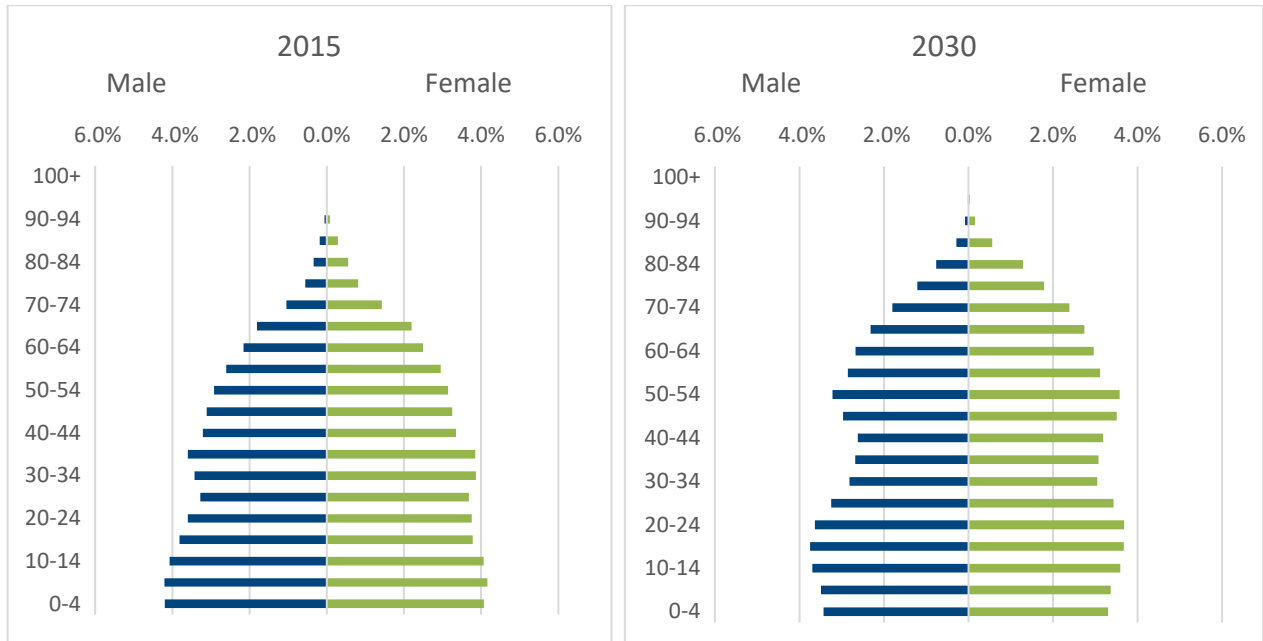
There are also reasons to be concerned about the country's long-term political and economic stability. Its civil war ran from 1983 until May 2009 and though there was robust economic growth in the ten years since the end of the war, growth has begun to slow. In 2019, GDP was expected to grow by only 2.6 per cent – its lowest rate since 2009. The COVID-19 pandemic is likely to cause major economic damage, the extent of which is still unknown. The country is also very heavily indebted: the debt to GDP ratio in late 2019 was 90 per cent and the foreign debt repayment for the next year is nearly US\$6.1 billion.

In November 2019, the former Secretary to the Ministry of Defence and Urban Development (2005-2015), Lieutenant Colonel Nandasena Gotabaya Rajapaksa, was elected president. He campaigned on a platform of nationalism, economic development, and national security and won 52.3 per cent of the vote. After his inauguration the same month, he appointed his brother Mahinda Rajapaksa, the former president (2005-2015), as prime minister.

3. DEMOGRAPHICS

In 2019, the population of Sri Lanka was set to reach 21.3 million people. The population is expected to continue to increase slowly but the UN forecasts that it will begin to shrink between 2040 and 2045.¹ There is a large youth segment and the university-age population will increase moderately over the next ten years.

Figure 1: Sri Lanka’s population pyramid, 2015 and 2030

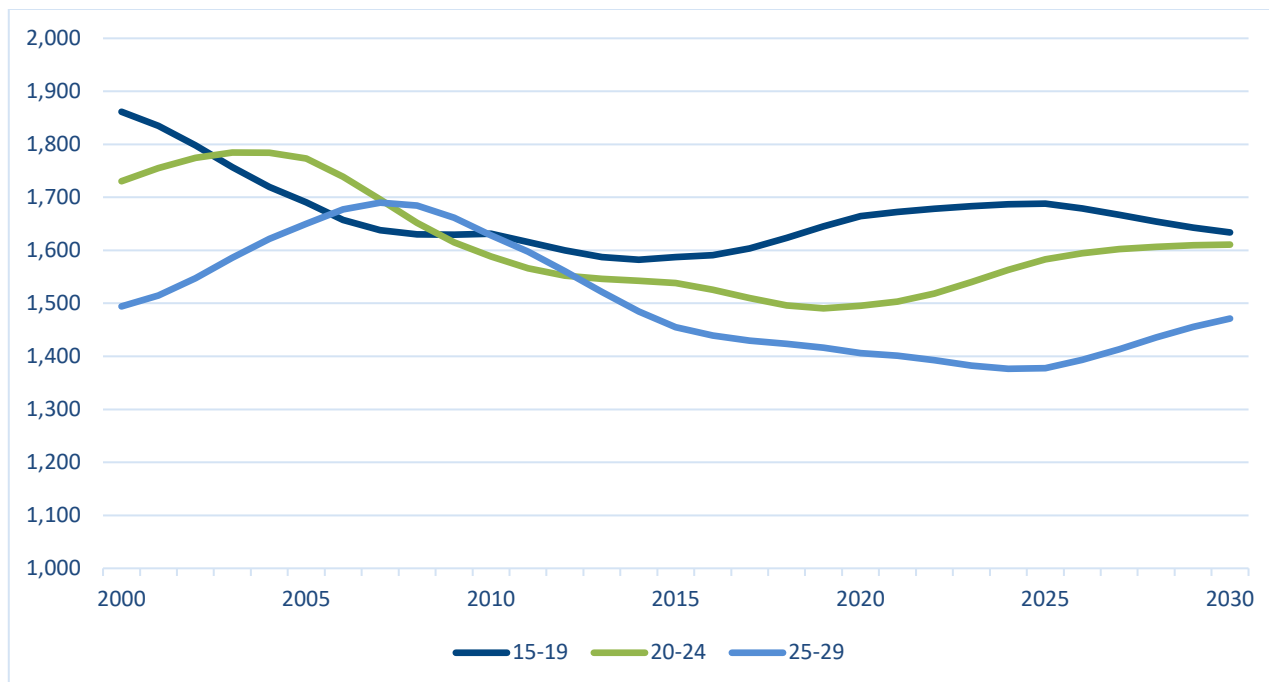


Source: UN Population Division

According to UN forecasts, in 2020 14.8 per cent of the population is aged between 15 and 24, 23.7 per cent is under the age of 14, and 50.3 per cent is aged between 25 and 69. As shown in Figure 2, the 15-19 and 20-24 segments of the population will continue to increase through 2025, when the 15-19 segment will begin to decline. The 25-29 segment will decline until about 2025, when it is forecast to begin growing again.

¹ [United Nations World Population Prospects \(2019\)](#), United Nations Population Division, 2019.

Figure 1: Sri Lanka's youth population by age group, 2000 - 2030



Source: UN Population Division

Sri Lanka is notable for its low level of urbanisation. The percentage of the population residing in urban areas has only risen by 0.1 per cent since 2000 to reach 18.5 per cent in 2018, and only a gradual increase is forecast.² The largest urban area is Colombo, the capital city.

The government has invested heavily in the agricultural sector and in rural infrastructure, so rural households have comparatively good access to services and do not feel a strong pull to urban areas. The 2012 census indicated that marriage was the strongest motivation for migrating to cities (30.2 per cent) with employment coming second (20.2 per cent).

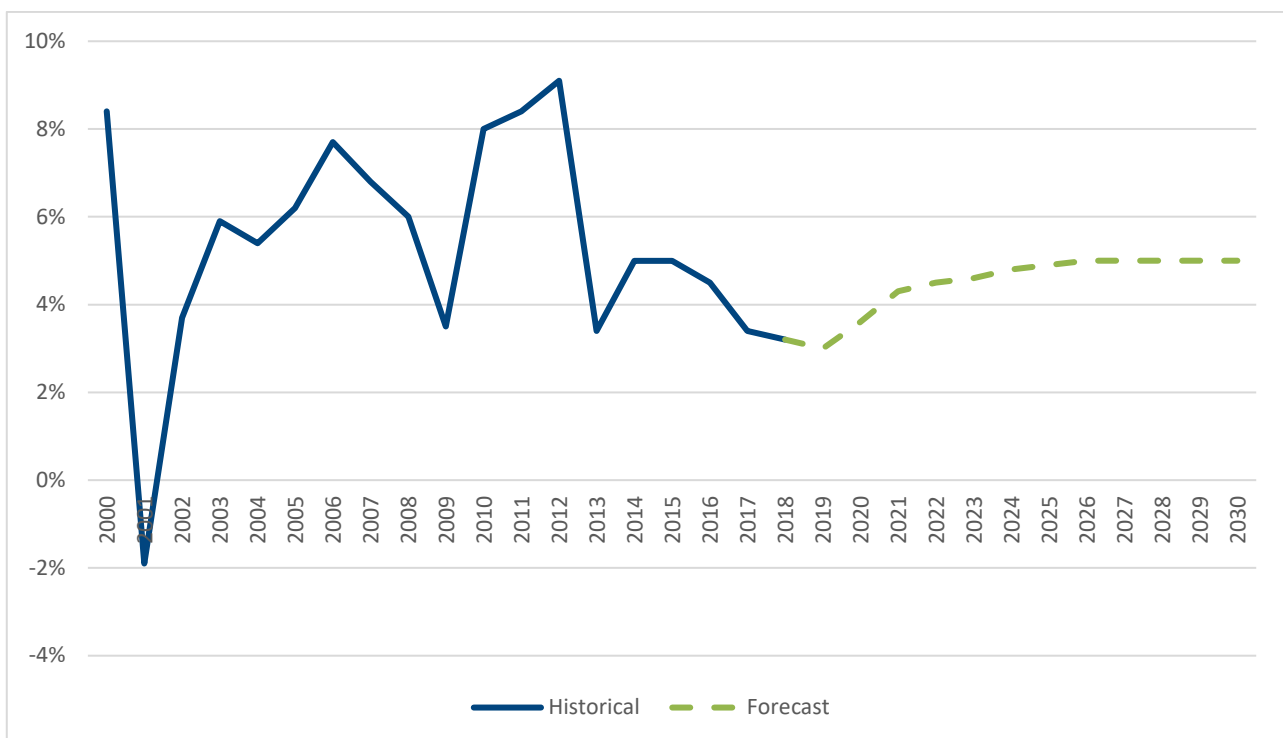
Sri Lanka is home to about 50 ethnic groups, most of which are indigenous. According to the latest census data, 75 per cent of the population is Sinhalese and the largest minority group is the Tamils, which makes up 11 per cent of the population. Buddhists account for 70 per cent of the population, Hindus 12.6 per cent, Muslims 9.7 per cent, and Christians 7.6 per cent. Most Sinhalese are Buddhists and make up the majority of the population in the southern and central parts of the island; Tamils are generally Hindu and are the majority on the northern tip and parts of the western coast. While the 1978 constitution assures freedom of religion, Buddhism is given the “foremost place.”

² [World Urbanization Prospects: The 2018 Revision](#), United Nations Department of Economic and Social Affairs, accessed 15 January 2020.

4. ECONOMICS

Sri Lanka's annual economic growth averaged 5.8 per cent between 2010 and 2017 and reached a two-decade peak of 9 per cent in 2012. The country managed the aftermath of conflict, instability and natural disasters with a programme of fiscal reform supported by a growing private sector, recovering tourism and large public infrastructure projects. However, severe drought and floods in 2017, 2018, and 2019, political instability in 2018, and the Easter Sunday terror attacks in 2019 contributed to a slowdown that saw GDP growth reach an 18-year low of 2.7 per cent in 2019. The COVID-19 pandemic will further dampen tourism and severely impact growth, and the IMF revised down its 2020 growth projection to -0.5 per cent.³ Growth could contract further, depending on the severity and duration of the global crisis.

Figure 2: Real GDP growth



Source: IMF Euromonitor forecasts

Economic risks also remain in the form of security, political uncertainty, and an extremely high debt to GDP ratio of 90 per cent.⁴ Domestic risks include low growth, weak revenue performance and vulnerabilities in the financial sector. External risks primarily come from trade tensions resulting in weaker global growth and lower demand for Sri Lankan exports, lower FDI and remittances, climate risks, and of course the impact of the global recession caused by the COVID-19 pandemic.⁵

Sri Lanka relied heavily on international and bilateral investments following the civil war, particularly Chinese investment in infrastructure. The government is currently drawing down a three-year US\$1.5

³ Projection as at 12 May 2020. [Sri Lanka and the IMF](#), IMF.

⁴ [Sixth Review Under the Extended Arrangement Under the Extended Fund Facility and Requests for Waiver of Nonobservance and Modification of Performance Criterion](#), *International Monetary Fund*, November 2019.

⁵ *Ibid.*

billion bailout package from the IMF, extended until June 2020, and is seeking to dilute Chinese influence through partnerships with other regional countries. The current ten-year development plan, Vision 2025, was largely welcomed by international financial institutes and includes steps to boost domestic public-private partnership, improve structural weaknesses to attract investment and increase competitiveness, and reform inefficient state-owned enterprises. As at October 2019, total World Bank commitments totalled US\$2.26 billion across 18 projects, nearly one quarter of which were for education, health, and social protection.⁶ The World Bank also has a partnered program with the International Finance Corporation (IFC), which has invested over \$1.3 billion into improving Sri Lanka's private sector to support sustainable, long-term growth.⁷

At the time of writing, Sri Lanka had recorded 653 infections and seven deaths from the COVID-19 pandemic and the government had enacted a nation-wide curfew. The outbreak presents significant economic risk globally and the full effects are yet to be seen.⁸ On 2 April 2020, the World Bank approved an emergency US\$128.6 million project for Sri Lanka to help the country prevent, detect, and respond to the COVID-19 pandemic and strengthen public health preparedness.⁹

Sri Lanka is not yet considered an industrialised country. About one-quarter of GDP is derived from industry, particularly construction, shipping and infrastructure. The island nation is also much less agrarian than its larger neighbours with only 7 per cent of GDP derived from agriculture. Rather than heavy industry or agriculture, the government's policy is to utilise the country's strong development and education indicators in order to position itself as a knowledge and innovation economy. About 58 per cent of GDP now derives from services such as IT, service management, logistics and marketing, placing Sri Lanka ahead of India and just ahead of Bangladesh in the services sector.¹⁰ Tourism contributed about 5 per cent of GDP in 2018.

In 2018, Sri Lanka maintained a relatively low unemployment rate of 4.4 percent. However, official labour statistics show that 53 per cent of the unemployed population is between the ages of 15-24. This proportion is even higher in the North Central, North Western, Central, Southern, and Eastern provinces.¹¹ The youth unemployment rate is higher for those who have higher levels of education, attributed to skills mismatch of graduates. Informal employment is high, particularly in agriculture where 88 per cent of employment is informal, and particularly for those with lower levels of education.

Many Sri Lankans work overseas, particularly in the Middle East, and remittance inflows have accounted for almost 10 per cent of Sri Lankan GDP. However, remittances declined in 2019, contributing to slower growth. In 2020, the government announced policy aims to make remittances and earnings of Sri Lankans abroad tax-free, introduce a programme to send skilled workers rather than unskilled workers abroad, and introduce a loan scheme to enable Sri Lankans returning from abroad to found tax-exempt enterprises.¹² Sri Lanka's labour market is suffering from brain drain due to low salaries and limited employment opportunities. The country has a shortage of high-skilled professionals.

The Sri Lankan rupee declined against the US dollar in the first half of 2019, particularly after the Easter Sunday terror attacks. The rupee returned back to early 2019 levels by October and has since stabilised at about 181.10 rupees per US dollar.

In January 2020, the new government announced targets for the 2020-2025 period which include: economic growth at 6.5 per cent or higher; per capita income exceeding US\$6,500; maintain unemployment at less than 4 per cent; keep annual inflation under 5 per cent; contain budget deficit to less than 4 per cent of GDP; reach a single-digit interest rate; and maintain the exchange rate of the rupee

⁶ [Sri Lanka - Country Overview](#), *The World Bank*, 10 October 2019.

⁷ *Ibid.*

⁸ [Sri Lanka imposes curfew as South Asia steps up coronavirus battle](#), *Reuters*, 20 March 2020.

⁹ [World Bank Fast-Tracks \\$128 Million COVID-19 \(Coronavirus\) Support for Sri Lanka](#), *The World Bank*, 2 April 2020.

¹⁰ [Sri Lanka At a Glance 2016-2018](#), *Sri Lanka Ministry of Finance*, 30 December 2019.

¹¹ [Labour Force Survey - Annual Report 2018](#), *Department of Census and Statistics Sri Lanka*, December 2019.

¹² [National Policy Framework: Vistas of Prosperity and Splendour](#), *Government of Sri Lanka*, 2020.

at a “stable level.”¹³ The policy announcement also included goals for improving infrastructure, expanding fisheries, and creating a conducive environment for building up domestic industry.¹⁴

Sri Lanka came in 84th in the World Economic Forum’s Global Competitiveness Index 2019, up one rank from 2018. It was the most improved country in South Asia but still ranked below the region’s top scorer, India, which came in at 68th.¹⁵ In the World Bank’s Ease of Doing Business 2020 report, Sri Lanka came in 99th out of 190 countries, behind India (63rd), Vietnam (70th) and Bhutan (89th), but the country moved up one place from 2019.¹⁶ It ranked 71st on the United Nations Human Development Index, well above other South Asian countries such as Maldives (104th), India (129th), Bangladesh (135th), and Pakistan (152nd).¹⁷ In 2018, Sri Lanka had the second-highest GDP per capita in South Asia, behind Maldives.¹⁸

¹³ [National Policy Framework: Vistas of Prosperity and Splendour](#), Government of Sri Lanka, 2020.

¹⁴ [Policy Statement Made By President Gotabaya Rajapaksa – Full Text](#), Colombo Telegraph, 3 January 2020.

¹⁵ [The Global Competitiveness Report 2019](#), World Economic Forum, 8 October 2019.

¹⁶ [Doing Business 2020](#), World Bank, 2019.

¹⁷ [Human Development Index 2019](#), United Nations Development Programme, 2019.

¹⁸ [GDP per capita \(current US\\$\)](#), World Bank Data, accessed 20 Jan 2020.

5. POLITICS & POLICYMAKING

Sri Lanka is a democratic republic governed by a mixture of a presidential system and a parliamentary system. Presidents serve five-year terms and are limited to serving two terms. The two major parties are the Sri Lanka Podujana Permunna (Sri Lanka People's Front, SLPP), a Sinhalese-Buddhist nationalist party, and the United National Party. The country weathered a decades-long civil war primarily fought on ethnic lines between the majority Sinhalese Buddhists and the minority Tamils. The war ended in 2009.

In November 2019, Gotabaya Rajapaksa won the presidential election and was sworn into office, appointing his brother and the former president (2005-2015), Mahinda Rajapaksa, as prime minister. The Rajapaksa family has dominated Sri Lankan politics for more than a decade. While serving as president, Mahinda appointed his brother Gotabaya as defence minister, and the two are credited with ending the civil war.

In 2018, then-president Maithripala Sirisena of the Sri Lanka Freedom Party (president 2015-2019), attempted to fire his prime minister, replace him with Mahinda Rajapaksa, and dissolve parliament resulting in political turmoil and some violent protests. The decision was overturned by the Supreme Court.

While he was president, Maithripala Sirisena's administration laid out its economic plans in its ten-year development strategy, Vision 2025. The strategy emphasised reforms needed to increase prosperity, lift living standards and address an ageing population. It also set goals to tackle the country's debt by boosting public-private partnership (PPP) and improving the business environment. One objective was to have Sri Lanka ranked among the top 70 countries in the Ease of Doing Business global rankings. A dedicated PPP division has recently been created under the Ministry of Finance, with shared development frameworks likely to expand beyond the power and transport sectors into education, health, leisure and tourism, among others.

On 3 January 2020, President Gotabaya Rajapaksa laid out his policy vision titled "Vistas of Prosperity and Splendour 2020-2025" at the annual opening of parliament. It includes 10 key policies prioritising national security, a friendly and non-aligned foreign policy, anti-corruption, a new constitution, productive citizenry, people-centric economic development, development of technology, development of physical resources, sustainable environmental management, and creating a disciplined, law-abiding and values-based society.¹⁹

The Vistas also includes education-specific policy aims, including curriculum development, quality improvement, infrastructure development for schools, expanding the Open University education system, a goal of all qualified students continuing their higher education up to a degree level, and an expansion of vocational and technical opportunities to students and those in the workforce. In March 2020, Rajapaksa dissolved parliament and called for new elections that are expected to be held in late April 2020.

Meanwhile, worries over ethnic and religious divisions have not been quelled after the Easter Sunday terror attacks of 2019 that killed more than 200 people. After the attacks, pockets of violence emerged around the country and there were national debates over the banning of the niqab. During his parliamentary address, President Rajapaksa urged the introduction of limits on minority political power.

¹⁹ [National Policy Framework: Vistas of Prosperity and Splendour](#), Government of Sri Lanka, 2020.

6. EDUCATION

The constitution of Sri Lanka provides all citizens the right to universal and equal access education at all levels and states the goal of eradicating illiteracy. The Sri Lankan government takes education very seriously and has made it a priority for decades, resulting in a highly educated, highly literate population. Sri Lanka is one of the few countries in South Asia with compulsory pre-primary education and there is near universal transition from primary to secondary school for both girls and boys. The country has the most literate population in the region (92 per cent in 2017) and boys and girls have near equal rates of literacy as well as near equal primary school enrolment. For those aged between 15-24, the literacy rate is even higher, at 98.8 per cent in 2018.²⁰

Education is state-funded and free at all levels, including university, and the government even provides free textbooks to schoolchildren. The system is divided into primary (kindergarten through grade five), junior secondary (grades six through nine), senior secondary (grades 10-11), collegiate (grades 12-13), and university. At the end of 11 years of formal education, students sit the G.C.E. O-Level exams. After 13 years of formal education, students sit G.C.E A-Level examinations for admission to university.

While literacy and primary education enrolments are high, the dropout rate rises in higher grades of pre-tertiary education. Additionally, there are not enough university places for all students who qualify.

The National Education Commission has the main responsibility for developing policies on all aspects of education. The University Grants Commission is responsible for the planning and coordination of university education, allocating funds to HEIs, maintaining academic standards, regulating the administration of HEIs, and regulating admission of students to HEIs.

Pre-tertiary education

Schooling is compulsory for all Sri Lankan children from age five to age 16. The education system is based largely on the British model and students study towards GCE O-Levels (at the end of grade 11) and A-Levels (at the end of grade 13), with exams determining progression at every level. Exams are offered in the official languages of Sinhala and Tamil as well as in English, which is officially known as a “link language.”

The primary languages used in classrooms are Sinhala or Tamil. There are a number of schools that are bilingual Sinhala and English and Tamil and English, but very few trilingual schools, and the majority of schools have Sinhala as the primary medium of teaching.²¹ An increasing number of public schools are teaching part of the national curriculum in English in a move promoted by the government, although most of these are highly rated schools in urban and semi-urban areas. According to the 2017 education census, 1.8 per cent of students in Sri Lanka study in the English medium and 30 per cent of these students are in the Western province, which includes Colombo.²² Sri Lanka ranked 78th out of 100 countries in the Education First English Proficiency Index in 2018, ranking 18th out of 25 countries in Asia, with a score considered “very low proficiency.”²³

Only one year of preschool is compulsory in Sri Lanka though it is not considered as part of the formal education system. Of the nearly 20,000 preschools, 71 per cent are run by private organisations or individuals, 20 per cent are run by public institutions or local governments, 7 per cent by religious organisations, and 3 per cent by non-governmental organisations. About 88 per cent of these charge fees. The enrolment rate of three- to five-year-olds enrolled in preschool is 55.6 per cent, split almost

²⁰ [UNESCO Country Profile: Sri Lanka](#), UNESCO, accessed 25 March 2020.

²¹ [Annual Performance Report 2017](#), Ministry of Education Sri Lanka, April 2018.

²² [School Census Report 2017](#), Statistics Branch, Ministry of Education of Sri Lanka, 20 June 2018.

²³ [EF English Proficiency Index 2019](#), Education First, 2019.

equally between boys and girls.²⁴ In 2019, the NEC released a new policy to strengthen preschool education.

The most recent education census, published in 2018, found that there were 4,165,964 pre-tertiary students attending 10,194 government schools. There were 136,462 students enrolled in 80 private pre-tertiary schools.²⁵ In 2018 there were 60,000 students enrolled in 759 Pirivena schools, which are monastic schools.²⁶ Private schools are more prevalent in urban centres – more than half are located in Western province, with 34 in Colombo. This includes schools that teach the national and primarily British curricula.

The Ministry of Education has stated a goal of reducing class sizes to 35 pupils at all schools, but the effort is constrained by a shortage of teachers with proper training and qualifications. Currently only two state universities in Sri Lanka offer a Bachelor of Education programme.²⁷ All schools lack qualified teachers in science, English, and especially mathematics, with less-privileged schools especially lacking qualified English teachers.²⁸

The primary education net enrolment rate is 99 per cent and the primary completion rate is over 95 per cent, and gender parity in primary education is very high.²⁹ However, as students get older, enrolment rates drop: In 2017, enrolments in grades 1-9 (3,031,744 students) greatly outnumbered enrolments in grades 10-13 (1,134,220 students).³⁰ According to the Colombo-based Institute of Policy Studies, only 35 per cent of the population age 15 and older have completed secondary education.³¹

As students progress, more inequalities develop. Students belonging to lower-income groups are less likely to progress further in education. About 67 per cent of children in the richest 10 per cent of households passed O-Levels, whereas only 27 per cent of children belonging to the poorest 10 per cent of households passed the exam.³² The trend is similar for the A-Level exams. Enrolment rates for girls in secondary education and enrolment rates for women in HE are slightly higher than respective rates for boys and men, though this is not reflected in the labour market. However, more than 30 per cent of young people aged 20-34 are not in education, employment, or training. Women in particular contribute to this high rate, with about 55 per cent of women aged 20-34 not in employment, education, or training.³³

There are more than 700 institutions offering technical and vocational education and training (TVET), 400 of which are private or run by non-governmental organisations.³⁴ National Vocational Qualifications 1-4 are offered at the upper secondary and post-secondary (non-tertiary) levels and last for one year, including six months of on-the-job training. Qualifications 5-6 are offered at the tertiary level and last for 18-24 months. The highest level, National Vocation Qualifications 7, is offered at the tertiary level and is a three-year program.

²⁴ [National Policy on Preschool Education](#), National Education Commission Sri Lanka, 2019.

²⁵ [School Census Report 2017](#), Statistics Branch, Ministry of Education of Sri Lanka, 20 June 2018.

²⁶ [Sri Lanka At a Glance 2016-2018](#), Sri Lanka Ministry of Finance, 30 December 2019.

²⁷ [Improving Education in Sri Lanka: Priority Areas for Action](#), Talking Economics Blog, Institute for Policy Studies, 15 February 2018.

²⁸ [Building a More English-Literate Sri Lanka: The Need to Combat Inequities](#), Talking Economics Blog, Institute for Policy Studies, 23 April 2018.

²⁹ [Country profile: Sri Lanka and the World Bank](#), World Bank, 15 October 2019.

³⁰ [School Census Report 2017](#), Statistics Branch, Ministry of Education of Sri Lanka, 20 June 2018.

³¹ [IPS highlights the importance of developing skills in Sri Lankan graduates](#), The Island, 1 February 2018.

³² [Education Matters: Addressing Inequities and Skills Development Gaps in Sri Lanka](#), Talking Economics Blog, Institute for Policy Studies, 13 August 2018.

³³ [World Economic Situation and Prospects 2020](#), United Nations, January 2020.

³⁴ [TVET Country Profile: Sri Lanka](#), UNESCO and the Tertiary and Vocational Education Commission (TVEC) under the Ministry of Skills Development and Vocational Training of Sri Lanka, November 2018.

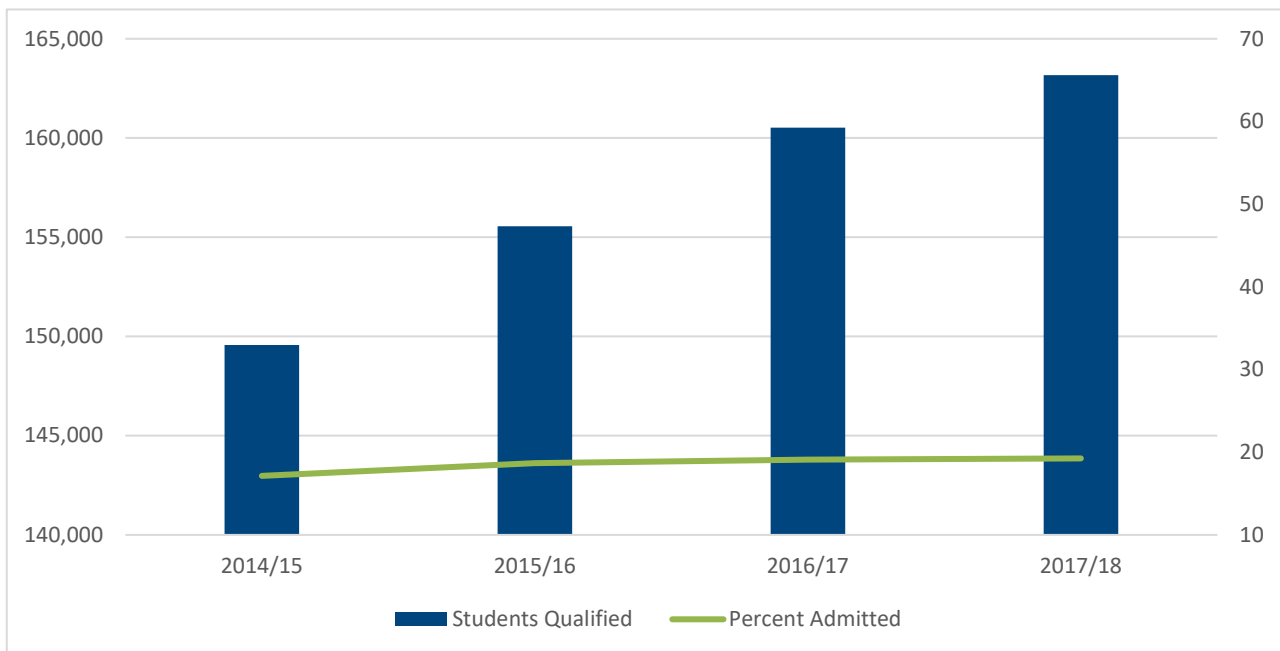
The Institute of Policy Studies has also pointed out that the transition from school to vocational training is not high: most of the approximately 130,000 students who do not pass their O-Levels and progress to the collegiate level each year usually find unskilled work or take up casual jobs.³⁵ In 2017, 7.8 per cent of students were enrolled in technical and vocational education and training (TVET).³⁶

Higher education

The Sri Lankan Ministry of Higher Education (MoHE), a branch of the Ministry of Higher Education, Technology and Innovation, is only directly in charge of two universities and one institute. The University Grants Commission, an organization under MoHE, regulates and oversees higher education institutes, allocates funds, and coordinates university education.

There is a quota system for admission into the UGC-recognised universities and HEIs, of which there are 15 state universities and 19 postgraduate and technological institutes. Because of the limited spaces available, higher education admission is extremely competitive, and the regional quota system means that even high achieving students are not guaranteed access to free university. In 2017/18, 163,160 students passed the A-Level exam and qualified for undergraduate university attendance, but only 19 per cent were admitted, an increase of just 0.15 percentage points from the previous year.³⁷

Figure 3: Number of students qualified for HE enrolment vs percentage admitted



Source: Sri Lanka University Grants Commission

Thus Sri Lanka has a low rate of enrolment in HE, with less than 10 per cent of university-age students enrolling in local universities. In 2018 137,890 Sri Lankans were enrolled in undergraduate and postgraduate programmes (not including distance learning). Females accounted for 63 per cent of undergraduate enrolments but males are the majority in the subjects of engineering and architecture and technology.³⁸ The most popular undergraduate subjects in 2017/18 were arts, management and

³⁵ [Bridging the Skill Gap: A Challenge in Sri Lanka’s Quest for Economic Growth](#), Talking Economics Blog, *Institute of Policy Studies*, 19 June 2017.

³⁶ [Sri Lanka Country Profile](#), *UNESCO Institute of Statistics*, accessed 15 January 2020.

³⁷ [Sri Lanka University Statistics 2018](#), *University Grants Commission Sri Lanka*, 2018.

³⁸ [Sri Lanka University Statistics 2018](#), *University Grants Commission Sri Lanka*, 2018.

commerce, science, and engineering and architecture. Among postgraduates, education and arts were the most popular subjects in 2017/18, followed by management and commerce, science/IT, and engineering and architecture.³⁹

Bachelor's degrees take three years of study. Honours degrees require four years of study. The undergraduate level also includes a variety of one-year diploma programs, which often have a specific subject focus such as marketing or computer-based accounting and information systems. At the postgraduate level, there are different types of master's degree programmes that take one to two years to complete. Some universities offer postgraduate certificates and diplomas in programmes designed for specialisation in more professional disciplines.⁴⁰

The government does not provide statistics on the number of private HE institutes in operation. It is estimated that there are around 80, but the UGC does not accredit any private universities.⁴¹ Privatisation remains a hot button issue in Sri Lanka due to concerns over the opaque accreditation processes and the possible ending of free higher education. In 2020, the government pledged to increase the number of university places available for Sri Lankan students by 25 per cent but said that no additional funding would be provided. The government also announced that five private, not-for-profit institutions would be granted "charter university status." Analysts expect that the charter university status for private institutions or the introduction of tuition fees will likely be met with intense opposition.⁴²

Open and distance learning is gaining popularity in Sri Lanka through the Open University of Sri Lanka, which saw 24,346 undergraduate and 7,654 postgraduate enrolments in 2017/18. Humanities and social sciences accounted for 10,839 of undergraduate enrolments, followed by engineering technology (5,531).⁴³ For postgraduate enrolments, programmes in education were by far the most popular. There were 4,839 enrolments in certificate programmes ('English for business and entrepreneurship' and 'small business management' were the most popular subjects) and 2,100 diploma enrolments ('early childhood and primary education' was the most popular subject).⁴⁴

A Harvard University study found that more than three-quarters (77 per cent) of university graduates are employed in the public sector. Graduates employed by the private sector make significantly more than graduates in the public sector and those who have only their A-Levels. The high premium placed on graduates in the private sector may point to a skills mismatch between graduates and the needs in the jobs market, particularly in information and communication technology, science and engineering, business, and management.⁴⁵ The Institute of Policy Studies found in a 2017 report that skills gaps in the educational system, resulting primarily from capacity constraints, is one of the key obstacles to developing the competitiveness of the national economy.⁴⁶ Youth unemployment (ages 15-24) has been consistently higher for those with A-Level qualifications and above than for other groups, hovering around 33 per cent since 2013 (32.6 per cent in 2018). The unemployment rate among females is higher than among males across the board but was 13.2 per cent among females in this group, versus only 5.1 per cent for males.⁴⁷ In 2018, graduates with arts degrees accounted for 59.1 per cent of unemployed graduates, up from 54.3 per cent in 2017.⁴⁸

³⁹ [Sri Lanka University Statistics 2017](#), University Grants Commission, 2018.

⁴⁰ [Education in Sri Lanka](#), World Education News + Reviews, August 2017.

⁴¹ [Why we need more private universities](#), Daily News, 2016

⁴² [Sri Lankan reforms seen as opening door to marketisation of HE](#), Times Higher Education, 26 February 2020.

⁴³ [Sri Lanka University Statistics 2017](#), University Grants Commission, 2018.

⁴⁴ Ibid.

⁴⁵ [Does the Sri Lankan economy need more university graduates?](#), Center for International Development, Harvard University, 2018.

⁴⁶ [Sri Lanka: State of the Economy 2017](#), Institute of Policy Studies of Sri Lanka, 2017.

⁴⁷ Ibid.

⁴⁸ [Labour Force Survey - Annual Report 2018](#), Department of Census and Statistics Sri Lanka, December 2019.

The government is looking closely at skill sets and consequent employability of graduates. In 2014, a US\$100 million loan was secured from the Asian Development Bank to fund a skills development programme, in order to increase graduate employability. The new Vistas of Prosperity and Splendour designates vocational training and skills development as major means for skilling the population, regardless of academic performance.⁴⁹ Sri Lanka seeks to become a competitive knowledge-based economy. To do so, it will need HE graduates with relevant education, training, and skills.

Key policies related to education

The most recent national policies on education were released in 2019 (preschool education) and 2018 (TVET). Proposals for a national policy on general education were released in 2016. It remains unclear if the new presidential administration will continue to implement these policies or develop new strategies for education, though education is mentioned as part of the new leadership's policy vision.

Under the previous administration's "Vision 2025" policy goals, the aims for education were to increase access and quality of education. It also made schooling mandatory for 13 years and established a new education inspectorate. The "Vistas for Prosperity and Splendour," officially announced by the current administration in January 2020, focuses on quality improvement, infrastructure development, and teacher training.

The UGC released its strategic plan for 2019-2023 which states five goals of: increasing equal access to state sector higher education; develop students' knowledge and skills required for the 21st century; improve state HEIs through research and innovations; equip state HEIs with efficient and quality human resources and facilities; and strengthening the governance and management of HEIs.⁵⁰ The plan sets goals to increase the intake of undergraduate students by 3 per cent every year, increase the number of foreign student enrolments by 2 per cent every year, and add 10 new postgraduate degree programs every year from 2020-2023.

The new Vistas of Prosperity and Splendour aims to digitise learning at all universities and produce more technocrats and expand the Open University system. It also seeks to increase the number of students entering tertiary education, restructure university syllabi to meet market needs, attract more foreign students to study in Sri Lanka, and promote English speaking and IT usage among youth.⁵¹

The most recent key policy related to TVET was in 2018 and aims to identify labour market needs, strengthen TVET teacher training, mitigate TVET dropout rates, and improving the TVET delivery process.⁵² The Vistas of Prosperity and Splendour states aims to increase the present scheme of vocational certificates from level seven to level 10 and revise the national framework.⁵³

In 2017, education spending accounted for 2.8 per cent of GDP.⁵⁴ Expenditure on research was US\$87 million in 2019, a 1.6 per cent increase from the previous year.⁵⁵

⁴⁹ [National Policy Framework: Vistas of Prosperity and Splendour](#), Government of Sri Lanka, 2020.

⁵⁰ [Strategic Plan, 2019 to 2023](#), University Grants Commission Sri Lanka, 2019.

⁵¹ [Policy Statement Made By President Gotabaya Rajapaksa – Full Text](#), Colombo Telegraph, 3 January 2020

⁵² [TVET Country Profile: Sri Lanka](#), UNESCO and the Tertiary and Vocational Education Commission (TVEC) under the Ministry of Skills Development and Vocational Training of Sri Lanka, November 2018.

⁵³ [National Policy Framework: Vistas of Prosperity and Splendour](#), Government of Sri Lanka, 2020.

⁵⁴ [Sri Lanka Country Profile](#), UNESCO Institute of Statistics, accessed 15 January 2019.

⁵⁵ [Sri Lanka Country Report](#), Euromonitor, 6 January 2020.

The World Bank has supported Sri Lanka in multiple development schemes, such as the 2018 General Education Modernisation Project for Sri Lanka. This project aims to utilise US\$2.9 billion to enhance the quality and management of primary and secondary education through June 2024.⁵⁶ The Accelerating Higher Education Expansion and Development Operation is aimed at helping the higher education sector increase enrolments in priority disciplines for economic development, improve the quality of degree programmes and promote research and development.⁵⁷

International student recruitment

Overall inbound trend

Sri Lanka hosts very few international students but has set a target of becoming an international student hub. To this end, the government has designated a “free education investment zone” that will give tax breaks to overseas universities. However, places at these universities would be reserved for overseas students paying in foreign currencies and only 5 per cent of Sri Lankan students will be offered scholarships to study there.⁵⁸ The initiative has come under fire for not taking adequate stock of local demand.

According to the University Grants Commission, in 2018, there were a total of 330 foreign students enrolled in undergraduate programmes and 800 foreign students enrolled in postgraduate programmes in Sri Lanka in 2018. For undergraduates, medicine and arts were the two most popular subjects. For postgraduates, arts subjects accounted for the vast majority of enrolments (707 students).⁵⁹ UGC does not offer official statistics on the nationalities of these students, but according to UNESCO, the majority of incoming students come from the Maldives and Myanmar.⁶⁰

Overall outbound trend

According to UNESCO, almost 21,000 Sri Lankans studied abroad in 2017. This was an increase of 11 per cent on the previous year and followed a steady upward trend. Australia is by far the most popular destination for Sri Lankan students, followed by the United States.

Recruitment is driven by a severe shortage of university places for even the highest achieving students, the variable quality of domestic institutes, and the perceived value of a university education in the labour market. Yet Sri Lanka is a price sensitive and mostly middle-income market and fewer students look to use university as a springboard for settling overseas, compared to during the civil war.

While the higher income brackets are likely to continue to place a premium value on the prestige of an overseas university education, other less-wealthy segments of Sri Lankan society are likely to depend on in-country HE provision. Those segments should therefore be most affected by an increase in the availability of private and foreign institutes, offering affordable courses of sufficient quality and relevance to the jobs market.

Currently, the Sri Lankan government does not offer scholarships for students to study abroad.

UK recruitment

In 2018/19, there were 1,265 Sri Lankan students studying in the UK, a 3 per cent increase from 2017/18, marking the first year of increase since enrolments reached a peak of 7,580 in 2010/11. The UK recruitment market has suffered in part from Australia’s concerted marketing, and in part from the increased difficulty of securing visas and the repeal of the right to post-study work. The re-introduction of the post-study work visa could provide a boost for UK universities.

⁵⁶ [General Education Modernization Project for Sri Lanka](#), *World Bank Projects & Operations*, June 2018.

⁵⁷ [Country profile: Sri Lanka and the World Bank](#), *World Bank*, 15 October 2019.

⁵⁸ [Study in Sri Lanka?](#), *Times Higher Education*, 27 February 2020.

⁵⁹ [Sri Lanka University Statistics 2018](#), *University Grants Commission*, 2019.

⁶⁰ [UIS student flow](#), *UNESCO*, 2020.

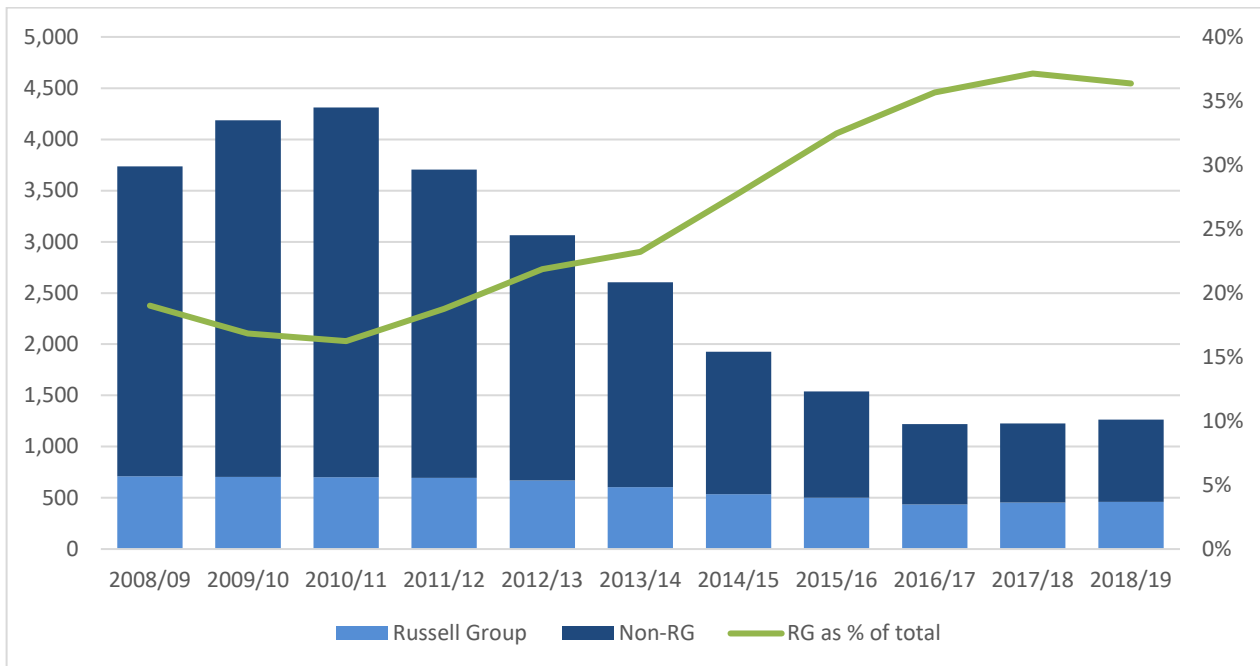
Figure 5: Sri Lankan enrolments in the UK: PG and UG split



Source: HESA

Enrolments in the UK are split roughly evenly between undergraduate and postgraduate programmes, with a rise in the proportion of undergraduate students from 2012/13. In 2015/16, postgraduates made up more than half of enrolments (51 per cent) for the first time in almost a decade and accounted for 53 per cent of enrolments in 2017/18. In 2018/19, enrolments were evenly split between the two levels.

Figure 6: Sri Lankan enrolments in the UK: Russell Group vs. rest of sector



Source: HESA

Those who do choose the UK tend to prioritise reputation and ranking and are likely to want to return to Sri Lanka to take up employment there. As enrolments have declined, figures have fallen most significantly for institutes outside of the Russell Group, which has captured an increasing share of the market: 36 per cent in 2018/19, compared to 16 per cent in 2010/11.

Subject areas

Figure 4: Subject area new enrolments by size and growth

	Total new UK enrolments in 2018/19	Undergraduate			Postgraduate		
		New UK enrolments in 2018/19	Change from previous year	5-year trend	New UK enrolments in 2018/19	Change from previous year	5-year trend
Engineering & technology	295	170	0.0%		125	4.2%	
Business & administrative studies	275	150	30.4%		125	-28.6%	
Social studies	100	55	10.0%		45	0.0%	
Computer science	85	30	-14.3%		55	10.0%	
Biological sciences	80	45	12.5%		35	16.7%	
Medicine & dentistry	75	55	10.0%		20	0.0%	
Law	65	35	0.0%		30	-25.0%	
Physical sciences	50	10	0.0%		40	33.3%	
Architecture, building & planning	50	10	-33.3%		40	14.3%	
Subjects allied to medicine	45	15	-25.0%		30	20.0%	
Education	35	5	0.0%		30	50.0%	
Creative arts & design	30	15	0.0%		15	-33.3%	
Languages	15	10	100.0%		5	-50.0%	
Historical and philosophical studies	15	5	0.0%		10	0.0%	
Mathematical sciences	15	10	0.0%		5	0.0%	
Mass communications and documentation	10	5	*		5	0.0%	
Combined	5	5	*		0	0.0%	
Agriculture & related subjects	5	0	0.0%		5	0.0%	
Veterinary science	0	0	0.0%		0	0.0%	

Source: HESA, British Council

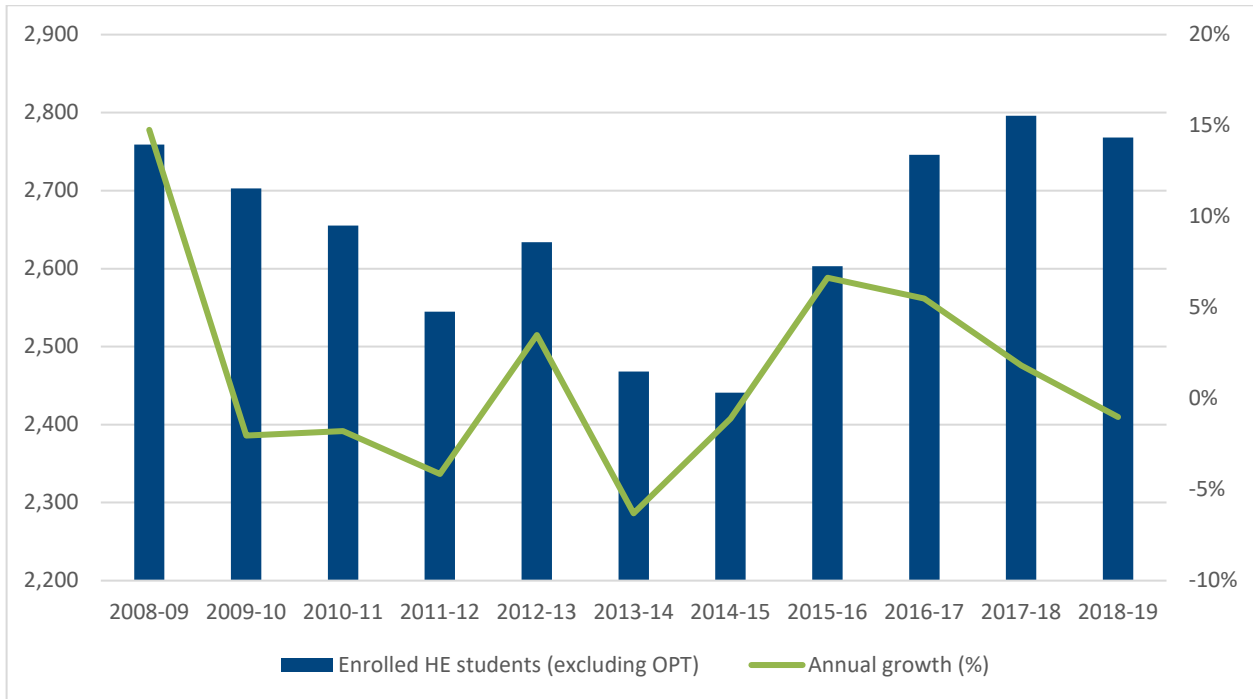
The two most popular subject areas for Sri Lankan students at UK universities are engineering and technology and business and administrative studies, with 295 and 275 new enrolments respectively. These two areas are the most popular among both undergraduates and postgraduates. Following these two areas is social studies with a total of 100 enrolments. It is the third most popular subject for undergraduates and fourth most popular for postgraduates.

With the overall decline in Sri Lankan students coming to the UK for study, almost all of the major subject areas have seen a decline in both postgraduate and undergraduate enrolments over the last five years. However, undergraduate enrolments in social studies, biological sciences and medicine and dentistry have increased for two consecutive years. Postgraduate enrolments in physical sciences have increased for the last four years, and subjects allied to medicine have increased for two consecutive years.

Competitor activity

United States

Figure 8: Students in USA (excluding OPT)

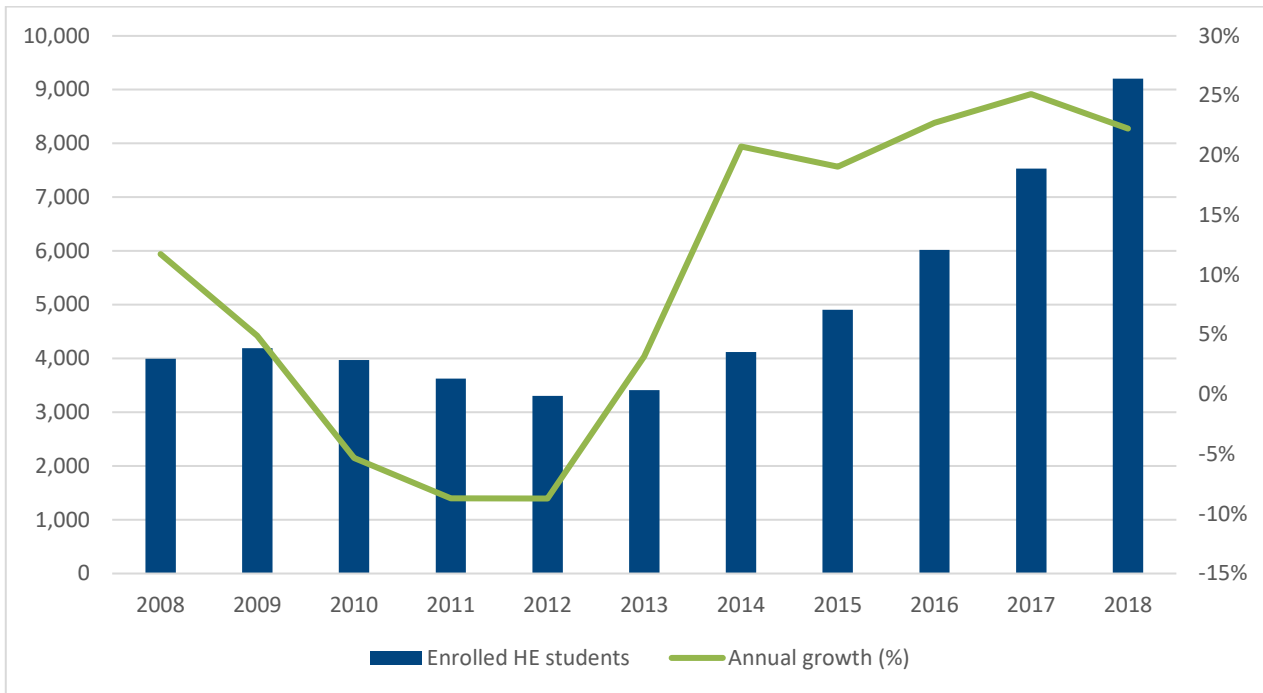


Source: IIE

There were 2,768 Sri Lankans enrolled in the US in the 2018/19 academic year (excluding those enrolled in Optional Practical Training, the US post-study work programme), a decline of 1 per cent from the previous year. Enrolments have varied greatly over the space of a decade, ranging from a fall in growth of 6 per cent in 2013/14, to an increase of 7 per cent in 2015/16. The 2018/19 enrolments marked the first year of decline since 2014/15, when enrolments reached a low of 2,441. The US has conducted little marketing beyond an annual exhibition and series of school visits and holds only a few partnerships with local institutes.

Australia

Figure 9: Students in Australia

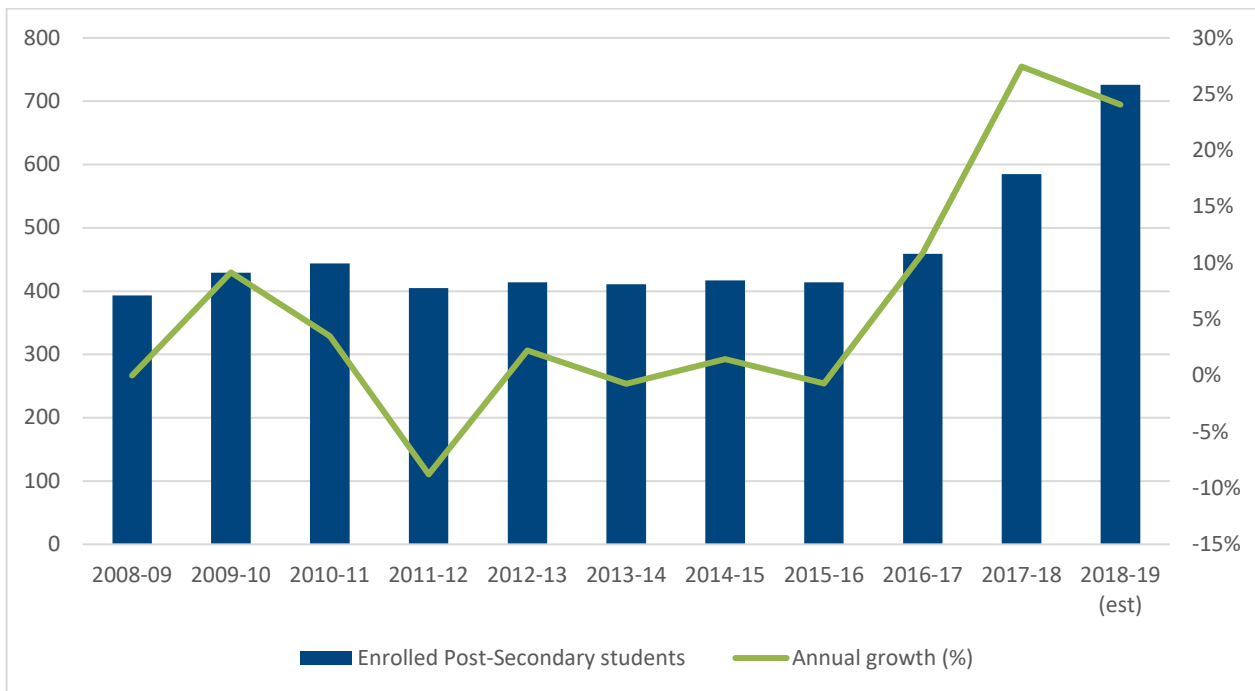


Source: Austrade

Despite a fall in the number of inbound students between 2007 and 2012, sustained and assertive advertising in Sri Lanka by Australian HE institutes has since paid off. Australia has dominated the market since 2013 to the detriment of the US and the UK. In 2018, 9,208 Sri Lankan students were enrolled in Australian institutes. Students who choose Australia are more likely to consider their right to work while studying, and their options for settling and working in the country upon graduating.

Canada

Figure 10: Students in Canada



Source: StatCan

Canada is not a significant recruiter of Sri Lankan students, with 726 enrolled in 2018/19 (See Figure 10). However, since 2015/16 it has seen a sharp upward trend after ten relatively level years, which may signal a new focus on the country by providers.

Transnational education

Sri Lankan policy on TNE has been limited and opaque but foreign universities have more recently been permitted to offer in-country programmes, in all subjects except medicine. Over 85 UK HE institutes now offer in-country programmes.

TNE is increasing significantly and most commonly takes the form of franchise arrangements with local institutes. Sri Lanka is now the 5th largest TNE market for the UK, behind China, Malaysia, Singapore and Pakistan. In 2018/19, there were 28,315 TNE students in Sri Lanka, an increase of 3 per cent on the previous year. Though growth has now slowed, UK TNE enrolments have increased overall by 108 per cent over the last five years.⁶¹ There are estimates that over 45,000 students gain a UK qualification each year, including professional qualifications. A number of Sri Lankan universities have developed international dual degree programmes with universities in Australia and the UK. Some of these programmes involve studying a portion of the degree in Sri Lanka and a year or two at the partnering university's home campus.

⁶¹ UK TNE data, HESA, 2019.