

International
Labour
Organization

DECENT WORK COUNTRY PROGRAMME SRI LANKA 2013 - 2017



Rights at Work



Employment



Social Protection



Social Dialogue

SRI LANKA

DECENT WORK COUNTRY PROGRAMME 2013 - 2017

ILO Country Office for Sri Lanka & the Maldives

May 2013



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Abbreviations

CAS	-	Child Activity Survey
CCC	-	Ceylon Chamber of Commerce
DS	-	District Secretariat
DWCP	-	Decent Work Country Programme
DWCPA	-	Decent Work Country Policy Analysis
EFC	-	Employers' Federation of Ceylon
GDP	-	Gross Domestic Product
ILO	-	International Labour Organization
LED	-	Local Economic Development
LMI	-	Labour Market Information System
MoCDWE	-	Ministry of Child Development and Women's Empowerment
MoE	-	Ministry of Education
MoFEPW	-	Ministry of Foreign Employment Promotion and Welfare
MoLLR	-	Ministry of Labour and Labour Relations
MoPP	-	Minister of Productivity Promotion
MoU	-	Memorandum of Understanding
MoYA	-	Ministry of Youth Affairs and Skills Development
NAITA	-	National Apprentice and Industrial Training Authority
NCPA	-	National Child Protection Authority
NHREP	-	National Human Resources and Employment Policy
NIOSH	-	National Institute of Occupational Safety and Health
NSC	-	National Steering Committee
OSH	-	Occupational Safety and Health
PES	-	Public Employment Service
PLHIV	-	People Living with HIV
PWDs	-	Persons with Disabilities
RPCs	-	Regional Plantation Companies
SBIR	-	Small Business Innovation Research
SBTT	-	Small Business Technology Transfer
SIYB	-	Start and Improve Your Business
SLFBE	-	Sri Lanka Bureau of Foreign Employment
SMEs	-	Small and Medium Enterprises
SPF	-	Social Protection Floor
ToTs	-	Training of Trainers
TUs	-	Trade Unions
TVEC	-	Tertiary and Vocational Education Commission
TYHDF	-	Ten Year Horizon Development Framework
UNDAF	-	United Nations Development Assistance Framework
UNIVOTEC	-	University of Vocational Technology

Foreword

The International Labour Organization (ILO) is the United Nations specialized agency that promotes a job-centered and rights-based approach to development through social justice and the Decent Work Agenda. To this end, the ILO advocates for full and productive employment coupled with rights, representation and protection in the world of work as a means to reduce poverty.

Decent work is built on four strategic objectives: promoting fundamental principles and rights at work premised on international labour standards; employment and income opportunities; social protection and social security; and social dialogue and tripartism.

These objectives hold for all workers, women and men, in both formal and informal economies; in wage employment or working on their own account; in the fields, factories and offices; in their home or in the community.

The ILO fulfills its mission by setting international labour standards, as well as shaping policies and programmes through its unique tripartite structure of workers' and employers' organizations participating as equal partners to governments.

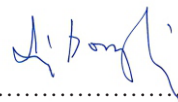
The ILO provides technical assistance to its member states through a Decent Work Country Programme (DWCP), which detail the policies, strategies and results required to realize progress in each country, towards the goal of decent work for all.

The Sri Lanka DWCP 2013 – 2017 has been developed by the ILO in full consultation with the tripartite partners, the Ministry of Labour and Labour Relations, the Employers' Federation of Ceylon (EFC) and the Trade Unions.


The undersigned, hereby, commit to collaborate and implement the programme in order to promote and advance decent work in Sri Lanka.



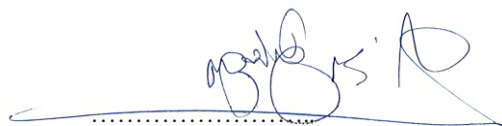
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1.0 Background

Decent Work Country Programmes (DWCP) detail the policies, strategies and results required to realize progress, in each country, towards the goal of decent work for all. They are based on priorities of constituents and national development objectives. The Decent Work Country Programme (DWCP) (2013 – 2017) Sri Lanka is an umbrella framework for ILO engagement in Sri Lanka for the next 5 years. It flows from the outcome of several years' work done and the achievements made over the years by the ILO and its tripartite partners, the Ministry of Labour and Labour Relations (MOLLR), Employers Federation of Ceylon (EFC) and the Trade Unions, and the recommendations in the Decent Work Country Programme review for 2008-2012.

The DWCP 2013 – 2017 is designed to contribute to the vision articulated in the Mahinda Chintana, **Sri Lanka – The Emerging Wonder of Asia: Development Policy Framework** and United Nations Development Assistance Framework (UNDAF) 2013-2017 especially Outcome 1.1 “*an enabled environment for equal opportunities to sustainable livelihoods, for decent work and employability*”. The DWCP is also guided by the National Policy for Decent Work in Sri Lanka 2006, and the National Human Resource & Employment Policy 2012, which were developed with support from ILO and set out policies for creating opportunities for employment, ensuring rights and freedom at work, encouraging social dialogue and providing social protection for all.

1.1 Country Context

1.1.1 Progress and Development Challenges:

In May 2009, Sri Lanka emerged from a protracted three-decade long civil war, which severely affected the lives of its people and its development efforts. Sri Lanka has now entered into a new era of rapid socioeconomic development. According to the Central Bank of Sri Lanka Annual Report 2011, the economy grew by 8.3% in 2011, the highest in Sri Lanka's post independence history, sustaining a growth momentum of over 8% for the first time in two consecutive years. In 2011, Sri Lanka achieved per capita GDP of US dollars 2,836 and is poised to accelerate the level of per capita GDP to over US dollars 4,000 by 2016.

Even though a gentle deceleration in growth took place in 2012, inflation remained at single digit levels for the third consecutive year, while unemployment declined to 4.2%, the lowest level recorded. Although there is a high rate of youth unemployment, a substantial reduction in youth unemployment levels was also recorded. Migrant workers' remittances reached US\$ 5.1 billion and foreign direct investment to the country exceeded US\$ 1 billion for the first time.

The GDP growth rate is expected to increase to 8.3% in 2015, with poverty declining to 2% and unemployment to less than 3% by 2016¹. Nevertheless, Sri Lanka's economy currently faces the challenge, of ensuring macro-economic conditions conducive for investment and export-led economic growth to sustain the high economic growth kick-started since the end of the war. Creating an enabling environment for private sector investment is essential to support investment in business expansion and new technologies that would generate decent employment opportunities.

1 Central Bank Sri Lanka <http://www.cbsl.gov.lk/roadmap/RM2013.pdf> Jan 02- 2013

Policies for the second wave of growth need to be carefully planned in order to avoid the “middle-income trap”. Towards this objective, Sri Lanka envisages a development path that will help transform the country into the “South Asian Economic Hub” encompassing five sectors - Naval, Aviation, Commerce, Energy, and Knowledge.

1.1.2 Poverty, Inequalities and Social Protection:

Although there has been a sharp drop in poverty in the country as a whole during 1996-2011, there are wide disparities. The bottom 40% of households received roughly around 15% of total national income, while the highest 20% received roughly around 50%. The Gini coefficient has remained almost static hovering around 0.45 during the years for which data are available (1953-2003/4)². Poverty has declined from 29% in 1995/96 to 9% in 2009/10, accompanied by sharp declines in poverty in rural areas and in the estate sector. Even so, it should be noted that different types of vulnerabilities amongst different occupational groups have continued to limit equitable access to growing economic opportunities across the country. Inequalities in income and well-being are particularly sharp between vulnerable communities like returnees to the former conflict-affected areas, and the rest of the population. Working poverty remains particularly high in agriculture (43% in 2006/2007), manufacturing (15%), construction (9%) and wholesale and retail trade (8%). The high proportion of working poor at US\$ 2 threshold suggests that a large share of the country's labour force remain vulnerable to poverty.³

As with all conflict-prone societies, social inequality in Sri Lanka has strong sectorial and regional dimensions. Growth in the last two decades has been largely limited to the urban manufacturing and services sectors located in the western province. Institutional and structural factors, social exclusion and discrimination contribute to widening disparities⁴. The pace at which marginalized groups are being integrated into the economy and provided access to services and facilities has been disappointing. A long-lasting solution to the ethnic problem and putting in place effective means of addressing the grievances of minority communities are vital for sustained peace and stability.

Sri Lanka has to a large extent achieved a level of social development superior to most developing countries. Social security coverage is more extensive than in most countries of the South Asian region. Social protection schemes and systems provide income support in old age and disability, together with health care, achieving a relatively high level of coverage for formal economy workers and for at least some of their informal economy counterparts. Employees in the public sector are entitled to receive a pension after retirement while private sector and government cooperate sector employees who are in regular employment have the benefit of retirement security through the Employees Provident Fund. Voluntary pension schemes exist for the benefit of farmers, fishermen and self-employed persons. People who are below the official poverty line receive social assistance benefits through the “Samurdhi Programme” (which includes cash transfers, savings and credit programmes and set of workforce and social development Programmes⁵).

2 National Policy for Decent Work in Sri Lanka – ILO 2006

Central Bank of Sri Lanka 2012 – Socio Economic Conditions by Province – Income distribution 2003-2004

Gini Coefficient (One Month Income) Spending Unit- Western (0.47) Central (0.42), Southern (0.39) Northern (Jaffna & Mannar Districts) (0.44), Eastern (0.51), North Western (0.42), North Central (0.48), Uwa (0.43), Sabaragamuwa (0.40), All Island (0.46)

Income Receivers Western (0.51), Central (0.47) Southern (0.46), Northern (Jaffna & Mannar Districts) (0.52) Eastern (0.55), North Western (0.47) North Central (0.51) Uwa (0.46) Sabaragamuwa (0.45) All Island (0.50)

3 Decent Work Trends and Issues in Sri Lanka – Chandrasiri - 2012

4 Dileni Gunawardana Ph.D. Policy Paper on Inequality in Sri Lanka

5 Sri Lanka – A review of the Social Security system for the Ministry of Labour Relations and Manpower – Social Security Department ILO Geneva – 2008.

However, data shows that effective coverage is well below the numbers of those who should be eligible. A further area for concern is the inadequacy of benefits provided under existing schemes for private sector workers and workers in the informal economy to ensure sufficient income replacement. In addition, there is no protection in case of unemployment and only limited protection in case of disability and for survivors in case of death of the breadwinner. Also of concern is the lack of financial and fiscal sustainability of the schemes. The absence of coherence and planning in the design, management and modes of financing of the schemes and the lack of coordination between them also hampers the efficiency of the overall system to adequately deliver protection.

A recent Child Activity Survey 2008/9 indicated that children at risk of falling prey to child labour had reduced by 21% points over a 10 year period. However, the country has committed to eliminate the worst forms of child labour by 2016 of which the category of hazardous forms of child labour identified in the CAS 2008/9 is 63,916. Worst forms in the other categories under ILO C 182 are yet to be enumerated and work remains to be done to support the State to honour this commitment to meet their 2016 goal.

In addition, Sri Lanka's demographic transition and the inter-generational dependency are bound to have dramatic impacts on its economy. The total population of Sri Lanka in 2012 was 20.264 million⁶. It is stated that “Sri Lanka is rapidly approaching the end of the demographic transition, reflected in low and falling rates of fertility and population growth and a rapidly ageing population”^{7,8}. Sri Lanka will enjoy a “demographic dividend” up to 2017 with the proportion of economically active population growing much faster than the dependent population – but to reap the benefits, Sri Lanka will have to be able to create more and better jobs for the large numbers of young women and men entering the labour force each year. After 2017, Sri Lanka will face an increasingly ageing population (with increasing feminization and elderly people) with growing needs for social protection⁹. “Unless labour force participation and employment rates increase, a very small number of employed persons will need to provide for a very large number of non-working people”¹⁰.

1.1.3 Labour Market Challenges

While the labour force and the number of people employed have grown, labour force participation and employment rates have dropped over the past decade. Labour force participation remains at 48.2%, while the sectorial employment shares are agriculture 32.9%, industry 24.3%, and service and other sectors 42.8%. The drop in labour force participation is partly due to demographic structural changes, which manifest moving towards an aging population and partly due to the drop in the number of youth aged 15-24 years engaged in economic activity and continuation of education.

Sri Lanka ranks 39 in the gender gap index with a score of 0.712 (0.00 = inequality, 1.00 = equality) and 119 in labour force participation with a score of 0.47 among 135 countries for which data is available.¹¹ Although the 2011 overall labour force participation rate was 48.8%, the female labour force participation was less than half (32.8%) of the male labour force participation rate (66.7%). While low rates of female labour force participation co-exist with high female unemployment levels, wage disparities between male and females,

6 Population and Housing, Census 2012

7 Decent Work Trends and Issues in Sri Lanka – Chandrasiri - 2013

8 Department of Health Services quoted by Chandrasiri

9 Report on the Review of The ILO Decent Work Country Programme – Sri Lanka -2008-2012–Nov 2012

10 The World Bank – Sri Lanka Overview 2013

11 World Economic Forum –Measuring the Gender Gap 2012– Part 2 – Country Profiles – Sri Lanka Page 320

indicative of the disadvantaged position that women occupy in Sri Lanka's labour market continues to prevail. A recent analysis revealed that in the economy as a whole, the gender wage gap is about 9% in favour of men.¹²

Sri Lanka has succeeded in maintaining the rate of unemployment at a single digit throughout the last decade. Moreover, the unemployment rate has declined sharply to 4.9% in 2010 and 4.2% in 2011.¹³ However, unemployment amongst females is considerably higher than for males. According to the Central Bank of Sri Lanka based on figures provided by the Department of Census and Statistics, the female unemployment in 2011 was 6.8% as compared with 2.7% in the case of males.

Youth unemployment accounts for more than half of total unemployment in which the largest share of total unemployed (37.5% males and 39.1% females) is made up by the cohort aged 20 to 24. Unemployment affects the rural and urban labour force in equal measure. However, the gender difference is higher in rural areas than in urban areas. As regards educational achievements of unemployed persons of 15 years and above, the rate of unemployment for all categories shows a general declining trend. However, the rate of those who have reached higher educational levels has declined more significantly, suggesting that current strategies in addressing the skills mismatch would help mitigate the prevalence of unemployment amongst better educated persons.

The overall underemployment rate in Sri Lanka (for labour force above 15 years) was 3.8% in 2010 and amongst the “highly educated” (those who have education equal or higher than G.C.E. A/L), the underemployment rate was 2.2%. Moreover, the gender disparity between educated underemployed males and educated underemployed females is considerably high. The highest underemployment is recorded in the agriculture sector while the lowest in the service sector.

While men have a wider choice in job opportunities in the domestic market, due to social attitudes women's opportunities are limited to a few sectors like agriculture, manufacturing, government service. Restricted mobility, inflexible working hours and some barriers in the legal framework also tend to limit the opportunities for women in fast growing employment sectors like construction and services.

The extent of informality in Sri Lanka's labour market is also a cause for concern. Informal sector employment accounted for approximately 60% of the total employment (of which 62.45 were male and 54.8% females and 83% in agriculture and 48.6% in non-agriculture, 2009). In particular, 31.4% of the employed are classified as self-employed (2011).¹⁴ Large shares of own account workers and unpaid family workers in total employment in Sri Lanka suggests that the informal sector is a residual sector, which mops up those who are unable to get jobs in the better protected formal sector. Overall, 41.2% of the country's workforce (2009) was made up of wage and salary workers in the private sector, with an additional 15% in the public sector. Own account workers constitute 30.3% of all employed, with unpaid family workers accounting for 10.6% of the total employment (of which 22.3% were women).

It is estimated that more than 1.6 million Sri Lankans are employed abroad, especially in oil rich countries in the Middle East, contributing more than 8% to GDP through remittances. While the majority of them were female migrant workers, comprising almost 75% in the late 1990's, by 2008 the percentage had dropped to

12 The Challenge of Youth Employment in Sri Lanka - World Bank - D. Gunewardena (2010)

13 The World Bank Data Unemployment, <http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS>

14 Labour Force and Employment 2011 – Socio Economic Data Central Bank of Sri Lanka 2012

50%, many of them in the lowest paid jobs. More than 25% of female Sri Lankans of working age are employed abroad as opposed to 16% of male workers. 'Clearly, the problem of a very large gender gap in labour force participation is confined to the domestic labour market'¹⁵. This asymmetry in numbers, nevertheless, has other attendant problems connected to the process of migration, including exploitation, abuse and workers' rights violations throughout the migration process i.e. from pre-recruitment, pre-departure, during employment, until return and reintegration.

Overall labour productivity, measured by GDP per worker, has been improving (Rs. 250,000 in 1995 to slightly over Rs. 300,000 in 2011) with industry and service sectors registering respectable productivity growth rates. However, labour productivity in the agriculture sector remains low. This is primarily due to lack of investment, inadequate technology, and insufficient incentives. With stable rates of labour force participation, declining unemployment and rising relative wages, improving labour productivity to spur economic growth has become increasingly important.¹⁶

The employers have continuously raised the issue of labour rigidity in Sri Lanka. They have highlighted the need to review and reform the labour laws, to be replaced by a basic legal framework of labour protection, with room for flexibility. In this regard, the Employers Federation of Ceylon (EFC), established to promote and protect employer interests in labour related matters in the country, has made several submissions. The EFC also provides human resource solutions to service organizations especially in the small and medium enterprise sector and intends to increase its coverage and organizational performance to offer better services to its membership.

In the opinion of trade unions, reforming labour laws for greater workplace flexibility should primarily address deficits between law and practice in industrial relations, freedom of association and collective bargaining. The unions also recognize the need for social dialogue and workplace cooperation for sustainable enterprise development. The trade union movement in Sri Lanka faces multiple challenges, attributed to the multiplicity and lack of unity among unions, limited representation in the informal sector and limited opportunities for women and youth in leadership positions. This has curtailed union density to about 10% in the country.¹⁷ Therefore, concerted efforts are needed to address these concerns.

1.2 Programme Context

1.2.1 Decent Work Country Programme (2008-2012)

The DWCP (2008-2012), the forerunner to this DWCP, was developed in consultation with the tripartite partners namely the Government with the Ministry of Labour and Labour Relations (MoLLR) as the focal point, the Employers Federation of Ceylon (EFC) and Trade Unions. The DWCP 2008-2012 had *poverty reduction and decent work for all* as its primary objective and the goal was designed to be achieved through promotion of 3 main outcomes, namely: (i) Enhanced access to more and better jobs in economically

15 Decent Work Trends and Issues in Sri Lanka - Chandrasiri 2012

16 Road Map – Sri Lanka – Monetary and Financial Sector Policies for 2013 and beyond – Central Bank of Sri Lanka

17 Labour issues in development – NATURE 2008, <http://www.naturesl.lk/pdf/sw/LabourIssues.pdf>

disadvantaged and crisis affected areas, (ii) Enhanced labour administration and promotion of equitable employment practices, (iii) Improved tripartite cooperation in initiatives linking job security, productivity and competitiveness.

The Programme also focused on several cross-cutting themes including the informal economy, gender equality, international labour standards and the adoption of a code of practice on HIV / AIDS in the world of work. Over the 5-year period of implementation of DWCP (2008 – 2012) the main outcomes were expanded to 12 outcomes in order respond to emerging national needs and opportunities, especially in the context of the re-emergence of peace since 2009, and also in order to conform to efforts of ILO to strengthen results based management (RBM), whilst maintaining gender mainstreaming throughout the programme.

The DWCP (2008 – 2012) Review Report states that “The Review found impressive verifiable achievements of the DWCP at national and also local levels. Verification of the results was not only through checking available documentation but more importantly through direct attribution by the stakeholders and beneficiaries themselves”.

The DWCP (2008-2012), with ILO support, has been instrumental in facilitating the government to formulate nine national policies, strategies and frameworks covering different areas of the Decent Work Agenda. Under the auspices of the DWCP, Sri Lanka produced action plans, road maps and facilitated in the formulation/amendment of legal enactments. The restoration of the US Trade benefits under the GSP since 2011 and Sri Lanka moving up to Tier 2 in US Trafficking of Persons Report can also be directly attributed to ILO support. Coherent, integrated gender responsive approaches for the sustainable development of conflict affected areas and strengthened labour administration, which are some of the other achievements that were identified. For further details refer to chapters and 4 of the report, which provide an assessment of the overall performance of the DWCP and suggestions for priority areas in Sri Lanka's next DWCP 2013-2017 respectively.¹⁸



18 Report on the review of the ILO Decent Work Country Programme Sri Lanka 2008-2012 (September 2012)

2.0 Country Priorities and Outcomes, DWCP 2013-2017

The Decent Work Country Programme (DWCP) 2013-2017 has been formulated underpinning the fundamental objectives that support the overall vision of “Sri Lanka–Wonder of Asia”, in close consultation with the tripartite constituents, the Government (Ministry of Labour and Labour Relations) Employers Federation of Ceylon and Trade Unions.

The DWCP 2013-2017 also takes guidance from “Mahinda Chintana – the Ten Year Horizon Development Framework”, as well as the National Human Resources and Employment Policy (NHREP) and the United Nations Development Assistance Framework (UNDAF) 2013-2017.

In addition to individual consultations with constituents, a tripartite workshop, held in Colombo in November 2012 on Decent Work Country Policy Analysis (DWCPA) in Sri Lanka provided an opportunity to identify key decent work challenges faced by the country and reflect and agree on the priorities and outcomes for the next DWCP.¹⁹ Whilst the Decent Work Team (DWT) in New Delhi was represented in the workshop, the technical specialists in ILO DWT New Delhi, Geneva and Bangkok also contributed to the finalization of the DWCP.

The DWCP 2013-2017 is built on the 3 Country Priorities and 10 anticipated Outcomes:

Country Priority 1: Promotion of full, decent and productive employment and enabling environment for competitive, sustainable enterprise development

- i. Government and social partners enhance employability and productivity of young women and men through market oriented skills training and measures to facilitate entry into the labour force.
- ii. Enterprises, both formal and informal, operate in an improved business environment, with access to quality services and better working conditions for sustainable development.
- iii. Disadvantaged and vulnerable groups especially in conflict-affected and economically lagging regions have equitable and enhanced access to more and better jobs and expanded product markets.

Country Priority 2: Strengthened democratic governance of the labour market

- i. Improved labour administration and strengthened social dialogue mechanisms.
- ii. Strengthened institutional capacity of employers' organizations.
- iii. Strengthened institutional capacity of workers' organizations.
- iv. Strengthened capacity of member States to ratify and apply international labour standards and to fulfil their reporting obligations.

Country Priority 3: Social inclusion and the establishment of a social protection floor

- i. Knowledge-base enhanced and social partners empowered to work towards the establishment of a social protection floor.
- ii. Worst forms of child labour reduced.
- iii. Policies and programmes in place to better govern labour migration particularly for reintegration and prevention of trafficking of persons.

¹⁹ Proceedings of Workshop on Key Decent Work Challenges and Policy areas in Sri Lanka, November 1, 2012 – Colombo – Sri Lanka

Cross-cutting themes

Gender equality, tripartism and social dialogue, International Labour Standards are mainstreamed throughout the DWCP. The participation of tripartite constituents will be encouraged at all stages of the implementation of initiatives designed to be undertaken under DWCP, while wherever specified, gender will be given special emphasis.

COUNTRY PRIORITY 1:**Promotion of Full, Decent and Productive Employment and an Enabling Environment for Competitive, Sustainable Enterprise Development**

The ILO has been for many years providing support to Sri Lanka for the achievement of full, decent and productive employment of men and women. The DWCP priority 1 has been derived from the principles articulated in the main government policy framework as well as priorities outlined in UNDAF for Sri Lanka (2013-2017). The DWCP priorities are thus designed to work towards a highly competent, globally competitive, multi-skilled and productive workforce in the country through the promotion of education and skills relevant to the labour market. This is critical to stimulating entrepreneurship and sustainable enterprise development and the adoption of inclusive approaches for ensuring women's substantive participation in the labour market.

DWCP Outcomes	Indicators	Targets and Date	Links to P&B Outcome & UNDAF and National Plan
Outcome 1.1: Government and social partners enhance employability and productivity of young women and men through market oriented skills training and measures to facilitate entry into the labour force.	Indicator 1.1.1: NHREP Master Plan and monitoring mechanism agreed upon and implemented by tripartite constituents.	End 2013	Linked to P&B Outcome: 2 (SPF: 2) UNDAF (2013-2017): Pillar 1 - UN will promote job creation especially for youth and women. UN will support the government's efforts to (attract more foreign jobs) with increased protection standards. NHREP 2012: The Strategy and Action Plan based on NHREP to be completed. TYHDF: Creation of 50,000 jobs in countries like Korea and Japan. Emphasis on specialized knowledge in fields like nursing, accountancy, IT, banking and engineering to create increased job opportunities in the international job market.
	Indicator 1.1.2: Number of labour market oriented training and skills programmes and PPP programmes developed and implemented by Government and social partners.	15 by 2017	UNDAF (2013-2017): Pillar 1 - Support to improve the quality and relevance of the education system, TYHDF- Improvement of the tertiary and vocational training to meet the needs of domestic and overseas labour markets. NHREP 2012: Enrichment of secondary school curricula, Establishment of a National Career Guidance Council
	Indicator 1.1.3: Measures for improving entrepreneurship and sustainable enterprise development of the informal economy undertaken by government and social partners.	2 by 2017	UNDAF (2013-2017): Pillar 1 - Assistance to strengthen capacity of SMEs, cooperatives. UN will extend assistance to develop private sector partnerships. TYHDF: SMEs strengthened promoting strong forward linkages with large enterprises. NHREP 2012: Promoting entrepreneurship, developing an enabling environment to SMEs, and transfer of new technology.

DWCP Outcomes	Indicators	Targets and Date	Links to P&B Outcome & UNDAF and National Plan
Outcome 1.1: Government and social partners enhance employability and productivity of young women and men through market oriented skills training and measures to facilitate entry into the labour force.	Indicator 1.1.4: Number of Public Employment Service centres operational in matching supply and demand in the labour market with strengthened labour market information systems.	In 4 Districts by 2017	UNDAF (2013-2017): Pillar 2 - The UN will support operation research for programme reorientation, data collection and analysis which are age and sex disaggregated to inform cost effective evidence based decision making with an equity focus at the national and regional level.
	Indicator 1.1.5: Number of measures undertaken by government and social partners to increase women's substantive participation in the labour market.	2 by 2017	UNDAF (2013-2017): Pillar 3 - Support the government to implement the provisions of the Women's Charter (1993), the National Action Plan on Women and the Domestic Violence Act. Also assist to strengthen capacity of national GBV prevention and response institutions, including justice and law enforcement agencies and government and civil society partners. TYHDF: Establishment of a Women's Enterprise Development Fund. Equal wages for men and women engaged in equal jobs. Establishment of a Women's Data Bank, Recognition of women as Head of the Household in families in which women take responsibility for family affairs. Making women's representation compulsory in Jana Sabhas. NHREP 2012: Investment in training women for higher skilled occupations, promotion of women's entrepreneurial development, enhancing access to credit, technology, business knowledge and markets. Promotion of attitudinal change on sexism, gender at workplace, strengthening of legal and institutional infrastructure to handle issues of sexual harassment. Expansion of the knowledge base on gender division of labour, employment and gender-related issues.
Outcome 1.2: Enterprises, both formal and informal, operate in an improved business environment (Including Cooperatives), with access to quality services and better working conditions for sustainable development.	Indicator 1.2.1: Number of enterprises reached by constituents using ILO tools and methodologies to improve working conditions, productivity and competitiveness of enterprises.	10 by 2017	Linked to P&B Outcome: 3 (SPF: 3) UNDAF (2013-2017): Pillar 1 - Promotion of increased productivity security and rights in the workplace. Value-addition and value chain development, new technologies, market linkages and private sector partnerships.
	Indicator 1.2.2: Draft National Cooperatives Policy developed and submitted to Government for follow up	by 2014	Linked to P&B Outcome: 3 (SPF: 3) UNDAF (2013-2017): Pillar 1 - Promotion of increased productivity security and rights in the workplace. Value-addition and value chain development, new technologies, market linkages and private sector partnerships.

DWCP Outcomes	Indicators	Targets and Date	Links to P&B Outcome & UNDAF and National Plan
Outcome 1.3: Disadvantaged and vulnerable groups especially in conflict-affected and economically lagging regions have equitable and enhanced access to more and better jobs and expanded product markets.	Indicator 1.3.1: Number of MSMEs, SMEs, cooperatives etc. Strengthened through LED programs in selected Provinces and Districts to improve local business environment.	12 in 3 districts 2017	Linked to P&B Outcome: 2 (SPF: 2) UNDAF (2013-2017): UN will support efforts to strengthen SMEs, indigenous cultural industries, producer groups and cooperatives. UN will extend technical assistance, through technology transfer programs, for enhancing productivity and rural incomes. TYHDF: Existing infrastructure in less developed areas improved. Industrial estates will be established covering all districts, for equitable distribution and more balanced regional development. Measures to develop SMEs including graduation of 5000 small enterprises to medium enterprise level and 200 medium enterprises to large enterprises level per year each year from 2010. , NHREP (2012): Re-establishment of the industrial base in the North & East Provinces. Simplification of the regulatory and administrative framework of SMEs. ICT capabilities to improve efficiency, and to adopt high-end technologies through SBIR and SBTT schemes.
	Indicator 1.3.2: Number of Persons with Disabilities (PWDs) and PLHIV benefit from programmes for decent employment.	200 by 2017	UNDAF (2013-2017): Pillar 1 - Job creation and employment with a special focus on vulnerable groups, including those with disabilities, migrant female workers and people living with HIV/AIDS. TYHDF: Measures to support differently-abled persons to secure employment, including, allocation of funds for education, assistance to start self-employment ventures.

Outcome 1.1: Government and social partners enhance employability and productivity of young women and men through market oriented skills training and measures to facilitate entry into the labour force.

Rationale: Sri Lanka faces a number of challenges in creating sufficient employment for young women and men and to enhance their productivity. While the paucity of decent jobs remains a problem, the inadequate levels of skills and quality of human resources pose a labour market constraint. Although the employment situation has improved significantly unemployment rates among young people, especially women remain high. The mismatch between labour demand and supply in both domestic and foreign labour market is a major deficit. The importance of accelerating quality employment generation for the future growth and development of the country needs no emphasis. Sri Lanka has made significant progress towards advancing gender equality in the work place, through increased access to education and job creation. However, institutional discrimination and embedded cultural and attitudinal barriers continue to hinder women's labour force participation and career progression.

Brief Description of the DWCP Strategy:

- (i) **Policy framework:** The strategy proposes that the tripartite constituents jointly identify and contribute to policy/strategy formulation to enhance employability and gender equity and equality, especially of youth and women and people from vulnerable groups. It is assumed that by end 2017 a Human Resource and Development Plan will be developed with ILO support.
- (ii) **Education, skills development and public employment services:** The DWCP strategy proposes that education, training and skills programs relevant to labour market requirements are developed and implemented by government and social partners to reduce the mismatch between supply and demand of skills in the labour market. The DWCP will be guided by the NHREP which places significant importance on the role of education and training as a means of enhancing the

employability of young women and men. The DWCP will support the introduction of active labour market policies and programmes, and implement special programmes to bring the vulnerable disadvantaged and conflict-affected youth groups to access decent employment opportunities.

Under the joint UN Programme funded by EU to support District Development Programme (SDDP-2013-2016) in the North and East selected vocational training institutions in four districts will be strengthened to deliver demand-driven courses especially for jobs in the emerging sectors of the economy.

Through a MOU between MOLLR and MOYA action will be initiated to support unemployed and retrenched youth to secure gainful employment. ILO will support sub-national institutions to reach out to vulnerable youth from the plantations to access gainful employment.

- (iii) **Well-functioning Public Employment Service (PES):** PES would assist in mobilizing the human resources needed to implement the Governments' five-hub strategy of development and would provide labour market information on skill needs and emerging skill shortages.²⁰ The DWCP thus proposes to strengthen a coordinated and systematic LMI system and PES for improved gender disaggregated data collection and analysis to support efficient job placements in keeping with market demands.
- (iv) **Informal Employment:** The NHREP proposes a two-pronged approach in addressing issues of informal employment: (i) expansion of firms in value added sectors, and (ii) enhancement of employability of workers in more skilled, better-paying occupations. The strategy proposes to assist entrepreneurial skills development, introduce product and market guidance and insurance schemes to cover short-term economic fluctuations. It aims to provide services for community-based education and vocational training especially for women and school-leavers and to facilitate access to micro-finance. The DWCP strategy will seek to address some of the critical issues highlighted above.
- (v) **Ensuring women's substantive participation in the labour force:** The DWCP will take several measures including review of legislation and providing encouragement for more flexible working arrangements, specific infrastructure facilities for women to engage in self-employment and promotion of women's entrepreneurial training. As indicated in the NHREP, the DWCP will advocate for special measures to enable women to access development finance, technology, business knowledge and other available resources., Special efforts will be made to train women in non-traditional occupations and higher skilled jobs in the ICT sector, hospitality industry etc. ILO will also focus on supporting the constituents to develop policies and programmes for promoting affirmative action to increase women's labour force participation in certain sectors or programs through the application of gender mainstreaming tools, development of action plans and road maps.

Outcome 1.2: Enterprises, both formal and informal, have improved business environment, access to quality services and better working conditions for sustainable development.

Rationale: According to estimates, 9% of all firms operating in Sri Lanka are Small and Medium Enterprises (SME),²¹ largely concentrated in the Western Province and its periphery. A thriving SME sector, because of its labour intensive nature, has the capacity to create employment and generate high economic growth, especially in areas where formal employment markets fail to generate enough jobs for all. Yet, many SMEs are affected

20 National Human Resources and Employment Policy for Sri Lanka -2012

21 Annual Survey of Industry – 2008, Department of Census and Statistics

by lack of an enabling business environment, access to finance, business development services (BDS), skilled labour, poor infrastructure and a vibrant entrepreneurial culture. They are also at high risk of market failure. For SME-driven regional growth to take place, as outlined in the National SME Policy (Draft) of 2010, there is a need to provide incentives to the constituents to address some of these constraints. Additionally, strengthening and capacity development of entrepreneurs through a range of tools for business management training and BDS should underlie the development agenda of fostering SME growth.

Sri Lanka has a long history of a cooperative movement with a total membership of about 7.1 million, organized under approximately 10,000 primary cooperatives. Agricultural cooperatives and other farmer cooperatives constitute the largest segment. Cooperatives have the potential of creating and sustaining jobs in areas where essential infrastructure and services are not available. Hence, the ILO recognizes the importance of encouraging participation, broadening ownership and fostering empowerment of women and men through cooperatives.

The need to improve working conditions, productivity and competitiveness of enterprises is a necessity for all sectors of economic activity in the country as they are constrained by low levels of productivity and competitiveness ratings have been sliding despite a 10 point gain in the previous year.²²

Brief Description of the DWCP Strategy:

(i) **Entrepreneurship and enterprise development:** The DWCP will utilize a range of globally tested ILO tools, training packages and programmes to improve the business environment to promoting entrepreneurship, enterprise development and BDS to create employment, improve working conditions, competitiveness and good industrial relations and environmental practices. Entrepreneurship will be especially encouraged amongst young persons and women whilst every effort will be made to mainstream the concept of 'green jobs' for sustainability of these enterprises. The DWCP will encourage affirmative action in support of Women's Entrepreneurship Development (WED). It will endeavor to create an enabling environment for WED and gender mainstreaming, build institutional capacity to better serve the needs of women entrepreneurs and apply training tools for women's entrepreneurship. By end of 2017 it is expected to mainstream ILO-SIYB, SCORE and community based training packages in to educational, vocational training and other institutions.

The government prioritizes the establishment of private-public partnerships in order to enhance job creation as well as for the successful implementation of the 5-hub strategy. The public sector is the largest provider of infrastructure facilities and is also responsible for the provision of policy guidelines and regulatory measures, while the private sector is the largest creator of jobs. Thus, DWCP proposes that an emphasis be laid on establishment of effective partnerships between the private and public sectors for enhancing job creation as well as for the successful implementation of the 5-hub strategy enunciated in Mahinda Chintana.

(ii) **National Policy on Cooperatives:** The pre-requisite for successful cooperative promotion is a well formulated, consistent, clear, realistic and long-term cooperative development policy which is in line with the overall national development objectives. The existing cooperative law will be reviewed with a view to developing a National Cooperative Policy, in a manner that provides impetus to the revival of the cooperative movement. The policy is expected to create a favorable environment for cooperative development so that cooperatives will be able to play their role as an integral part of the

22 Central Bank of Sri Lanka – Road Map 2013 - Sri Lanka's Global Competitiveness Index (Rank) has dropped to 68 in 2012. There was a 10 place improvement from 62 (2010) to 52 (2011).

private sector and operate as autonomous units that are exposed to free competition, strive for efficiency and accept entrepreneurial risk. The DWCP will support capacity building and awareness creation to realize the objectives of the Cooperative Policy.

Outcome 1.3: Disadvantaged and vulnerable groups especially in conflict-affected and economically lagging regions have equitable and enhanced access to more and better jobs and expanded product markets.

Rationale: It has been noted that there are wide regional disparities in economic growth, with considerable disparities in poverty especially in conflict affected and lagging regions.

As a consequence of the extended conflict in Sri Lanka, the Northern and Eastern economies are characterized by under-developed productive infrastructure, minimal formal and informal business networks and limited access to financial services and established national and international markets. Reintegration of persons displaced in the North and East on account of the conflict, especially children affected by conflict, ex-combatants and female headed households need to be supported through inclusive infrastructure, skills development, financing, business development as well as integrated area-based development strategies.

In 2011 the Ministry of Child Development and Women's Affairs identified over 59,000 war widows in the Northern and Eastern Provinces following the end of the war, 42,565 war widows in the East and 16,936 in the North. The large number of war-widows and women-headed households warrant special attention.

In 2010, out of the total number of PWDs (Persons with Disabilities) only 14.4% labour were engaged in some form of employment.²³ PWD are invariably resource-poor and lack education and any marketable skills and have limited opportunities for vocational training and skill development compounded by physical and other barriers to facilitate their participation in such programmes.

Brief Description of the DWCP Strategy:

- (i) Local economic and business development:** Problems faced by the SME sector are manifold and include access to finance, access to markets, business development services, technical and managerial skills etc. Informal businesses also face similar problems. Through the DWCP, ILO provides assistance to strengthen local economic development orientation and local economic development planning processes. Emphasis will be placed on strengthening of district level dialogue on business development and to improve access for business development training and education. Efforts will be taken within the scope of the LED programmes such as the AusAID funded Local Empowerment through Economic Development (LEED) project (2010 – 2015), to address these issues during the next phase of the DWCP. ILO will continue to provide assistance to strengthen SMEs, producer groups and cooperatives, and to promote market linkages through value chain analyses and development. Assistance will also be provided to increase access to markets, including strengthening of local economic infrastructure.

- (ii) Employment programmes for Vulnerable Groups:** ILO will make a special effort to include the most vulnerable groups, including those with disabilities, and their families and people living with HIV/AIDS. ILO will also make special efforts to ensure the inclusion of vulnerable populations into formal skill training as reflected in the National Strategy on Technical and Vocational Education

²³ Equity-based Community Support and Training: <http://www.ecsatlanka.org/>:The government estimates that there are around 200,000 work-eligible people with disabilities in Sri Lanka. National statistics show that around 85% of the working-age population of disabled people is not in employment.

and Training provision for Vulnerable People in Sri Lanka. Building on experience on the Human Security Trust Fund project on Empowerment of Conflict Affected Communities (ECAC) to rebuild their lives and the LEED projects, the ILO will support the constituents to conduct targeted employment programs for PWD's to bring them into mainstream employment and provide technical support in implementing the National Action Plan on employment of PWDs.

COUNTRY PRIORITY 2: Strengthened Democratic Governance of the Labour Market

Sri Lanka has a history of adopting policies for the protection of the rights of workers and creating conditions for social justice in the workplace. The ILO has provided technical assistance in the formulation of laws and regulations and for improving labour administration. However, much work needs to be done in the areas of labour inspections, maintenance of standards and safeguards enshrined to protect the rights, and lives of workers. In addition, the capacity of employers as well as workers' need to be enhanced to bring about an environment of better industrial relations and social dialogue.

DWCP Outcomes	Indicators	Targets and Date	Links to P&B Outcome & UNDAF and National Plan
Outcome 2.1: Improved labour administration and strengthened social dialogue mechanisms.	Indicator 2.1.1: Number of policy initiatives undertaken by the Department of Labour for improving the labour inspectorate.	2 by 2017	P&B Outcome:12 (SPF:12) UNDAF (2013-2017): Pillar 3 - Strengthen Government's capacity to implement effective systems of labour administration.
	Indicator 2.1.2: Revised National Legal Framework and regulations on OSH in place.	by 2016	UNDAF (2013-2017): Pillar 3 - Support shall extended to promote further adherence and integration of ILS best practices. NHREP (2012): Programs to enhance awareness (employers and workers) about OHS issues will be undertaken. Action will be taken to follow-up on the Draft Occupational Safety and Health Act
	Indicator 2.1.3: Improved reporting and data analysis on Labour Inspection by Department of Labour.	by 2014	UNDAF (2013-2017): Pillar 3 - UN will provide support to increase capacities of its, reporting officials and departments.

DWCP Outcomes	Indicators	Targets and Date	Links to P&B Outcome & UNDAF and National Plan
Outcome 2.1: Improved labour administration and strengthened social dialogue mechanisms.	Indicator 2.1.4: The Agenda of the Ministry of Labour on industrial relations, collective bargaining and dispute resolution reorganized to improve its effectiveness.	1 by 2017	UNDAF (2013-2017): Pillar 3 - UN will provide support to improve the tripartite system of dialogues to address labour issues in a more efficient and effective matter. NHERP: Strengthening of the National Labour Advisory Council to facilitate tripartite consultation at national level. Strengthening of the District level tripartite consultation forum.
	Indicator 2.1.5: The number of selected labour laws reviewed and amended to reflect interests of social partners.	4 by 2017	UNDAF (2013-2017): UN will support employment protection and promotion, labour legislation, freedom of association, collective bargaining. NHREP: Review of the Industrial Disputes Act.
Outcome 2.2: Strengthened institutional capacity of employers' organizations.	Indicator 2.2.1: Number of new affiliates functioning in the Districts.	4 affiliates by 2017	P&B Outcome:9 (SPF: 9)
	Indicator 2.2.2: Number of employers with improved organizational behavioural practices.	4 by 2017	
	Indicator 2.2.3: Number of employers (SME sector) with improved human resource management.	4 by 2017	
Outcome 2.3: Strengthened institutional capacity of workers' organizations.	Indicator 2.3.1: No of Trade Unions at National and Regional level adopting improved structures.	by 2015	P&B Outcome:10 (SPF: 10)
	Indicator 2.3.2: Number of Trade Unions with increased youth and women workers in leadership positions.	4 by 2017	

DWCP Outcomes	Indicators	Targets and Date	Links to P&B Outcome & UNDAF and National Plan
Outcome 2.3: Strengthened institutional capacity of workers' organizations.	Indicator 2.3.3: Number of TU's with strengthened capacity to monitor effective applications of labour standards.	4 by 2016	
Outcome 2.4: Strengthened capacity of member States to ratify and apply international labour standards and to fulfil their reporting obligations.	Indicator 2.4.1: Number of selected national laws brought in line with ratified International Labour Standards.	4 by 2017	P&B Outcome:19 (SPF: 19) UNDAF (2013-2017): Pillar 3 - UN will provide support to increase capacities of its, reporting officials and departments.
	Indicator 2.4.2: The number of Conventions recommended for ratification.	3 by 2017	

Outcome 2.1: Improved labour administration and strengthened social dialogue mechanisms

Rationale: The Labour and Social Trends in Sri Lanka (2009) report points out that “while regulations on labour markets needed to ensure that workers have fundamental protection and that firms compete on a level playing field, in the rapidly changing global competitive landscape, it is necessary to regularly review labour market policies in order to ensure that they continue to meet their objectives while not unduly constraining growth and development prospects”.

Strengthening employer-worker relations supported by a robust and innovative labour administrative system is the key to ensuring healthy industrial relations. Moreover, both employers' organizations and workers' organizations in the public and private sectors recognize that social dialogue and workplace cooperation is the means for sustainable enterprise development and fostering healthy industrial relationships. In this regard challenges in encouraging effective social dialogue and workplace cooperation, such as (i) lack of effective tripartite institutions, (ii) the adversarial system of dispute resolution, (iii) weak culture of social dialogue in the public sector, and (iv) low priority for tripartism in policy-making, needs to be effectively addressed within this DWCP for 2013-2017. There have been several proposals by employers and trade unions for legislative changes in to address the aforementioned challenges.

OSH legislation in Sri Lanka only covers a part of the formal workforce. The areas that need addressing are identified as the extension of legislation to all workers, inadequate enforcement capacity, the absence of industry-specific health and safety standards and guidelines and lack of awareness of the importance of occupational health and safety issues on the part of employers and workers.

Brief Description of the DWCP Strategy

- (i) **Strengthening of the Labour Inspectorate:** ILO will work closely with the Ministry of Labour and Labour Relations and the Department of Labour to develop a labour inspection policy for Sri Lanka that will provide new impetus to promote decent work to be the key means of improving the

lives of its citizens and the business of enterprises. Together with the formulation of the labour inspection policy, ILO will support capacity development of the labour inspectorate to ensure compliance with national labour legislation. This will be backed by a computerized enterprise resource planning software, increased capacity development strategies backed by a training strategy and a five year corporate plan, enabling greater service delivery and support to employers and workers.

- (ii) **Occupational Health and Safety:** Considering that only about 30% of the workforce is covered by the current OSH legislation a new Occupational Safety, Health and Welfare Act has been drafted to increase the coverage. While supporting the government to expedite the passage of legislation through parliament it also proposes to finalize the OSH profile, address the inadequate enforcement capacity, formulate new standards in relation to emerging industries, strengthen information collection and dissemination process and assist the tripartite partners to implement the OSH policy. Creating awareness among workers, employers and trade unions, using ILO tools and methodologies the National Institute for Occupational Safety and Health (NIOSH) will expand its services to the informal sector and the self-employed which will in turn improve their productivity.
- (iii) **Strengthening of tripartite and bipartite mechanisms:** The ILO will work with the MoL&LR, the DOL and the social partners in creating innovative practices that promote effective tripartite and bipartite mechanisms to promote greater cooperation and productivity. The programme will seek to incorporate both the private and the public sector in its operations, leaning towards a unified and cohesive set of institutional arrangements. ILO backed training programme, and materials, and national campaigns will be tailored to achieve the goal of greater cooperation and productivity targeting dispute settlement in the private as well as the public sector, workplace cooperation and wage fixing. ILO will facilitate the restructuring the agenda of the Department of Labour in its role to facilitate collective bargaining and dispute resolution. Action will also be initiated to promote communication, coordination and synergies between public and private efforts to improve sound industrial relations and compliance to labour laws.
- (iv) **Review and amendment of selected labour laws:** In light of the changes taking place in the world of work and business ILO support reviews of selected the labour laws to facilitate a process of legislative reforms within the framework of international best practices and norms. The intention of such a process would also contribute towards developing of an integrated labour code that would ensure the needs of the workers and employers are met on a realistic level and also support and encourage greater compliance and monitoring.

Outcome 2.2: Strengthened institutional capacity of employers' organizations

Rationale: The EFC with support from ILO has been working on strengthening the capacity of its membership. It has collaborated with regional chambers of commerce and initiated programmes to support private sector development, and to establish an Employer's Network on Disability with the objective of facilitating employment and training opportunities for disabled job seekers in the private sector.

Brief Description of DWCP Strategy

- (i) **Enhancement of outreach to provinces:** ILO will support EFC to increase its outreach to selected provinces, and contribute to the recovery, reconstruction and development in the conflict and disaster affected areas. EFC will also be supported to create an enabling environment for creation of jobs in partnership with the regional chambers of commerce.
- (ii) **Enhancing workplace cooperation and HR practices:** During the implementation of the DWCP 2008-2012, EFC established a Human Resources Network and also set up a HR Solutions Division within EFC to support members on human resource development. ILO will provide support to EFC to build on the experience and to increase its outreach. More specifically, it will support EFC (a) to adopt HR tools kits aimed for the SME sector, (b) HR Solutions Unit to adopt new technology to better serve the needs of organizations, (c) build capacities of its' staff with training on global new trends in HRM, which will enable them to provide better service to members for better HR management.

Outcome 2.3: Strengthened institutional capacity of workers' organizations

Rationale: ILO has been working with major trade unions in building capacity in the areas of collective bargaining, ILS, labour administration, freedom of association, domestic work, child labour, gender equality, migration, green jobs, and HIV/AIDS. Trade unions themselves recognize the need to extend their sphere of influence into the informal sector as well as conflict-affected areas, where their presence is limited. Implementation of ratified ILO conventions has been identified as a trade union priority as well as the importance of inclusiveness and leadership of youth and women.

Brief Description of DWCP Strategy

- (i) **Enhancing capacity to reach unorganized sectors:** A large majority of the labour force in Sri Lanka is engaged in informal employment and seldom benefit from the legal and regulatory framework aimed at protecting their rights at work. Therefore, the DWCP will endeavor to support workers' organizations to reach out to the informal sector and organising the unorganized.
- (ii) **Increased participation of youth and women in leadership positions:** In order to fill the vacuum of youth and women in union leadership, the DWCP will assist workers organizations to build up a second generation of union leaders, with an emphasis on promoting gender equality and inclusion of youth within their own structures and policies. This will be achieved through leadership training for women and youth, promoting gender sensitive collective bargaining and social dialogue and building strong gender dimensions of trade union education programmes
- (iii) **Capacity building of workers regarding application of ILS:** The DWCP will initiate action to develop capacity of workers' organizations in the monitoring and reporting of implementation of standards and to raise awareness of standards through seminars and national workshops.

Outcome 2.4: Strengthened capacity of member States to ratify and apply international labour standards and to fulfill their reporting obligations.

Rationale: Sri Lanka has ratified 40 ILO Conventions including the eight core ILO conventions on the Fundamental Principles and Rights at Work (FPRW) and is committed to respecting those commitments in national law and practice. While the Ministry of Labour and Labour Relations (MoL&LR) has strengthened its compliance with FPRW and other conventions in recent years by implementing a number of programmes to improve the Sri Lankan workplace, the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) and the Committee on Freedom of Association (CFA) has pointed out gaps in law and practice that needed further attention on subjects of freedom of association, collective bargaining, maternity protection, labour inspection and other ratified conventions.

Brief Description of DWCP Strategy

Government will be supported to review, ratify and apply selected conventions and follow up on meeting its obligations, especially on improved capacity for monitoring and reporting. A number of conventions have been identified for ratification.

COUNTRY PRIORITY 3:

Social Inclusion and the Establishment of a Social Protection Floor

Sri Lanka has a fairly comprehensive system of social protection through a variety of social security and social assistance programmes including coverage for health, education. However gaps and challenges in terms of access and adequacy still remain and need to be addressed.

The country has made significant progress to reduce child labour. However more work remains to be done particularly in the informal sector and the agricultural sector if the country desires to meet its international commitments to eliminate worst forms of child labour by 2016.

Foreign employment has been and will continue to be a vital source of employment in Sri Lanka for people in the economically productive age groups. Despite measures taken to ensure the safety and security of migrant workers, they continue to be exposed to exploitation, harassment and abuse. Ensuring the economic and social reintegration of returnee migrant workers is also vital.

DWCP Outcomes	Indicators	Targets and Date	Links to P&B Outcome & UNDAF and National Plan
Outcome 3.1: Knowledge-base enhanced and social partners empowered to work towards the establishment of a social protection floor.	Indicator 3.1.1: Tripartite roadmap for establishment of a SPF endorsed by constituents	3 by 2017	P&B Outcome:4 (SPF: 4) UNDAF (2013-2017): Pillar 3 - UN will work to promote social protection for workers. NHREP 2012: Action to enhance effectiveness, efficiency, and sustainability of EPF and ETF.
	Indicator 3.1.2: Number of social protection schemes that include PLHIVs based on recommendations accepted by constituents.	1 by 2017	UNDAF (2013-2017): Pillar 3 - Supporting strengthened delivery of social protection services, while also providing targeted interventions to support the most vulnerable families including livelihood assistance, counselling, life skills and drug and alcohol prevention. In line with the National policy on Decent Work, the UN will work to promote job creation and employment opportunity. The action will have a special focus on vulnerable groups including PLHIV/AIDS. NHREP 2012: With regard to HIV/AIDS in the area of employment, the commitment to safeguard and respect worker's rights and to ensure

DWCP Outcomes	Indicators	Targets and Date	Links to P&B Outcome & UNDAF and National Plan
			equal employment rights through the creation of an enabling environment free of stigma and discrimination will be continued and further strengthened.
Outcome 3.2: Worst forms of child labour reduced.	Indicator 3.2.1: Draft Policy for elimination of child labour endorsed by constituents.	by 2014	P&B Outcome:16 (SPF: 16) UNDAF (2013-2017): Pillar 3 - Strengthening justice for children and achieving the goal of zero tolerance of the worst forms of child labour including the trafficking of exploitative employment. NHREP (2012): Child labour in hazardous activities will be eliminated. Families of working children will be supported to eliminate child labour.
	Indicator 3.2.2: Number of area-based integrated action programmes implemented by government for elimination of WFCL.	2 by 2016	UNDAF (2013-2017): Pillar 3 -Strengthening justice for children and achieving the goal of zero tolerance of the worst forms of child labour including the trafficking of exploitative employment.
	Indicator 3.2.3: Number of child labour related laws revised to be aligned to international standards.	2 by 2017	NHREP (2012): Child labour issues will be integrated and mainstreamed in to other sectorial policies with a view to reaching the goal of zero tolerance for worst forms of child labour by 2016.
Outcome 3.3: Policies and programmes in place to better govern labour migration, particularly for reintegration and prevention of trafficking of persons in place.	Indicator 3.3.1: Number of institutions (Government, NGO's, TU's) with improved capacity for protection of migrant workers.	6 by 2017	P&B Outcome:7 (SPF: 7) UNDAF (2013-2017): Pillar 1 - In line with the National Labour Migration Policy the UN will continue to support the government's efforts to attract more foreign employment opportunities with increased protection standards. NHREP (2012): Labour and Consular divisions of SL diplomatic missions abroad will be revitalized to better serve and protect Sri Lankan workers.
	Indicator 3.3.2: Measures introduced by government and partners for reintegration of migrant workers	2 by 2015	UNDAF (2013-2017): Pillar 3 -The UN action will have a special focus on vulnerable groups including female migrant workers and their families and people living with HIV/AIDs.
	Indicator 3.3.3: Number of institutions with increased capacity to combat human smuggling and trafficking.	5 by 2017	UNDAF (2013-2017): Pillar 3 - Communities empowered and institutions strengthened to support local governance access to justice, social integration, gender equality and monitoring, promotion and protection of Human rights in line with international treaties and obligations and the constitution of Sri Lanka.

Outcome 3.1: Knowledge-base enhanced and social partners empowered to work towards the establishment of a social protection floor.

Rationale: Sri Lanka provides one of the best social security coverage in the South Asian region to its citizens by way of pension and superannuation schemes, disability and survivor benefits, and a universal free health care system. The existing social security system is fragmented and comprises of fairly well established schemes of old age pensions at retirement for public sector employees and employees in the formal sector. However, there are large gaps in coverage: firstly, many social security schemes are linked to the formal sector while a large section of the population that is engaged in the informal sector are inadequately covered;²⁴ secondly, benefits lack uniformity and many schemes do not provide for continuity of benefits in old age or in times of need; thirdly, some of these schemes are not financially viable and may not be able to provide benefits to all its members in the event of large scale claims in a crisis situation; and finally, these schemes are mutually exclusive and limits its' portability from one sector to another.

Access to social security schemes for the poor, especially women in the informal sector is particularly critical to reduce vulnerability and to safeguard them from disability shocks given their increased exposure to risks. The rapid growth of the elderly population that is projected during the coming years underscores the development of appropriate well-targeted policies and programmes to suit an ageing society. The need to adopt a comprehensive social protection policy providing protection to all, based on the principles set out in ILO Convention on Social Security Convention, 1952 (No. 102), (Minimum Standards) has been on the agenda of the constituents for many years. ILO together with relevant UN Agencies and other development partners will provide technical and financial assistance to the Government to rationalize the social protection systems.

In Sri Lanka, there has been a sharp decline in child labour over the past decade. Currently about 13% children are engaged in work, with the majority in elementary occupations, primarily in agriculture and related activities, street vending and services, construction, transport and related activities and domestic work. The government has pledged that child labour in hazardous activities and the worst forms of child labour will be eliminated on a priority basis.

Sri Lanka has a low prevalence of HIV infections in the Asian region, with an estimated 4200 infected individuals living with the HIV. As at end December 2012, a cumulative total of 1,649 HIV infected persons were reported to the National STD/AIDS Control Programme (NSACP). The Global Report on HIV & AIDS 2012 shows that although globally new HIV infections has declined by 20% however Sri Lanka has reported an increase of new infections by 25%. The main modes of transmission being unprotected sex between men and women, 82.8% men who have sex with men, 12.3% and from mother to child transmission, 4.4%. According to age desegregation, the highest number of HIV infected people was observed in the 35-39 year age group; nearly 20% of all cases²⁵. HIV mostly affects those in the productive age group. Stigma and discrimination impact negatively on PLHIV to access employment, social security and adequate health services, compounding their vulnerability even further.

24 More than 60 per cent of the labour force is employed in the informal sector; Final Report of the Labor Force Survey (2006), Department of Census and Statistics, Colombo, Sri Lanka.

25 Country Progress Report – Sri Lanka – UNAIDS

Brief Description of DWCP Strategy

- (i) **Assessment of Social Security Schemes:** ILO will provide support to the Government to conduct a rapid assessment to obtain a comprehensive view of the appropriateness and effectiveness of the current social protection schemes in both formal and informal sectors. Mapping these schemes will provide all stakeholders with baseline information, and create a common reference base on concepts and experiences, thus facilitating discussions aimed at furthering policy development and advocacy on the national Social Protection Floor. Parallel to the assessment of the currently available social security systems and the social security floor, the DWCP will encourage the undertaking of specific issue-based studies such as on Employment Injury Insurance, cost assessment on Maternity Benefit Insurance, the appropriateness, effectiveness and sustainability of the Farmers' Pension Scheme, Fishermen's Pension Scheme and the Self-employed Pension Scheme as well as the Employees Provident Fund. Additionally, the ILO will support the tripartite partners in developing a draft road map for establishment of a Social Protection Floor.
- (ii) **Extending Social Protection coverage to PLHIV and families:** Based on the National Policy on HIV and AIDS in the world of work and the Roadmap for implementation of the National Policy, the ILO will provide support to constituent to address of economic vulnerability of PLHIV, especially women, through advocacy, building capacities of PLHIV organizations, provision of livelihood training, access to finance and social protection services.

Outcome 3.2: Worst forms of child labour reduced

Rationale: The Child Activity Survey 2008/2009 found that the number of children in employment was 107,259 of whom 63,916 are in hazardous forms of child labour which impacts negatively on the health, safety and morals of children and is a violation of both ILO conventions and the UNCRC. Sri Lanka has a policy and Road Map that aims at eliminating the worst forms of child labour by 2016 and also has to its credit several supportive Policies such as the Compulsory School Attendance Policy and regulations and National Plans of Action, including the National Plan of Action to combat Trafficking of Children for Exploitative Employment in Sri Lanka (2001), The National Action Plan of Action for Elimination of the Worst Forms of Child Labour (2004) and the National Plan of Action for Children (2010-2014). The NHREP too reiterates that child labour issues will be mainstreamed in to other sectorial programs with a view to reaching a goal of zero tolerance for worst forms of child labour by 2016. As a means of achieving this target DWCP will encourage the tripartite constituents and other stakeholders to implement the Road Map to reach zero tolerance of WFCL by 2016.

Although the Ministry of Labour and Labour Relations has pledged commitments from the decent work budget to prioritize this agenda on WFCL, there is concern that without adequate funding, the 2016 road map goals may not be met. However, ILO together with relevant UN Agencies will endeavor to secure funding and provide technical assistance to the Government and social partners in meeting its goals.

Brief Description of DWCP Strategy

- (i) **Capacity building for mainstreaming WFCL into sectorial plans and programs:** At national level the ILO will provide technical support to the National Steering Committee led by the Ministry of Labour and Labour Relations, for child labour policy development, law reform and to facilitate internal and external resource mobilization that mainstreams child labour into sectorial programmes. This will include studies to strengthen the knowledge base on WFCL.
- (ii) **Area Based Integrated approach within Districts:** The DWCP will encourage the government to accelerate the formulation of area-based development plans under the overall development strategy contemplated in the Mahinda Chintana. Priority will be given to high-risk geographic areas identified in the CAS 2008/2009. An integrated area-based approach will be adopted to assist vulnerable families of children at risk ILO will technically support tripartite constituents and other key duty bearers to implement this programme.
- (iii) **Strengthening Institutional mechanisms for improved coordination & monitoring:** At Sub-national level - structures such as the District Child Development Committees, the Child Labour Monitoring Units will be strengthened and duty bearers sensitized and supported to integrate child labour and WFCL issues and respond in a child-friendly and child appropriate manner to contributing to the zero tolerance goal. Existing child protection mechanisms will be strengthened to integrate child labour and child trafficking issues with a view to creating 'child-labour-free-zones' and for better management of resources available in the field.
- (iv) **Development of a knowledge-base for tracking progress:** Studies and rapid assessments to form baselines to make direct interventions for an integrated area-based approach will be undertaken. These will be followed by end-line surveys and assessments to facilitate impact assessment and track progress towards reaching the 2016 goal. A Child Activity Survey for the Northern Province is envisaged in the near future.

Outcome 3.3: Policies and programmes to better govern labour migration, reintegration and prevention of trafficking of persons in place.

Rationale: Labour migration from Sri Lanka has increased significantly during the last 2 decades. It is estimated that there are almost 1.6 million Sri Lankans employed abroad currently. Based on SLBFE statistics of 2011, 85% were women of which 86.4% were employed as domestic workers with 95% of them based in Middle Eastern Countries. The National Labour Migration Policy for Sri Lanka (2008) provides the framework for actions to strengthen governance of labour migration. The main concern however lies in the protection of migrant workers who are the primary foreign exchange earners for this country. Additionally, as labour migration is temporary in nature, it raises the issue of reintegrating migrant workers socially and economically. The DWCP will address these issues through the SDC funded project on “Promoting Good Governance, Protection and Empowerment of Migrant Workers” (2010 – 2015) for implementing the NLMP and continue to expand its outreach.

During the period of the protracted conflict there were cases of voluntary refugees from the war-torn areas, mostly to neighboring India. However an emerging phenomenon is of a different dimension is the illegal organized smuggling and trafficking of persons to developed countries, primarily for economic reasons. Sri Lanka is also increasingly being used as a transit point for human trafficking. Significant progress was made under the USDOS funded project on “Prevention of Trafficking in Persons through improved Governance

of Labour Migration” much more need to be done. While Sri Lanka has signed and ratified the UN Convention on Transnational Organised Crime, the Trafficking Protocol still needs to be ratified. Legal and enforcement framework to combat trafficking also needs to be addressed.

Brief Description of DWCP Strategy

- (i) **Building capacities of national duty bearers and tripartite partners:** The DWCP will support the SLBFE to strengthen capacities at Divisional and local levels in selected Districts, for better flow of information on safe migration and combating human trafficking for the protection and empowerment of migrant workers. Efforts will also be made to build capacities of duty bearers to address psycho-social needs of migrant workers and family members.
- (ii) **Programmes and policy to support reintegration of returnee migrant workers:** Within the DWCP ILO will support its tripartite partners in developing a Reintegration Sub-Policy to ensure productive and effective reintegration of returnee migrant workers. The policy framework will focus on a holistic approach to reintegration where specific interventions and mechanisms, from the pre departure stage to the return will be addressed. This will be facilitated by supporting the strengthening of existing worker groups/collectives. Programmes in support of implementing selected provisions of the reintegration sub-policy will also be implemented.
- (iii) **Supporting alternative grievance redress mechanisms for migrant workers at District level:** In order to ensure a fair and just resolution of grievances from the perspective of the workers, recruitment agents, employers and the duty bearers it is envisaged to establish a central grievance referral system with the participation of relevant stakeholders and to offer an alternate dispute resolution mechanism to ensure rights of the migrant workers are upheld.
- (iv) **Support to combat human smuggling and trafficking:** Considering the multi-dimensional character of human trafficking and its international ramifications, awareness creation, strengthened law enforcement mechanisms, capacity building, and advocacy on the risks associated with human smuggling, irregular migration and trafficking will be undertaken. In addition programmes for the prevention of trafficking and smuggling of persons will also be a part of the DWCP strategy.



3.0 Critical Assumptions and Risks

The successful achievement of the outcomes anticipated from DWCP Sri Lanka 2013-2017 will depend on the political will of the government and the commitment of the constituent partners. DWCP Sri Lanka 2013-2017 was formulated building on the achievements and lesson learned during the implementation of the DWCP 2008-2012. DWCP also assumes that the political stability seen during the formulation stage of the program will remain undisturbed during the 5 year period enabling implementation of medium-term plans successfully. It is also assumed that the economy will be resilient and exhibit positive GDP growth rates enabling the government to allocate financial and other resources necessary for the smooth implementation of activities.

The DWCP is about employment and creation of optimum conditions at workplaces in terms of job security, health, safety and social security of workers. It also assumes that the pace of economic development and job creation will continue as projected, and that the country can secure more and better foreign markets for its products and the business climate will be robust creating more and better employment opportunities. A more buoyant economic growth in the former conflict-affected areas will depend on the political and social stability in the respective areas.

Mobilization of resources will be critical for the implementation of the DWCP. With the global economic downturn and Sri Lanka reaching “middle income status”, donor funding for Sri Lanka has been reduced.



4.0 Management and Implementation Framework

The Government of Sri Lanka, together with its relevant Ministries, Departments and other agencies at the central provincial and district level are partners in the implementation of the DWCP. Also important are the employers' organizations and workers' organizations. At the national level ILO will work with the tripartite constituents and other stakeholders to mobilize resources and monitor the implementation of the many interventions that are planned.

ILO in consultation with the tripartite constituents will lead the collaboration with a strategic division of responsibilities based on respect for the mandates and competencies of the partners. ILO also will maintain a close liaison with the UN Country Team and development partners in Sri Lanka, of which it is a member in order to maintain complementarity and synergy. It is recognized that other member organizations of the UN Country Team have important and complementary roles to play in the DWCP. The implementation framework will require the collaboration and partnership with other ministries, institutions and organizations.

ILO together with the tripartite partners will have a strong monitoring and evaluation responsibility. Monitoring will be done through periodical reviews, as well as site surveys, and regular reports and through regular tripartite meetings.



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