



BUDGET BRIEF: EDUCATION SECTOR

SRI LANKA 2021

KEY MESSAGES:



The Sri Lankan education sector has experienced significant changes in the responsible ministries' portfolios owing to changes in the government administration in 2019. According to the government's policy document "Vistas of Prosperity and Splendour", all education institutions will be brought under a single umbrella. Consequently, the sole responsibility of the education sector in Sri Lanka has come under the purview of the Ministry of Education. This includes all educational institutions, from preschool to tertiary institutions, with relevant state ministries taking responsibility for each sector.



Over the past two years, there has been a decrease of 2.3% in the central government budget allocation for education. This could possibly be explained by the impact of the COVID19 pandemic and the subsequent drop in government revenue. Sri Lanka's education budget execution rate has been moderate with the average from 2015 to 2019 being 83%, excluding the figures in 2016 due to anomaly which has been explained in the brief.



Sri Lanka's education resources were predominantly funded through domestic resources between 2015 and 2021. Approximately 97% is funded through domestic resources while only 3% is funded by foreign resources. The majority (66%) of foreign resources came in the form of loans while the remaining (34%) was in the form of grants



Sri Lanka's expenditure on education as a percentage of GDP has been lower than that of regional peers. Sri Lanka's highest figure came in 2017, which was 2.7% of GDP but still considerably lower than that of regional peers.



Provincial councils receive transfers from the treasury, routed through the finance commission, for regional expenditure on education. Rural regions tend to have weaker educational outcomes. As such, the government has made efforts to address regional disparities, with funding allocations to the provinces. The Northern Province, for instance, receives the highest allocation on a per capita basis, and the North Central, Uva, and Eastern Provinces receive comparatively high allocations on a per capita basis.



Sri Lanka outperforms the South Asian region in terms of basic education indicators such as literacy (98.8% for population above the age of 15) and access to education [net enrolment rates of 99% (primary) and 91% (secondary)]. However, the enrolment rate at the tertiary level remains weak (21%). Educational outcomes in terms of exam performance have also been mixed with a suboptimal, yet improving, record in key subjects such as mathematics, English, and science at secondary school level. There is also a significant divergence between educational outcomes from national schools (centrally managed) and provincial schools (regionally managed). An acute shortage of subject-specific teachers in rural areas (particularly in English, science and mathematics) and teacher absenteeism in remote areas have contributed to these imbalanced educational outcomes.



1. INTRODUCTION

This education budget brief explores the extent to which the Sri Lankan government funds the education needs of the country through its budgets. It is one of five budget briefs, the others being on WASH, health, child protection, and social protection sectors, which explore public expenditure on these sectors.

This brief, on Sri Lanka's education sector budget and expenditure, focuses on analysing the trends, levels, and composition of budget allocations for the sector in fiscal years 2015–2021. This analysis includes the underlying policy goals and the functional and regional distribution of budget allocations. The brief also offers insights into the efficiency, equity, and adequacy of the execution process. The main objective of the brief is to function as an informative piece on the education sector budget. As such, the brief summarises budget information in a manner that would be easily understood by different stakeholders, including civil society and the broader population who may lack technical knowledge on the subject. This piece also serves to increase transparency on how much is being spent to meet the goals of the education sector. The brief is the result of a research partnership between UNICEF and Verité Research that aims to unpack the contours of government budgets in Sri Lanka.

The methodology used for this brief involved data collected from Sri Lanka's Central Government Annual Budget Estimates 2015–2021. The sector includes budget allocations to the following ministries: Ministry of Education, State Ministry of Education Reforms, Open Universities and Distance Learning Promotion, State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education, State

Ministry of Women and Child Development, Preschools and Primary Education, School Infrastructure and Education Services and State Ministry of Skills Development, Vocational Education, Research and Innovation.¹

The brief was developed under several constraints:

- Local authority-level [municipal councils (MC), urban councils (UC) and pradeshya sabhas (PS)] data has not been included in this brief, because of the inherent difficulties and time constraints associated with accessing this information. For instance, data is not publicly available at the local authority level and would need to be obtained by physically visiting each of approximately 340 local government authorities. Further, disaggregated data for the education sector is not available at this level.
- Ministerial portfolios have undergone significant changes over the last 3 years primarily due to political administration changes following the 2019 presidential and 2020 parliamentary elections, rendering infeasible a meaningful comparison of budgets from one year to the next
- Difficulty in obtaining updated Provincial Council (PC) data due to the lack of electronic format. Hence, data has to be physically sourced. Due to the restrictions posed by COVID-19 updated PC data could not be sourced.

1. Listed in table 1



2. HOW IS THE EDUCATION SECTOR DEFINED?

2.1 Institutional Framework

Sri Lanka's education sector can be broken down into three categories: (i) general education (consisting of pre-school, primary and secondary education), (ii) higher (or tertiary) education, and (iii) technical and vocational education (TVET). Education at the primary and secondary level are provided universally, and free of charge since the free education bill was passed in 1943.² Moreover, the government of Sri Lanka provides free textbooks, uniforms, meals, and subsidises public transport for all uniformed children's uniformed.³ Moreover, scholarship programs are available for high performing children in grade 5 to apply to better performing schools and receive bursaries. Private institutions are also popular. There are 89 such schools providing primary and secondary education for 135,600 students across all 9 provinces.⁴ However, when compared with government institutions, private institutions account for only 0.88% of schools and 3% of students nationally.⁵

Education is a devolved subject in the Sri Lankan constitution. Thus, general schooling is divided between national and sub-national governments, and schools can be broken down into the national and provincial categories. The national government's responsibilities in the education sector include monitoring standards in the education system, training of teachers, administering public examinations, managing financial resources in the education sector, overseeing national schools and universities, and implementing policies.⁶ Provincial governments are

responsible for the administration of provincial schools, design and implementation of state-level education and development programs, guidance of teachers in state schools, and evaluation of state-level schools.⁷

In 2020, there were 373 national schools, 9,782 provincial schools and 816 pirivena (monastic) schools in Sri Lanka.⁸ National schools are managed directly by the Ministry of Education at the central level, and are typically better resourced than provincial schools. The highest concentration of government schools, inclusive of national and provincial schools, is in the Central and Western provinces. The lowest concentration is in the North Central province.⁹

Higher education expenditure includes spending on scholarship programs, state universities, development of vocational education opportunities, and provision of facilities to university students. The private sector and the state are involved in providing higher education services in Sri Lanka. The University Grant Commission (UGC) oversees 16 state universities and 16 higher educational institutes. Moreover, there are 6 more universities and institutes that fall under the purview of the relevant ministries.¹⁰ The UGC recognizes foreign degrees offered by private institutions in Sri Lanka, subject to the foreign university being listed in the Commonwealth University Yearbook or International Handbook of Universities.¹¹

2. United Nations, Free education Policy Sri Lanka, un.org. Accessed 05/06/2021.
 3. Karunaratne Alawattagama, K. 2021, Free Education Policy and its Emerging Challenges in Sri Lanka, <https://files.eric.ed.gov/fulltext/EJ1250461.pdf>. Accessed 05/06/2021.
 4. Ministry of Education 2021, Annual school census of Sri Lanka 2019, statistics.gov.lk.
 5. Ibid.
 6. Ministry of Education Sri Lanka, Education First Sri Lanka, (January 2013), p.53

7. Ibid, p.56.
 8. Ministry of Education 2021, Annual school census of Sri Lanka 2020, statistics.gov.lk.
 9. Ibid.
 10. These institutes/universities include the General Sir John Kotelawala Defence University (KDU), Buddhist and Pali University of Sri Lanka, Bhiksu University of Sri Lanka, University of Vocational Technology, Ocean University of Sri Lanka and National Institute of Education (NIE).
 11. University Grants Commission Sri Lanka 2021, Official website, www.ugc.ac.lk/.

TABLE 1 | Changes in the composition of ministries in the education sector 2015-2020¹²

2015	Ministry of Education Services	Ministry of Higher Education and Highways	Ministry of Skills Development and Vocational Training
2016			
2017			
2018			
2019	Ministry of Education Services	Ministry of City Planning, Water Supply and Higher Education	Ministry of National Policies, Economic Affairs, Resettlement and Rehabilitation, Northern Province Development, Vocational Training and Skills Development & Youth Affairs
			Ministry of Industry and Commerce, Resettlement of Protracted Displaced Persons, Cooperative Development and Vocational Training and Skills Development
2020	Ministry of Education	Higher Education, under the purview of Ministry of Education	State Ministry of Education Reforms, Open Universities and Distance Learning Promotion
			State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education
			State Ministry of Women and Child Development, Preschools and Primary Education, School Infrastructure and Education Services
			State Ministry of Skills Development, Vocational Education, Research and Innovation

Source: Ministry of Finance budget estimates 2015-2021.

12. 2021 ministry names are as at 12th August 2021.

The most relevant ministries under the Education sector as of 2021 are as follows:

- Ministry of Education (responsible for the development and management of programs and policies for general education from preschool to tertiary education at the central government level)
- State Ministry of Education Reforms, Open Universities and Distance Learning Promotion- (responsible for expanding Open Universities and distance education opportunities, and formulating strategies to implement the recommendations of the presidential task force)
- State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education (responsible for facilitating the higher education of Buddhist monks).

In addition to the above, specific spending allocations relevant to the sector will be taken from the following ministries:

- State Ministry of Women and Child Development, Pre-schools and Primary Education, School Infrastructure and Education Services (VR focuses on education sector spending in relation to the expansion of pre-school education based on the national pre-school policy)
- State Ministry of Skills Development, Vocational Education, Research and Innovation (responsible for taking measures to provide vocational education that is relevant to the international and domestic job markets).

2.2 Strategic and Policy Framework

The National Policy document of the incumbent government is the Vistas of Prosperity and Splendor manifesto.¹³ Vistas of Prosperity and Splendor recognizes education as an important and integral part of Sri Lanka's development agenda. It identifies flaws in the current education system and proposes policy interventions to improve the system. These include:

- i) The introduction of a single curriculum framework to bring all institutions under one umbrella,
- ii) Quality improvements: introduction of a new scientific method for university admissions based on the school rather than the district quota.
- iii) Teacher training and professional development: make legal provisions enabling teachers to transfers between national schools and provincial schools.
- iv) Infrastructure development in the school system: provide infrastructure facilities with modern technology and required human resources to rural schools.
- v) Excellence in higher education: all qualified students to continue their higher education up to degree level.
- vi) Improvement in vocational training and skill development: provide vocational and technical opportunities to needy students regardless of the academic performance.

vii) Improve facilities and opportunities for differently abled students.

viii) Promote agricultural education.

ix) Integrate environmental educational components in to school curricular from grade 1.

The National Education commission (NEC) is responsible for preparing and evaluating the national education policy framework.¹⁴ In September of 2020, 'Re-imagining education in Sri Lanka' was published by the Presidential Task Force (PTF) along with the NEC. The PTF was appointed with a mandate to identify the shortcomings of the existing education system and facilitate a transformation. The short-term recommendations were; Establish an integrated learning management system across all sectors of education; Ensure all students have access to devices and internet connections; Develop a National Policy for Education, review and amend existing legislation; Ensure that students receive mandatory career guidance at key stages in their schooling career; Streamline learning pathways to gain accreditation as a teacher; Develop guidelines for the training and qualification of preschool teachers; and evaluate and revise current measures of success within the education system, including, but not limited, to evaluations of teachers and the regular review of learning content.¹⁵

13. Ministry of Finance 2021, National Policy. Available at: <https://www.treasury.gov.lk/national-policy>.

14. National Education Commission, 2021, Main Functions. Available at: <http://nec.gov.lk>.

15. National Education Commission 2020, Re-imagine Education in Sri Lanka, nec.gov.lk.

In 2019, The NEC also released an updated policy on Higher Education. The framework focused on; increasing access to higher education; identification of new subjects/ disciplines; career guidance and counselling as a policy to control the mismatch between higher education and employment; Student welfare and discipline; Improve post graduate education and research; Improve efficiency and effectiveness of academic and non-academic staff development.¹⁶

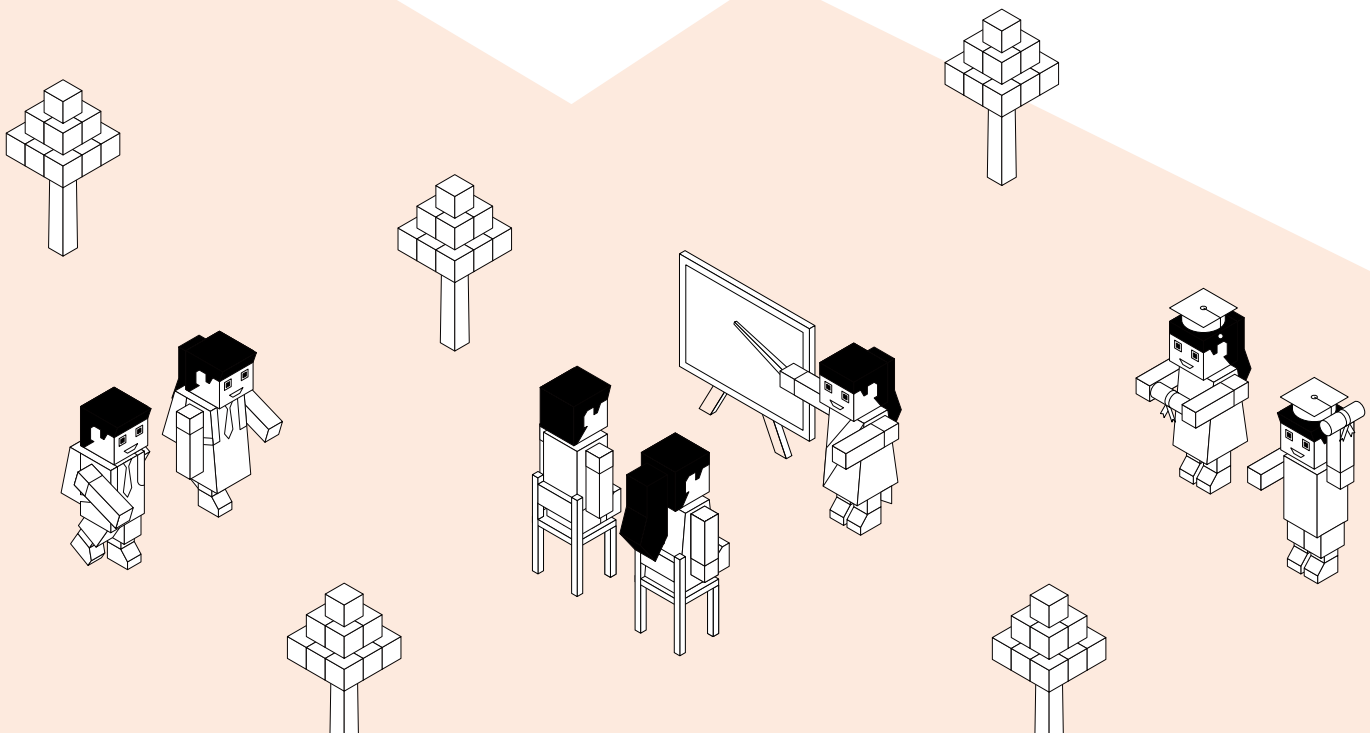
Furthermore, in 2019, the NEC released the National Policy on Pre School Education. The objectives of the policy framework are: Advance equitable and inclusive learning opportunities for all preschool children; Improve the qualifications, training and working conditions of the workforce; Promote the development and use of data and research to support evidence-based decision making and practice; and improve governance and increase allocation of resources for preschool education.¹⁷

BUDGET AND EXPENDITURE ANALYSIS

This section of the Brief analyses public sector spending trends in Sri Lanka's education sector. This analysis is based on publicly available data. Specifically, this section focuses on budget and expenditure trends for the years 2015-2021 at the central government level using data from the National Budget Estimates during this period.

16. National Education Commission 2021, National Policy Proposal on Higher Education 2019, nec.gov.lk

17. National Education Commission 2021, National Policy on Pre School Education, nec.gov.lk.







3. WHAT TRENDS EMERGE FROM THE EDUCATION SECTOR BUDGET AND EXPENDITURE?¹⁸

In 2021, Sri Lanka allocated LKR 158.4 billion to the education sector at the central level. This represents a decline of 2.3% in nominal terms compared to the revised estimate of 2020 and an increase of 4.3% in comparison to actual expenditure of 2019. In real terms, the 2021 budget estimate for the education sector decreased by 6% relative to the 2020 revised budget estimate and decreased by 5% in real terms compared to the 2019 actual education sector expenditure.

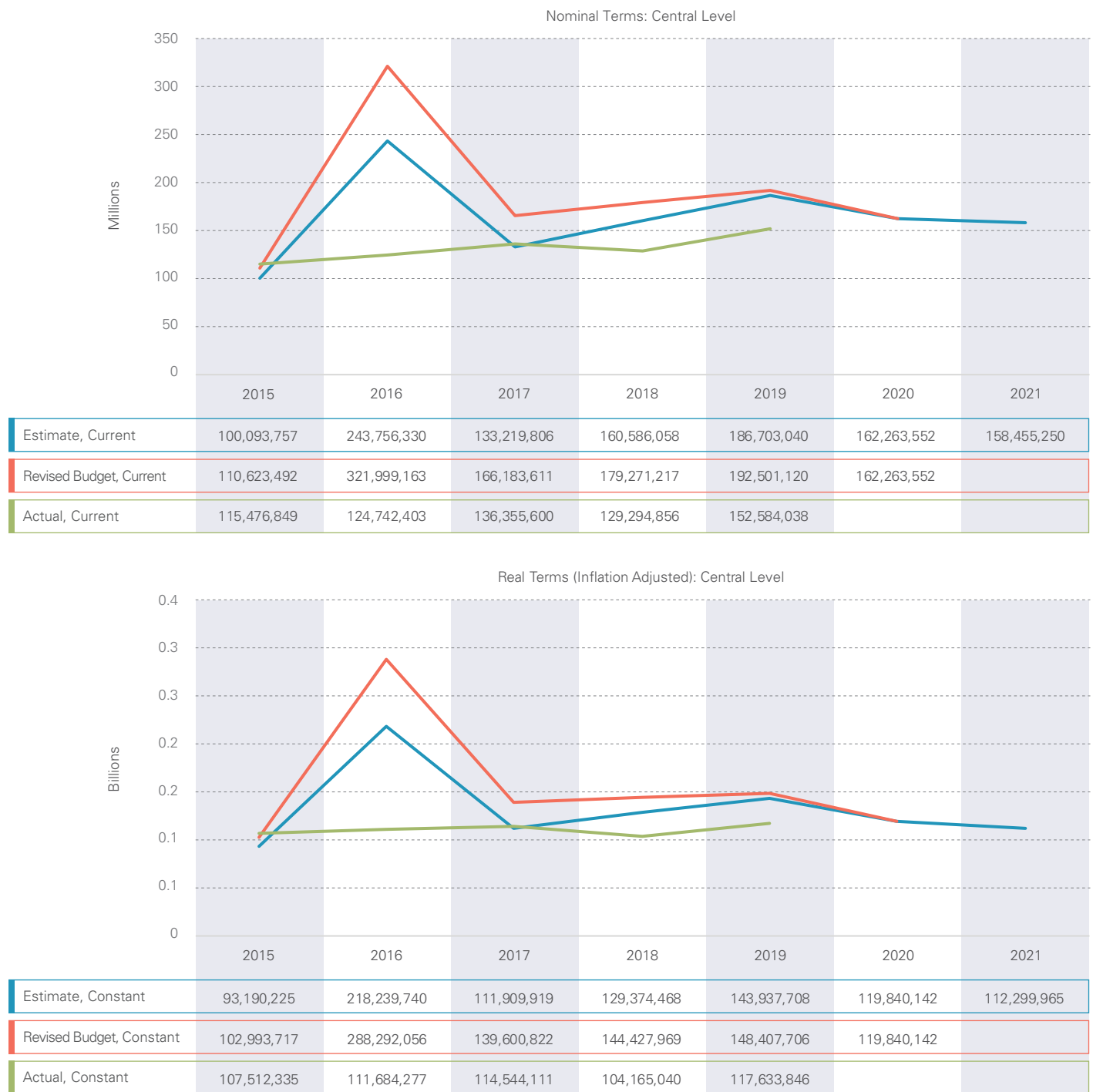
Throughout the period between 2015 and 2021, the central government budget allocation estimates for the education sector grew by 58%. The revised budget from 2015 to 2020 has grown by 47% and the actual expenditure between

2015 and 2019 increased by 32% in nominal terms (see figure 1). After adjusting for inflation for the same periods, the budget estimate for the education sector has grown by 21%, revised estimates have grown by 16% and actual expenditure has grown by 9%.

Revised education budgets have consistently been higher than the estimated budgets from 2015-2018. The deviation from the estimate averaged at approximately 14% with the most significant difference registered in 2018, when it was 25% higher than the estimate. Similarly, actual expenditure has been consistently lower than the revised budget estimates during the period 2015 to 2019.

18. Note- Author has removed certain spending heads as it has been taken in the child protection budget brief. These include- Ministry of Education; Administration & Establishment Service; State Ministry of Women and Child Development, Pre School and Primary Education, School Infrastructure and Education Service; Administration and Establishment Services and Assistance for General Education.

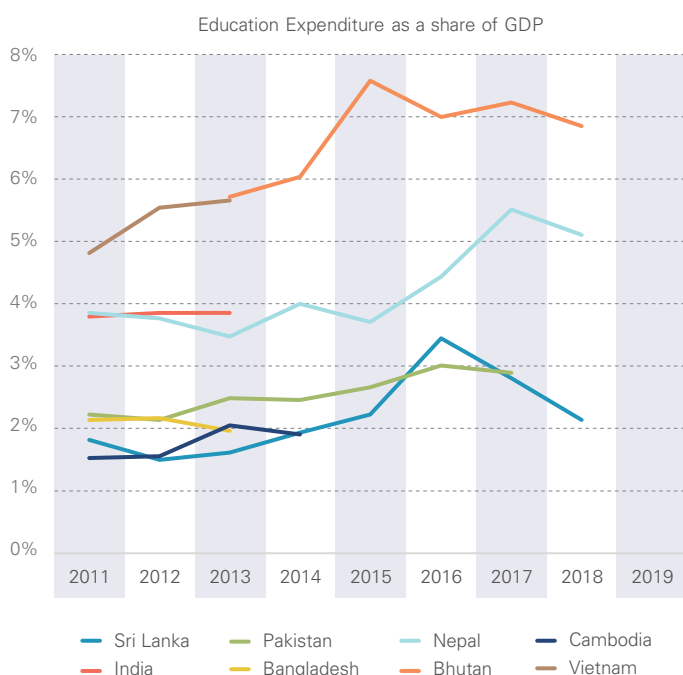


FIGURE 1 | Education Sector budgetary allocation

Source: Author's calculations using Ministry of Finance budget estimates 2015-2021.

Sri Lanka government educational expenditure as a percentage of GDP is considerably lower than that of its regional and income peers (See figure 2). According to World Bank data, the sector's share of GDP was on an incline reaching the highest value of 2.80% of GDP in 2017.¹⁹ As of 2018, Sri Lanka has one of the lowest expenditures in comparison to regional peers. Sri Lanka has spent 2.12% of GDP on education while Nepal, Bhutan and Pakistan have spent 5.10%, 6.85% and 2.90% respectively.

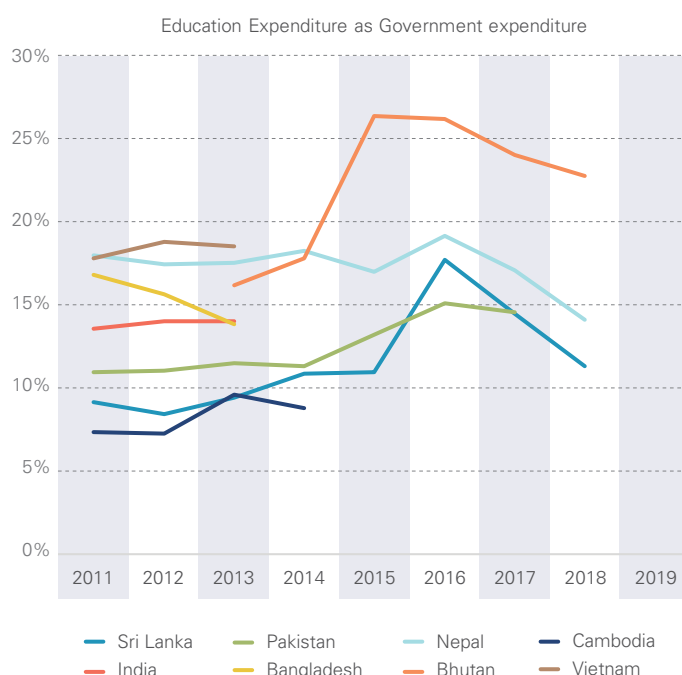
FIGURE 2 | Sri Lanka's education sector expenditure compared to peers



Source: The World Bank, World Development Indicator database

Similarly, the Sri Lankan government's expenditure on education as a share of total government expenditure was on an upward trend until 2017 when it reached the highest figure of 14.5% of total government expenditure.²⁰ However, in 2018, only 11.33% of total government expenditure was spent on the education sector. By comparison, Bhutan, Nepal, and Pakistan spent 22.77%, 14.10%, and 14.54% respectively.²¹

FIGURE 3 | Sri Lanka's education sector expenditure compared to peers



Source: The World Bank, World Development Indicator database

19. 2016 Budget Estimates and Revised Estimate figures were an anomaly due to a mistake in the preparation of the budgets. Author's calculated numbers are different from World Bank calculation. However, the author uses the World Bank figures for consistency.

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21. Numbers for Pakistan are only available until 2017. These countries were considered as they are in the same income bracket as Sri Lanka.



4. WHERE DO EDUCATION RESOURCES COME FROM?

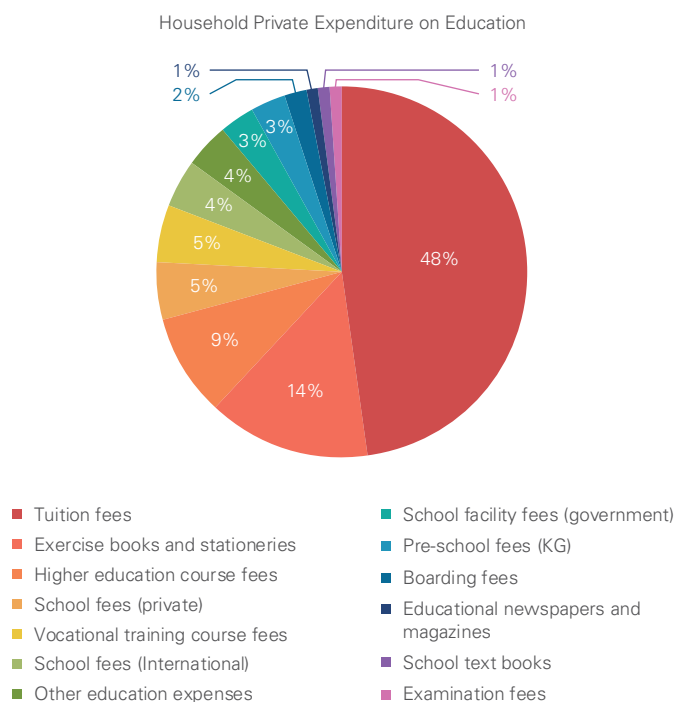
Sri Lanka's education sector is funded by both domestic and foreign resources at the central and provincial levels. Domestic financing is predominantly sourced from tax revenue and government borrowings, while foreign funding comes mainly through the form of grants and loans from international and bilateral donors.

The majority of the recurrent education expenditure is financed through the Treasury at central or provincial level governments. Funds provided by international and bilateral donors are also channeled through the Treasury.²² However, a detailed breakdown of education funding at the provincial and local government levels is not publicly available. Hence, it is not possible to disaggregate education funding into the provincial and local government levels.

Sri Lanka's education sector is predominantly funded through domestic resources. At the central government level, only approximately 3% of public education expenditure was funded through foreign resources during the period 2015-2021, while the remaining 97% was funded through domestic resources. 66% of funds came in the form of loans while the remaining 34% came in the form of grants.²³ There is inadequate data to disaggregate funding for education expenditure at the provincial and local government levels. Donor grants and loans finance a range of education quality improvement and infrastructure development projects. According to the External Resources Department, the education sector received disbursements worth USD 55.4 million²⁴ for the education sector from various donors in 2019.²⁵ Foreign funds are typically channeled to the provinces through the Ministry of Education. However, in some instances, donor agencies directly fund the education department in specific provinces, such as the World Bank's 'Transforming School Education as the Foundation of a Knowledge Hub' project.²⁶

In addition, to government funded education, there is a significant amount of private expenditure on education. Household Income and Expenditure Survey (HIES) data is available for the year 2016 on private spending of households on education (see figure 44). HIES is a survey done by the department of census and statistics every 3 years.²⁷ The results of the 2016 survey indicate that on average a household spend LKR 2,066 on education expenditure per month, which is on average, 3.3% of total household income per month. The majority of education spending goes towards private tuition (48%) followed by exercise books & stationary (14%), and higher education course fees (9%).²⁸

FIGURE 4 | Private Household expenditure on Education in Sri Lanka



Source: Department of Census, HIES data 2016

22. Athula Ranasinghe, Nisha Arunathilake and D.D.P.M Dunusinghe, Study on Investment in General Education in Sri Lanka (National Education Commission 2016) Research Series (2014) 7. Available at: <http://nec.gov.lk/wp-content/uploads/2016/04/7-Final.pdf>

23. Authors own calculation using, Ministry of Finance, Sri Lanka Budget estimates 2021. Available at: <https://www.treasury.gov.lk/budget#estimates>.

24. <http://www.erd.gov.lk/2020/Performance%202019%20Final.pdf>.

25. Ibid.

26. World Bank 2021, Development projects, available at: <https://projects.worldbank.org/en/projects-operations/project-detail/P113488>.

27. Due to the Covid-19 pandemic and other constraints at the time of writing the report data was only available until 2016, with the updated version still not published. Department of Census 2021, Income and expenditure, available at: <http://www.statistics.gov.lk/Income-AndExpenditure/StaticInformation>.

28. HIES data 2016, Education sector. Available at: http://repo.statistics.gov.lk/bitstream/handle/1/784/HIES2016_FinalReport.pdf?sequence=1&isAllowed=y.



5. HOW ARE EDUCATION RESOURCES SPENT?

5.1 Recurrent vs Capital expenditure

Government expenditure can be broken down in to two categories: recurrent and capital expenditure. Recurrent expenditure includes the operational cost of institutions such as salaries/remuneration, procurement of goods and services, and transfers. In the 2021 budget allocation for the education sector, personal emoluments²⁹ resulted in 58% of the total budgetary allocation.³⁰ Capital expenditure refers to expenditure on improving long term productive capacity of the sector. Examples may include construction of schools, libraries, and laboratories.³¹ Recurrent expenditure dominates education sector spending at the central level. Between 2015- 2021 estimated figures on the ratio of recurrent to capital spending averaged to 68:32.

With regard to allocations to provincial level education, the Finance Commission FC and the provinces jointly decide on the Education Quality Input (EQI) school fund allocation according to a four-step formula for each type of expenditure (capital, consumables, maintenance and repair) based on the types of grades (primary grades or primary and secondary grades) offered at the school and the school sizes.³² This approach has proved that smaller schools are allocated a higher per student amount. In comparison to urban schools, small rural schools are not able to raise their own funds.³³ This is because large schools in urban areas are able to raise funds through the school community, a luxury which small rural school do not have access to.³⁴ As such, they depend on EQI allocations as the only source over which they have some discretionary power.³⁵

29. Includes- Salaries, wages and overtime

30. Authors own calculation.

31. Save the Children (2016), p.113.

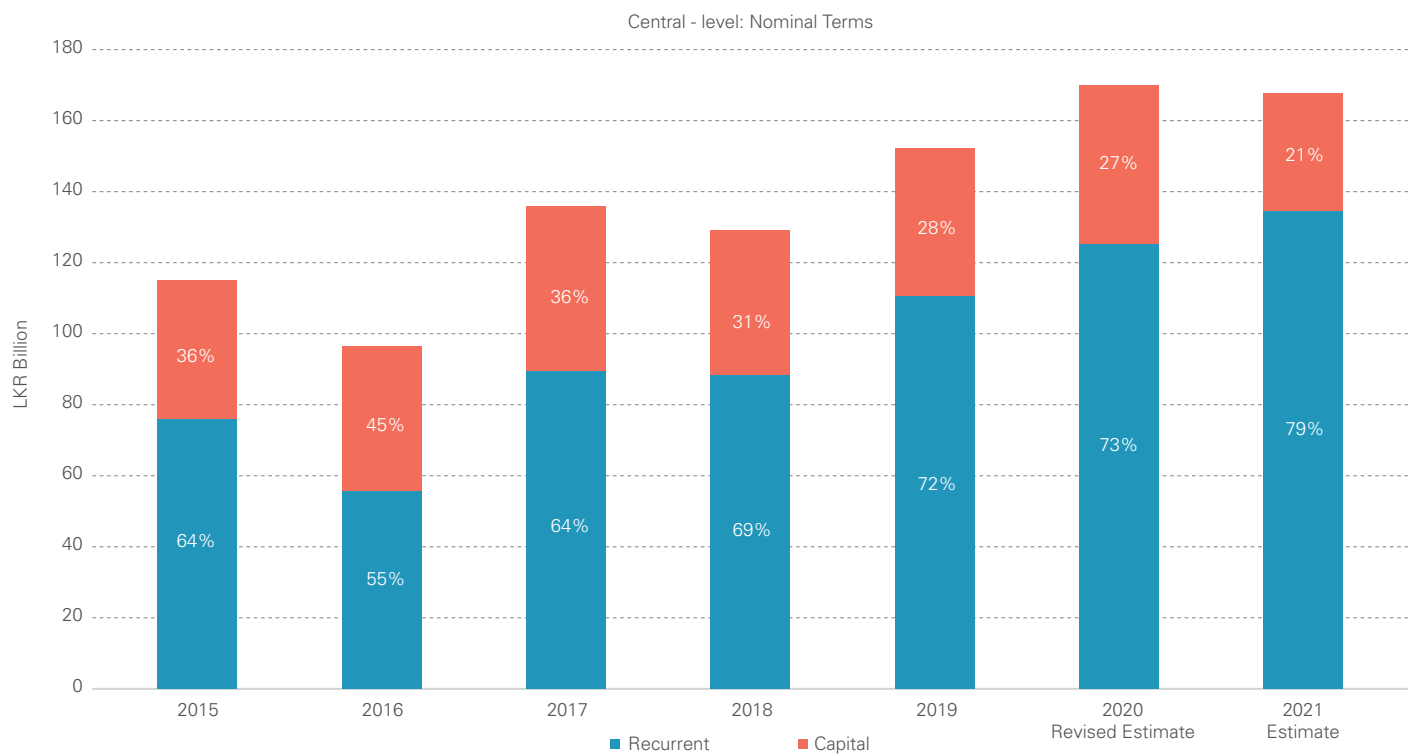
32. Nisha Arunatilake and Priyanka Jayawardena 2013, School Funding Formula in Sri Lanka. Available at : https://www.researchgate.net/publication/327982619_Background_paper_prepared_for_the_Education_for_All_Global_Monitoring_Report_2013.

33. Ibid.

34. Ibid.

35. Ibid.



FIGURE 5 | Education sector recurrent versus capital expenditure at the central level (Including proportional terms)

Source: Authors own calculation using Ministry of Finance Budget Estimates 2015-2021

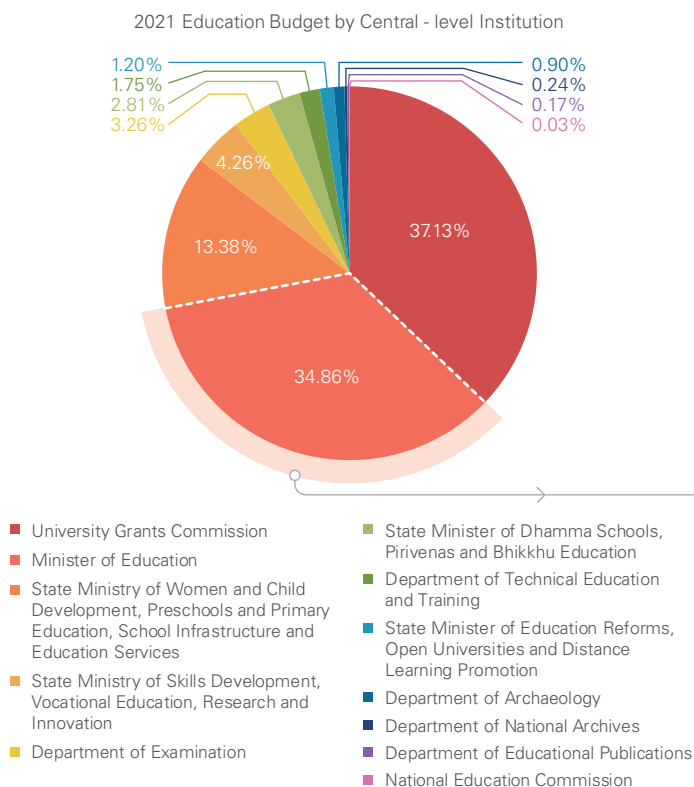


5.2 Education spending by institutions and programmatic area

During the period 2015-2021, the majority of central government resources for the education sector were allocated to the Ministry of Education, followed by the University Grants Commission (UGC) (see figure 6). In 2021, these two institutions were allocated a combined 72% of total central-level funding. The Ministry of Education received LKR 58.4 billion or 35% of the total amount of funding, while the UGC was allocated 37% or LKR 62.3 billion of central-level resources. The Ministry of Education is responsible for funding all central government-related educational expenditure and the UGC is solely responsible for funding public universities. Allocations to universities are made based on estimates submitted by universities, subject to a formula determined by the UGC that considers inflation, salary increments, and student numbers.³⁶ There is very limited consideration of any performance-based criteria. State Ministry of Women and Child Development, Preschools and Primary Education, School

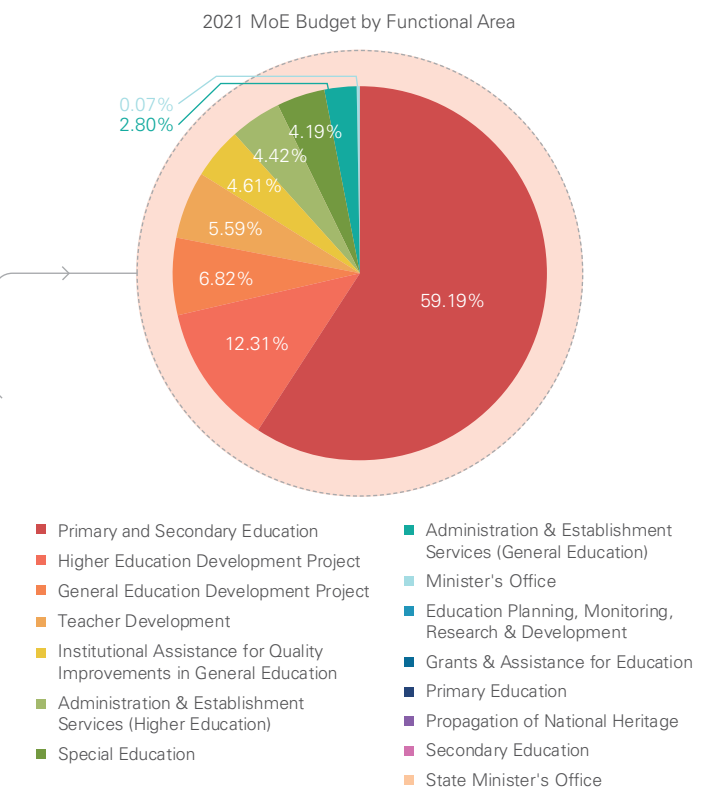
Infrastructure and Education Services was allocated LKR 22 billion or 13.4% of total funding. Ministry is responsible for protecting, empowering women and expansion of pre-school education. State Ministry of Skills Development, Vocational Education, Research and Innovation was allocated LKR 7 billion or 4.3% of total funding, state minister is responsible for improving the vocational education sector in Sri Lanka and facilitating local research. State Minister of Dhamma Schools, Pirivenas and Bhikkhu Education was allocated LKR 4.7 billion or 2.8% of total funding. Minister is responsible for facilitating and overlooking religious education in the country. State Minister of Education Reforms, Open Universities and Distance Learning Promotion was allocated LKR 2 billion or 1.2% of total funding. Minister is responsible for expanding open universities and distant learning opportunities. All 4 state ministries were allocated a total of LKR 36.3 billion or 22% of total allocations.³⁷

FIGURE 6 | 2021 Education Budget by Central Level Institutions



Source: Author's calculations using the Ministry of Finance Budget Estimates 2021

FIGURE 7 | 2021 Ministry of Education budget by Functional Area



Source: Author's calculations using Ministry of Finance Budget Estimates 2021

36. Formula= Modified Cost per Student (MCPS) * Student Enrollment.

37. Halil Dundar, et al. (2017), p.186, Sri Lanka Education Sector Assessment. Available at: <https://openknowledge.worldbank.org/bitstream/handle/10986/27042/9781464810527.pdf?sequence=2&isAllowed=y>.

The Ministry of Education spends most of its resources on primary and secondary education (see figure 7), constituting 45% of total Ministry of Education funding from 2015-2021. In the 2021 Budget Estimates, BE, primary and secondary education made up 59% of the total allocation

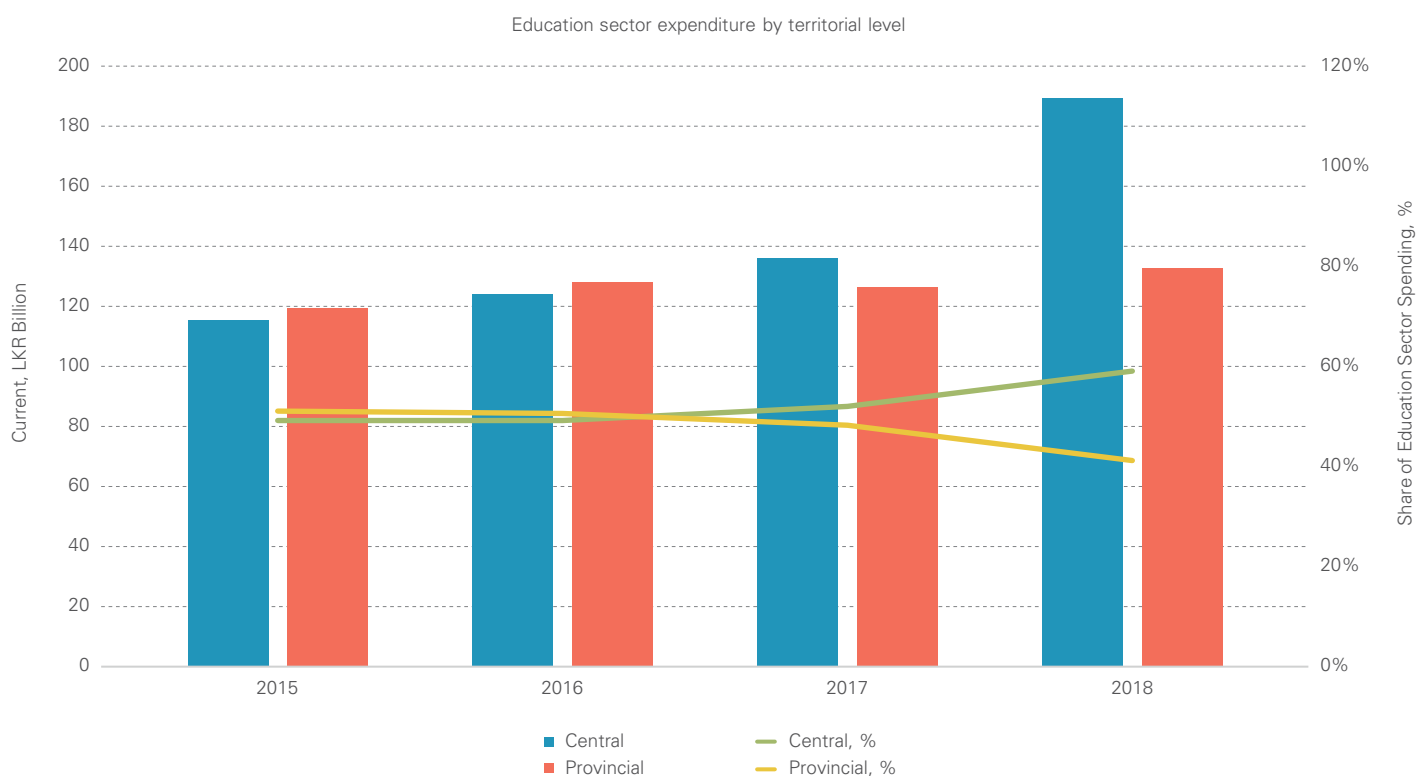
for the Ministry of Education. The highest allocations were to: the General Education Development Project (14%)³⁸, and Administration & Establishment Services (General Education) (11%).³⁹

5.3 To what extent has the education sector been decentralized?⁴⁰

Spending of education sector resources has been equally shared between the central and provincial levels (see Figure 8). Between 2015 and 2018, central-level spending accounted on average for 52% of all education resources,

while provincial-level spending averaged 48%. The 2018 ratio (last available data) stood at 59% central-level to 41% provincial-level.

FIGURE 8 | Education sector expenditure by territorial level



Source: Author's calculations using the Ministry of Finance and Mass Media, Budget Estimates 2015–2018 and Provincial Council Budget Estimates 2015–2018

38. General Education development project includes- Development of school infrastructure and staff training.

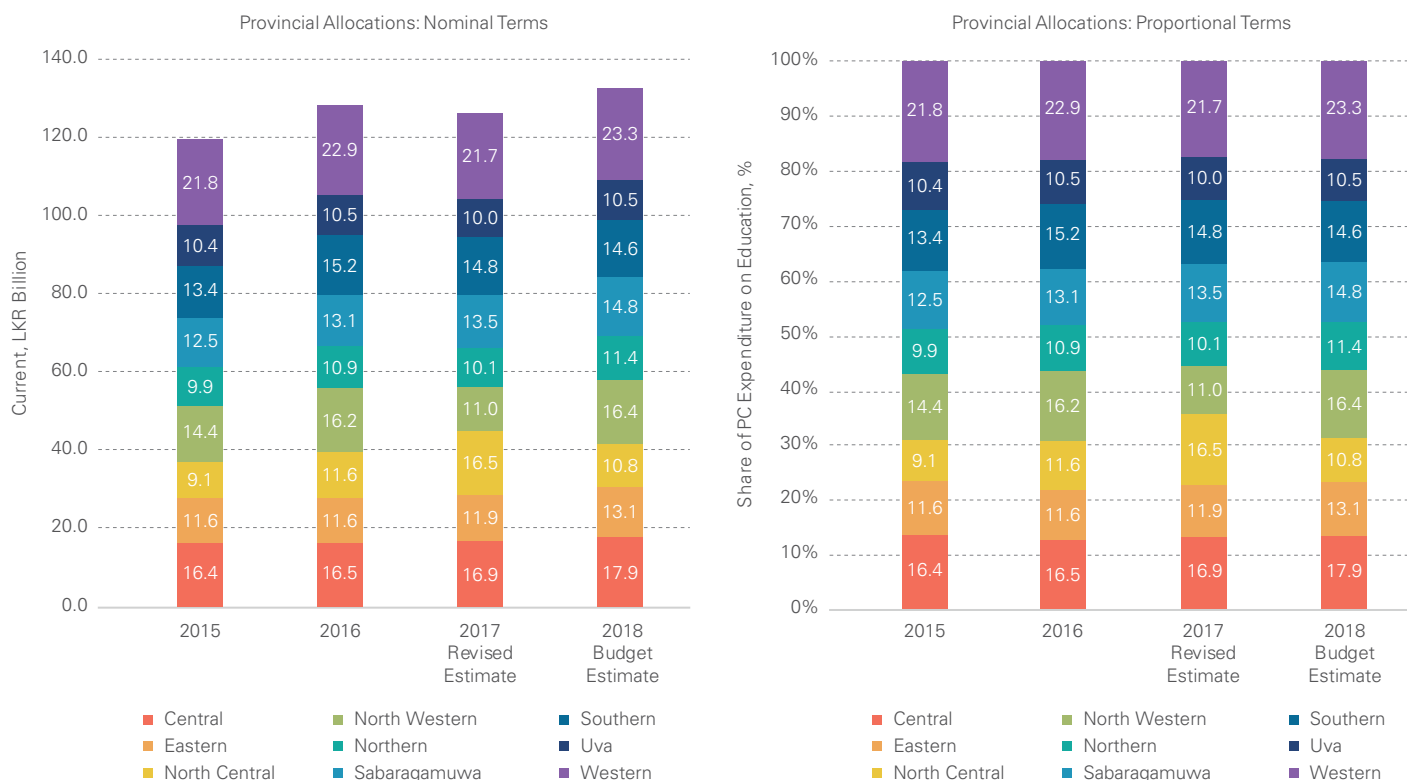
39. Administration and Establishment service (General Education) includes administrative line items. Eg- Salaries & wages, travelling expenses, supplies etc.

40. Due to the prevailing situation in the country, VR was unable to collect updated provincial level data. Hence, VR used data that was available in the existing database to analyse provincial-level allocations.

The Western Province has been consistently allocated the largest amounts of funding, followed by the Central Province (see Figure 9). In the 2018 budget, the Western Province was allocated LKR 23.3 billion, followed by the Central Province (LKR 17.9 billion), and the North Western Province (LKR 16.4 billion).

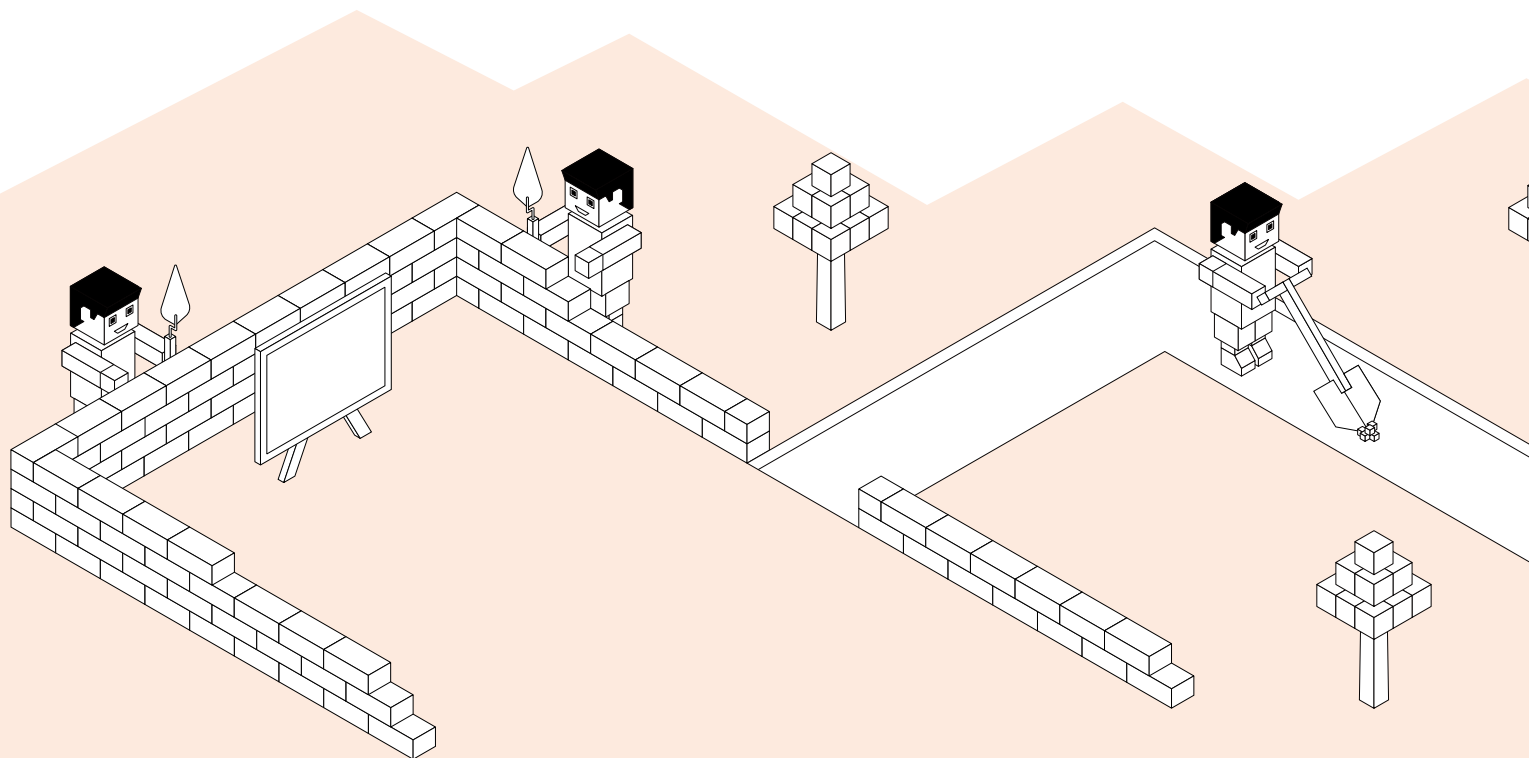
Between 2015 and 2018, the Western Province was allocated an average of 22% of total funding, while the Central Province was allocated an average of 17% of total funding. By contrast, the Uva, North Central and Northern Provinces received the lowest amounts of funding; just half of the average amount dedicated to the Western Province in 2015–2018.

FIGURE 9 | Education sector allocations by province



Source: Author's calculations using Provincial Council Budget Estimates 2015–2018.

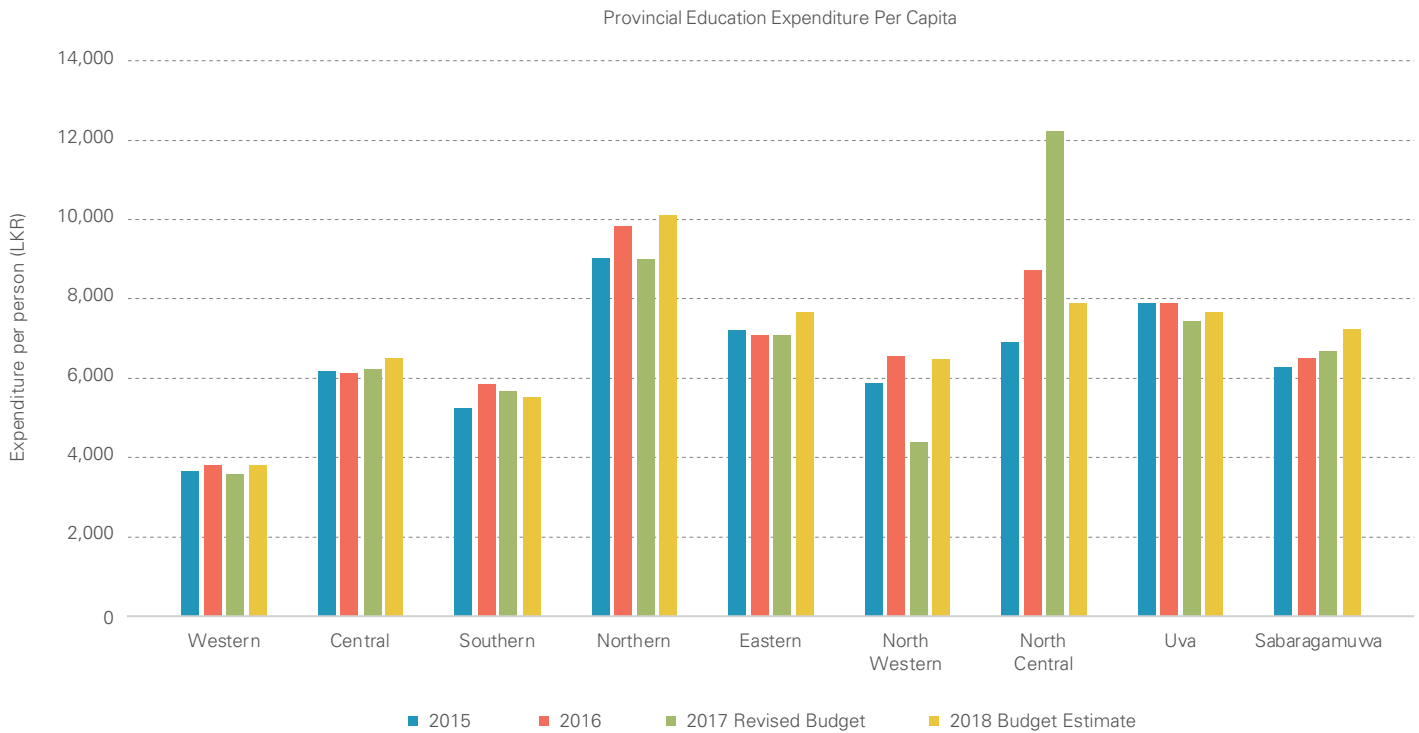
Note: 2017 numbers represent Revised Budget. 2018 represents Budget Estimates, while 2015 and 2016 represent actual expenditure.



However, per capita expenditure on education is highest in the Northern Province. It is above LKR 9,000 from 2015–2018 (see Figure 10). The Eastern, North Central and Uva Provinces also have a higher allocation (above LKR 7,000), while the Western Province has the lowest allocation in per capita terms. These trends reflect the

government's effort to promote balanced regional development, by providing additional support to poorer provinces where learning outcomes and student performance are low.⁴¹ For instance, the allocation of the above-mentioned education quality input funds tend to benefit smaller schools, often poorer schools located in rural areas.⁴²

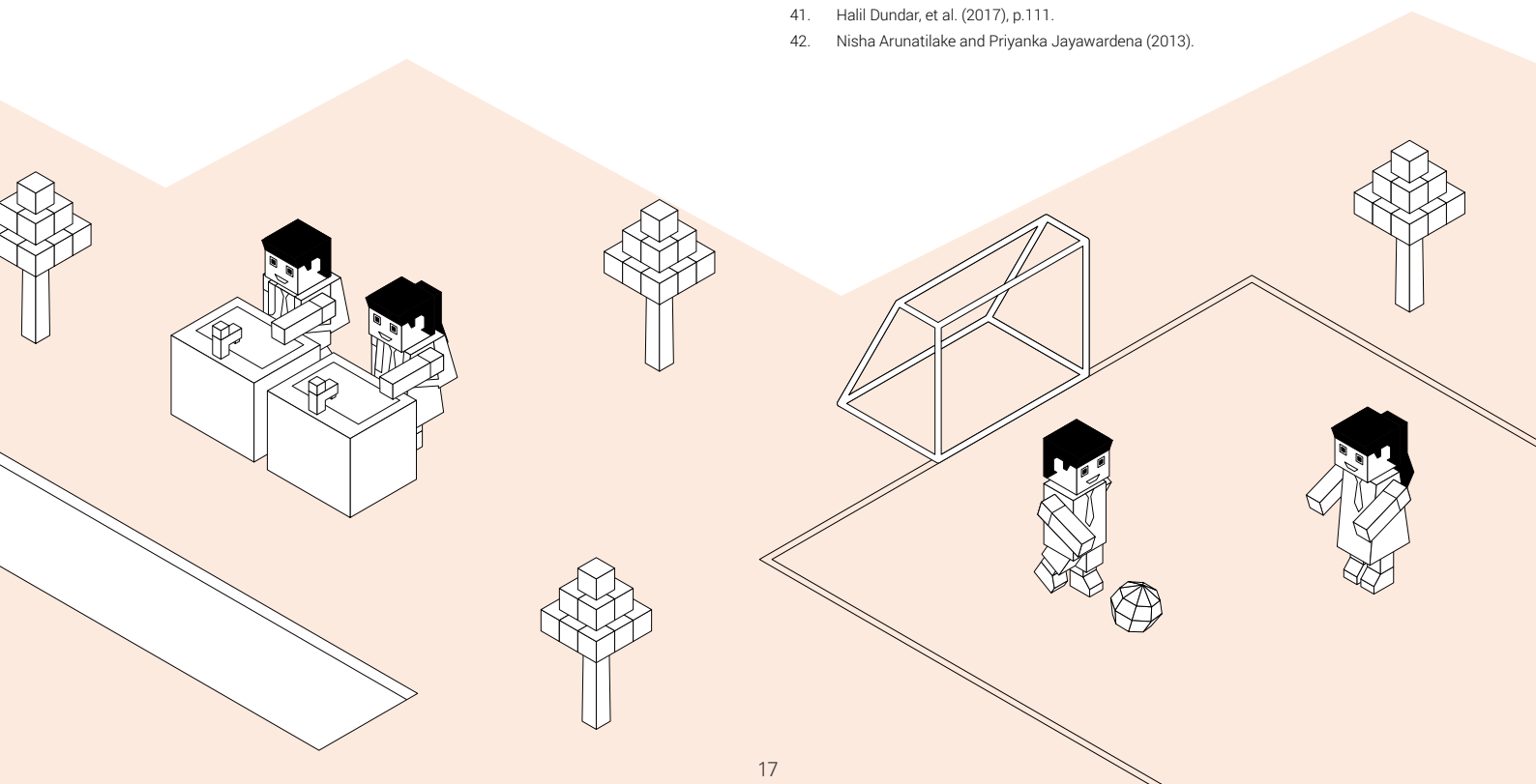
FIGURE 10 | Provincial education expenditure per capita

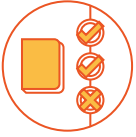


Source: Author's calculations using Department of Census and Statistics, Sri Lanka and Provincial Council Budget Estimates 2015–2018.

41. Halil Dunder, et al. (2017), p.111.

42. Nisha Arunatilake and Priyanka Jayawardena (2013).

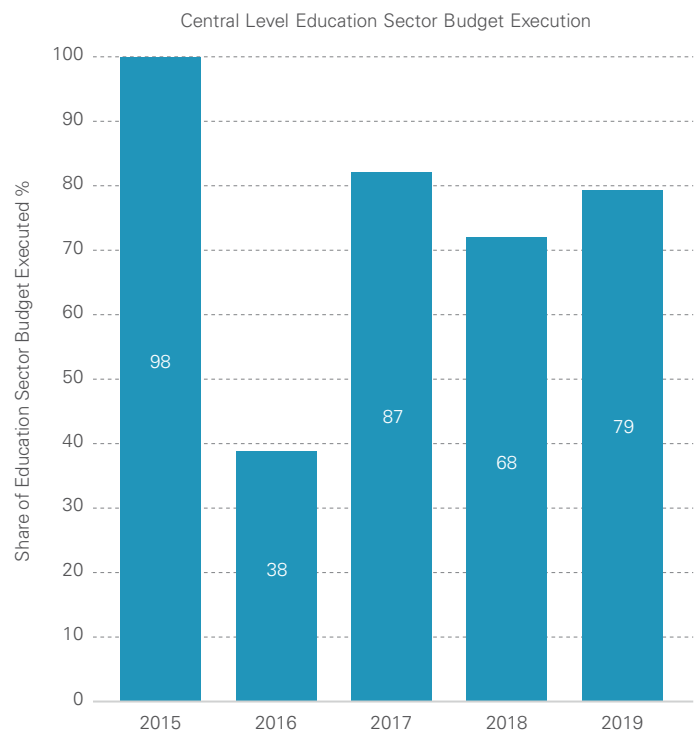




6. HOW WELL HAS THE EDUCATION SECTOR EXECUTED ITS BUDGET?

Sri Lanka's education sector budget execution has varied significantly over the past 5 years (see Figure 11F1). On average, the education sector execution rate was 74%. The highest execution was recorded in 2015 at 98%, and the lowest recorded was in 2016 at just 38%.⁴³ In 2018, the budget was under-executed when compared with the 5-year average.⁴⁴

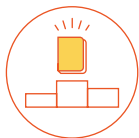
FIGURE 11 | Central-level education sector budget execution



Source: Author's calculations using the Ministry of Finance Budget Estimates 2015-2021

43. This is due to the overestimate of government spending made in the 2016 Budget Estimates.

44. Provincial council data was not available at the time of writing the report for comparison.



7. HOW WELL HAS THE EDUCATION SECTOR PERFORMED?

Sri Lanka has achieved significant progress in raising literacy and basic education enrolment rates. During the period 2016–2018, Sri Lanka had an average literacy rate of 98.8%. This meant that 98.8% of the population aged 15 and above could read and write. Sri Lanka's literacy rate is one of the highest in the region. South Asia's average literacy rate from 2015–2019 is 72%. Moreover, Sri Lanka has one of the highest primary education enrolment rates at 99% of its population, placing Sri Lanka far ahead of its regional and income peers.⁴⁵

In terms of gender, Sri Lanka offers equitable access to primary and secondary education. In 2018 the male enrolment rate for secondary education was 89.8% while for females it was 92.3%.⁴⁶ However, an inequality exists between the rich and poor in access to tertiary education, as wealthier students are more likely than those from poorer families to pursue tertiary education due to financial and time constraints.⁴⁷ Tertiary education enrolment rates are relatively low. In 2019, the gross tertiary education enrolment rate in Sri Lanka was 21.1%, lower than the South Asian average of 24.9%.⁴⁸ The reasons for this are multifaceted, including capacity constraints in the public university system. Moreover, there has been limited progress in improving access to education for students with disabilities.⁴⁹ Data shows that nearly one in four of the children between 5–14 years old with disabilities are not in school.⁵⁰ Another area of inequity is in the estate sector, which faces specific challenges, such as the shortage of Tamil medium teachers and school enrolment being the lowest at all education levels.⁵¹

Sri Lanka's education sector continues to be held back by inadequate quality and learning outcomes. For example, the average failure rates in the ordinary exam for English, Mathematics and Science were 37.64%, 28.92% and 34.55% respectively in 2019.⁵² Meanwhile, pass rates have increased from 2018–2019 for English and Mathematics, while the failure rate has increased for science.⁵³

Sri Lanka's early childhood education sector is still at a nascent stage. A large number of early education centres lack adequate resources for teaching and learning, especially for children with special needs. Moreover, a majority of pre-schools in Sri Lanka are privately owned and operated, resulting in the exclusion of those who are unable to pay. There are also limitations in terms of regulations, standards, and training, resulting in disparities in quality.

The Covid-19 pandemic has disrupted the education sector in Sri Lanka significantly. Approximately 5.57 million students nationwide in primary, secondary and tertiary education have been affected due to lockdowns and school closures.⁵⁴ The government has announced plans to implement alternative delivery mechanisms for general education, including e-learning platforms, television and radio. However, these mechanisms are hindered by limitations in access to facilities such as smart phones, data connectivity, and other resources required for remote learning. Survey conducted by UNICEF in 2020 highlighted that nearly 41% of the household with school aged children do not have access to online learning resources.⁵⁵

45. The World Bank World Development Indicators. Available at: <http://datatopics.worldbank.org/world-development-indicators>.

46. Ibid.

47. Halil Dunder, et al. (2017), p.4. Available at: <https://openknowledge.worldbank.org/bitstream/handle/10986/27042/9781464810527.pdf?sequence=2&isAllowed=y> Department of census, HIES Survey 2012.

48. The World Bank World Development Indicators. Available at: <http://datatopics.worldbank.org/world-development-indicators>.

49. Unicef 2021, Every mind, available at: <https://www.unicef.org/srilanka/every-mind>.

50. Government of the Democratic Socialist Republic of Sri Lanka, Voluntary National Review on the Status of Implementing Sustainable Development Goals (June 2018), p.79. Available at: https://sustainabledevelopment.un.org/content/documents/19677FINAL_SriLanka-VNR_Report_30Jun2018.pdf.

51. Department of Examinations, Performance of candidates G.C.E.(O/L) Examination (2019). Available at: [https://www.doenets.lk/documents/statistics/G.C.E.\(O.L.\)2019Report.pdf](https://www.doenets.lk/documents/statistics/G.C.E.(O.L.)2019Report.pdf).

52. Ibid.

53. Ibid.

54. ADB, 2021, Secondary Education Sector Improvement Program. Available at: <https://www.adb.org/sites/default/files/linked-documents/52203-001-sd-01.pdf>.

55. Unicef 2020, Covid 19 crisis household impact, available at: <https://www.unicef.org/srilanka/media/2056/file/UNICEF%20UNDP%20Covid%20Impact%20Telephone%20Survey%20Round%204.pdf>.



Hence, the COVID-19 pandemic has resulted in significant inequalities in access to education, both in terms of rural and urban disparity and income disparities. However, a survey carried out by the Asian Development Bank found significant rates of participation in online learning at the

level of tertiary education. 94% of state higher education institutes had a remote learning program. The program's average attendance was 88% across both rural and urban areas, suggesting that online learning technology was broadly accessible.⁵⁶

56. ADB 2020, Online Learning in Sri Lanka's Higher Education Institutions during the covid-19 pandemic. Available at: <https://www.adb.org/sites/default/files/publication/635911/online-learning-sri-lanka-during-covid-19.pdf>.

GLOSSARY OF BUDGET TERMS:

Budget Estimate: First allocation of funds, approved by parliament

Revised Budget Estimate: Revised allocation of funds, approved by parliament

Actual Expenditure: Allocated funds that are spent by the end of the fiscal year

Budget Execution: Percentage of allocated funds spent out of the total allocation

Nominal/Current Values: Numbers not corrected for the effect of inflation

Real/Constant Values: Numbers corrected for inflation

ABBREVIATIONS:

ADB: Asian Development Bank

ADB: Asian Development Bank

CBOs: Community-based Organizations

CEA: Central Environment Authority

CKD: chronic kidney disease

DHS: Demographic Health Survey

DNCWS: Department of National Community Water Supply

GDP: Gross Domestic Product

GLAAS: Global Analysis and Assessment of Sanitation and Drinking Water

IWWRMP: Integrated Watershed and Water Resources Management Project

LKR: Sri Lankan Rupee (Local Currency)

MC: Municipal Council

MWS: Ministry of Water Supply

MPCLG: Ministry of Provincial Councils and Local Government

NGO: Non-Governmental Organization

NRW: Non-Revenue Water

NWSDB: National Water Supply and Drainage Board

PC: Provincial Council

PS: Pradeshya Sabha

SDG: Sustainable Development Goal

SMRDDWSPD: State Ministry of Rural and Divisional Drinking Water Supply Projects Development

UC: Urban Council

USD: United States Dollar

UNICEF: United Nations Children's Fund

WASH: Water, Sanitation, and Hygiene

WaSSIP: Water Supply and Sanitation Improvement Project

WBG: World Bank Group

WHO: World Health Organization

WRB: Water Resources Board

