



Sri Lanka Skills for Inclusive Growth (S4IG) Program

FINAL EVALUATION REPORT

[Version 2.2 - Final]



Figure 1

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The views expressed in this report are those of the S4IG Evaluation Team and do not necessarily reflect the views of the Australian Department of Foreign Affairs and Trade (DFAT), Abt Associates, the Sri Lanka Support Unit, or the Sri Lankan Government, and they cannot be held liable for its content.

Table of Contents

(i) Acknowledgements	3
(ii) Acronyms and Abbreviations	3
1. EXECUTIVE SUMMARY	4
1.1 Evaluation Findings - End of Program Outcomes (EOPOs)	4
1.2 Evaluation Findings – DFAT Aid Quality Criteria	5
1.3 Recommendations	6
2. SKILLS FOR INCLUSIVE GROWTH EVALUATION FINDINGS	7
2.1 EVALUATION FINDINGS – END OF PROGRAM OUTCOMES	7
2.1.1 EOPO 1: National and sub-national governments implement innovations and policies that address skills and tourism development informed by inclusive S4IG models. 7	
2.1.2 EOPO 2: The majority of MSMEs operated by diverse participants improve their performance.	8
2.1.3 EOPO 3: The majority of diverse participants increase their income.	9
2.2 EVALUATION FINDINGS – DFAT QUALITY CRITERIA	9
2.2.1 RELEVANCE	9
2.2.2 EFFECTIVENESS	11
2.2.3 EFFICIENCY	12
2.2.4 GENDER EQUALITY, DISABILITY AND SOCIAL INCLUSION	14
2.2.5 MONITORING, LEARNING AND EVALUATION (MEL)	16
2.2.6 SUSTAINABILITY	18
List of Annexes	21
Annex 01: Background, Introduction and Methodology	21
Background	21
Introduction and Context	21
Methodology	21
Sri Lanka’s Macroeconomic Environment	21
Evaluation Timeline, Key Deliverables and Milestones	22
S4IG Phase 1 Overview	22
S4IG Phase 2 Overview	22
S4IG Program Logic and Theory of Change	22
Annex 02: EOPO Data Analysis (i)	23
Annex 02: EOPO Data Analysis (ii)	24
Annex 02: EOPO Data Analysis (iii)	25
Annex 02: EOPO Data Analysis (iv)	27
Annex 03: DFAT Quality Criteria Data Analysis (i)	28
Annex 03: DFAT Quality Criteria Data Analysis (ii)	29
Annex 04: Evaluation Team Specific Tasks	31

Annex 05: Scope of Consultations	32
Annex 06: S4IG Program Logic and Theory of Change	33
Annex 07: Proposed Project Management Structure	34
Annex 08: Evaluation Questions	35
Key Evaluation Questions – Program Logic EOPOs	35
Key Evaluation Questions – DFAT Quality Criteria	35
Annex 09: MERL Improvement Recommendations.....	37

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(ii) Acronyms and Abbreviations

ADB	Asian Development Bank
AIP	Annual Implementation Plan
AUD	Australian Dollars
CSO	Civil Society Organisations
DC	District Coordinators
DCC	District Coordinating Committees
DFAT	Department of Foreign Affairs and Trade (Government of Australia)
DPP	Development Partnership Plan (DFAT)
EGS	Economic Growth Strategy (DFAT Sri Lanka – Draft for Consultation)
EOPO	End of Program Outcomes
EPTB	Eastern Provincial Tourism Bureau
GA	Government Agent (District Secretary)
GoSL	Government of Sri Lanka
HR	Human Resources
ICT	Information and Communications Technology
IO	Intermediate Outcome
IPOP	Indo-Pacific Opportunity Project
KRA	Key Result Area
MC	Managing Contractor
MEL	Monitoring, Evaluation and Learning
MIS	Management Information System
MoE	Ministry of Education, Sri Lanka
MSDVT	Ministry of Skill Development and Vocational Training
MSME	Micro Small and Medium Enterprises
NAITA	National Apprenticeship Industry Training Authority
NEPF	National Education Policy Framework 2023-2033
NGO	Non-Government Organisation
NIE	National Institute of Education
NVQ	National Vocational Qualification
PPP	Public Private Partnerships
PWD	People with Disability
RPL	Recognition of Prior Learning
S4IG	Skills for Inclusive Growth
SAG	Strategic Advisory Group
SDF	Skills Development Fund
SDP	Skill Development Plan
SKOP	Serendipity Knowledge Program
SLTDA	Sri Lankan Tourism Development Authority
SSS	Senior Secondary Schools
TA	Technical Assistance
TOR	Terms of Reference
TVEC	Technical and Vocational Education Commission
TVET	Technical and Vocational Education and Training
VfM	Value for Money
VTA	Vocational Training Authority
VTI	Vocational Training Institutions
WB	World Bank
YTD	Year to Date

1. EXECUTIVE SUMMARY

The Australian Department of Foreign Affairs and Trade (DFAT), through its Sri Lanka Support Unit (SLSU), has commissioned an independent end of program evaluation of the second Phase of the **Sri Lanka Skills for Inclusive Growth (S4IG)** program. The background to the study, the context and methodology, an overview of the program and DFAT's theory of change can be found at **Annex 01**. The evaluation followed DFAT's evaluation standards¹ through an analysis of progress towards achieving the three *End of Program Outcomes* and evaluated against *DFAT's six quality criteria*². A summary of the findings follows at (1.1). A separate report proposing a range of *Future Programming Options* has been provided to DFAT and is to be read in conjunction with this *S4IG Final Evaluation Report*.

1.1 Evaluation Findings - End of Program Outcomes (EOPOs)

EOPO 1: National and sub-national governments implement innovations and policies that address skills and tourism development informed by inclusive S4IG models. The ability to significantly influence national level system change has been problematic during Phase 2, due in part to a lack of consistency, mainly in national government level ministry and agency leadership, the slow pace of National Education Policy Framework (NEPF) implementation, government change management approaches, and other geo-political influences beyond the control of S4IG. In contrast there has been resounding support for the program's implementation at the sub-national (District) level and from the private sector, both of whom have demonstrated 'buy in' to the program's objectives. The program was not able to achieve beyond its performance framework³ due to the delay in implementing various interventions caused by the many external challenges disrupting program implementation, such as COVID-19, and Sri Lanka's economic crisis, and related civil unrest.

EOPO 2: The majority of micro, small and medium enterprises operated by diverse participants improve their performance: Consistent feedback from businesses consulted at Anuradhapura, Trincomalee, Batticaloa and Matale⁴ demonstrated improved business performance following engagement in the program, evident through the changes made to their existing business models and target markets, improvements related to business coaching and tourism and hospitality training, and their adoption of other interventions such as e-commerce, digital marketing, and business planning. Participants stated they would have benefited from access to grant funding for small infrastructure projects and continued technical skills development to consolidate gains already made, however this was not available under Phase 2. The validation of data was difficult due in part to 'improved business performance' targets not being a feature of the program design, regularly monitored, or reported in the MIS. A further constraint was that S4IG partners were delegated reporting responsibility⁵ and this did not happen to the extent anticipated by the MERL Plan (*Footnote 27*). Consequently, a deeper analysis of the 'improved performance' of most MSMEs who received training was not possible.

EOPO 3: The majority of diverse participants increase their income: The available data does not permit a verifiable response to the following question: "did the majority of participants of training programs increase their income?" While data from the MIS shows that 1050 individuals were trained by the S4IG program, information about changes in income is available for only 12 percent of them. The size of the sample does not allow for an accurate assessment of changes in income, however from the limited data available, there does appear to be a progressive increase in average income for participants surveyed. Anecdotal evidence from field-level consultations consistently showed that their incomes grew as a direct result of the S4IG program. Several micro-businesses for which outcome data is available, also grew their staffing numbers and their income levels because of improved business performance, through increased productivity and generally extending the scope of their business activities. Consultation feedback suggest that the training had a noteworthy impact on profit, and that employment expanded by one or two workers in four of the six businesses consulted at Matale. However, due to the substantial number of enterprises for whom data about sustained improvement in income (12 months after intervention) is not available (92%), there is no conclusive evidence of improved income across **all** participants. (*Table 01*) (**Annex 02**).

¹ Design and Monitoring. Evaluation and Learning Standards, DFAT, September 2023 (Standard 9 [pp67-77])

² DFAT Investment Design Quality Criteria, 29 April 2019

³ S4IG Model Operational Plans (MOP)

⁴ Note Annex 02 (ii) and (iii) show all locations that received support from S4IG but were not specifically consulted during the evaluation.

⁵ Phase 2 of the program trialed 'capacitating' the partners, sharing responsibility for monitoring, evaluating, and reporting outcomes.

1.2 Evaluation Findings – DFAT Aid Quality Criteria

Relevance: The program design and scaled up provincial model and approach was ‘fit for purpose’ and highly relevant to specific target segments of the tourism market at a time when the country’s tourism industry had suffered through the impact of COVID and other internal and external shocks. The focus of the program and its ability to influence national system change was only marginally effective and exacerbated by the slow pace of national TVET policy, structural and governance reform and ongoing changes in government ministry and agency level senior leadership. The program did however make a significant national TVET policy achievement through the implementation of a Reasonable Adjustments Policy adaptation and the EQUITAS intervention which put the policy into practice.

Effectiveness: The program design provided sufficient scope and flexibility to enable implementation to be modified to expand the reach of the program into provincial areas, target diverse tourism markets and an objective selection of participating MSMEs. All of which was effectively managed by the S4IG team and support structures. This was complemented by significant ‘buy in’ and potential for further post-program scale-up through regional agencies and government. The models developed were effective for business enhancement and growth, and facilitated participation of marginalised groups, women, and people with a disability.

Efficiency: The S4IG program was found to be an efficient model for the development of the program’s target markets, i.e. tourism and MSMEs. It engaged extremely well with participants, and built strong relationships with the tourism industry, government, and the private sector. The active participation and leveraging of resources from many partners contributed to the efficiency of the program, as did DFAT’s and Palladium’s project risk management approach and devolution of responsibility for planning and implementing the interventions. The program had several positive collaborations with other development partners and capitalised on the strengths of each of these to implement skills/TVET related initiatives. The scale of the program’s reach, participant numbers and value for money (VFM) assessments are analysed further under ‘Efficiency’ in [Section 2.3](#).

Gender Equality, Disability and Social Inclusion: A strength of the S4IG program design was to target vulnerable groups and individuals with a specific focus on women and people living with a disability. The S4IG implementation approach actively engaged with, and encouraged participation of GEDSI beneficiaries in most of its program activities. Partner organisations and government ministries and agencies demonstrated an understanding of, and commitment to, GEDSI at both a policy and operational level and actively pursued engagement options for diverse participants. There were many identifiable achievements from women as a direct result of the program in terms of business start-ups, growing their existing businesses, increasing their incomes and as a result, effectively improving their lives. An analysis of the actual reach and impact of GEDSI strategies is provided in [Section 2.4](#).

Monitoring, Learning and Evaluation: On face value, S4IG designed and developed what appears to be a comprehensive Monitoring, Evaluation, Research and Learning (MERL) Plan and implementation framework setting out how the program would report⁶ and analyse performance against the program’s Goal and EOPOs. While the S4IG MERL Plan is detailed and explicit, there does not appear to be sufficient evidence ‘on the ground’ to support it being fully operationalised. The Plan sets clear performance indicators linked to the full range of program activities, however there were no actual ‘hard targets’ against which the program’s performance can be measured. While some data was collected and analysed during the evaluation, it appears there is a gap in recording information and data at the EOPO level despite this being a major element of the MERL Plan [pp 21-24]. DFAT’s own MEL Standards do not make it mandatory to set targets, however this makes it very difficult to fully assess performance against EOPOs and IOs. The MIS database as the central repository for information and data was found to be weak, with data difficult to access and analyse, and there does not appear to be an effective mechanism in place to monitor and report on the progress of participants.

Sustainability: The sustainability of S4IG’s impacts and achievements will be mainly influenced by; (i) the NEPF implementation approach and funding, including from donors, and (ii) the ability of the MSMEs to invest in their businesses.

⁶ Interim and end-of-program targets **may be set** where there is a baseline and evidence that the targets would be realistic with the proposed interventions.[pp 41-42].

There is clear evidence that some businesses and government agencies have built sustainable capacity from S4IG's support into their future work. The S4IG brand is very strong and widely recognised and this should be leveraged in future programming.

1.3 Recommendations

The S4IG Evaluation Terms of Reference included an output to “provide recommendations to guide DFAT's decisions on the future direction of economic development programming in Sri Lanka.” Additionally, it aims to identify how best to adopt the lessons learned from the current S4IG program for future TVET/skills initiatives in Sri Lanka. Given that DFAT's proposed new Development Partnership Plan (DPP) for Sri Lanka has not been approved, a comprehensive set of recommendations have been provided in a separate report, to be read in conjunction with this Final Evaluation Report. Six (6) other recommendations below, are also provided for consideration, and action where appropriate, by DFAT.

Recommendation 01: The Evaluation Report to Guide Future TVET/Skills Investments:

The *S4IG Final Evaluation Report* and the *DFAT Future Programming Options Report* together with the “lessons learnt” from the program evaluation provide valuable information and reference points for structuring a new TVET/Skills design for Sri Lanka, It is recommended this information is used collectively to guide future TVET/Skills investments including the structure, scope and proposed outcomes, and the risks and constraints to achieving those outcomes.

Recommendation 02: Program Sustainability Strategy:

The evaluation found that DFAT program designs should incorporate specific mechanisms and identified program accountabilities to ensure sustainability beyond DFAT funding. The sustainability of S4IG, will also be assisted by some of the projects being recommended for DFAT's future programming. It is recommended that the S4IG team develop a sustainability strategy for the key areas of the program where other market players can take responsibility for continuing work. (Section 2.6)

Recommendation 03: Stakeholder Consultations and Program Socialisation:

The expected role, function, contribution, and participation of key stakeholders in the lead up to program implementation is crucial to ensure successful implementation. It is recommended that a range of initiatives and activities be developed to socialize the scope of new program designs and implementation with key stakeholders so that all players have realistic expectations of how donor resources will be utilized. This process will also help to ensure that government and private sector partners do not make ambit claims for resources not specifically aligned to the program outcomes.

Recommendation 04: Program Activity Performance Targets:

Determining value for money and the ability to measure and assess program impacts against baseline data is problematic if measurement cannot be made against ‘hard targets’ and is confined to outputs and broad qualitative measures. It is recommended that future program designs align, and use terminology and methodology consistent with DFAT MERL Standards (Footnotes 1 and 2) set measurable performance targets against each EOPO and IO and other design evaluation criteria.

Recommendation 05: Monitoring, Learning and Evaluation:

The accessibility and validation of data are essential elements of assessing program impacts and should be measured against targets specific to each program outcome area. A ‘fit for purpose’ and context specific management information system (MIS), incorporating data sourcing, repository, and retrieval systems, should also be essential design features. Constructing and maintaining databases for program MERL approaches using quantitative methods involves two separate but related tasks, (i) identifying program objectives and measurable indicators, and (ii) constructing a database with all information necessary for monitoring and evaluation against EOPO and IO's. It is recommended the overview provided at **Annex 09**, is used for future DFAT program MERL approaches.

Recommendation 06: Work Planning – Force Majeure:

The nature, location, and implementation environment of development programs often expose them to unforeseen risks beyond the control of the client and/or contractor. Early assessments can help to identify critical risk impacts caused, for example, by climate change, political influences and civil unrest that potentially delay or impact on the extent of program activities. It is recommended that, program work plans incorporate a stronger focus on contingency planning, to investigate alternative implementation arrangements and/or other activity options which can be initiated in the event of unforeseen impacts on the program.

2. SKILLS FOR INCLUSIVE GROWTH EVALUATION FINDINGS

2.1 EVALUATION FINDINGS – END OF PROGRAM OUTCOMES

2.1.1 EOPO 1: National and sub-national governments implement innovations and policies that address skills and tourism development informed by inclusive S4IG models.

A significant objective of DFAT's continued contribution to Sri Lanka's economic recovery under Phase 2 was to build on the achievements of Phase 1 around initial stabilisation of the tourism and skills-related sectors, and to consolidate the models in place with a stronger focus on the TVET enabling environment. Phase 2 sought to take the inclusive models developed to scale through strengthening coordination, planning and policies related to the tourism value chain and skills development.⁷ A new EOPO emphasised the national setting expecting the program to build on the substantial investments and successes of Phase 1, such as district-level coordination and piloting new models, and capitalise on opportunities to scale up local partnerships and leverage resources at the sub-national level.

The evaluation looked at EOPO 1 outcomes at the national and sub-national level to assess the program's ability to significantly influence system wide change, particularly under the prevailing political, environmental, social, and economic conditions during Phase 2. Constraints included: 13 changes to the MOE Secretary role over the entire life of the program (6 in Phase 2 alone), the negative impact of COVID-19 on activity implementation, the devastating impact of the economic crises on all business activity, acts of terrorism and civil unrest. In this context, the ability of the program to significantly influence national level system change was limited, in part due to a lack of consistency in ministry and agency leadership, the slow pace of policy reform (NEPF) and change management approaches, and other geo-political influences beyond the control of S4IG.

Despite many challenges, the value and impact of the S4IG models continue to confirm positive effects in the current economic conditions, especially in areas where recovery is evident. These include, for example, the hospitality and tourism sectors in provincial areas such as Trincomalee and Batticaloa. While national system wide change was challenging, there was clear evidence of the program's impact at the sub-national, mainly District, level through active participation of the private sector and district administrations. All District Secretariat offices⁸ reported positive dealings with S4IG and actively supported relevant aspects of the program's implementation. For example, all were engaged in the MSME professional business coaching program. In Anuradhapura, many micro-business operators⁹ directly attribute their ability to implement e-marketing efforts to S4IG. This included listing their businesses on international tourism sites such as Trip Advisor and Booking.com. In Trincomalee, the Eastern Province Tourism Bureau in partnership with the local Business Chamber and with business coaching support from S4IG, supported a group of five Muslim women to become trained in tour-guide operations. As a result of the program reaching beyond its planned activities, the women were able to develop a business plan and commence the process to become local tour guides with a focus on cultural and religious sites and activities, although cultural norms were an impediment to them commencing their business operations.

The private sector appears to have bought into the program, with consultation feedback very positive on the engagement with S4IG, at all levels, from program management to field officers. The regional consultations provided further evidence that local S4IG field operatives had a thorough understanding of the many activities being implemented, and they have built a strong working relationship and network with local partners and community rapport. The district consultations provided clear evidence of improved coordination and planning of inclusive skills and business development as a direct result of their engagement with S4IG. Examples of district and small-micro business level tourism, TVET, business entrepreneurs planning and marketing were cited to support this.

Examples of S4IG modelling and learning that has contributed to TVET systems quality standards are highlighted under the quality criterion 'Sustainability'. Participation by beneficiaries, skills

⁷ Sri Lanka Skills for Inclusive Growth Design Addendum, DFAT, (May 2016)

⁸ Consultations with various District Secretariat senior officers were held in Anuradhapura, Trincomalee, Batticaloa and Matale.

⁹ See Annex 05, Scope of Consultations

training and other stakeholder engagement data and analysis is provided under EOPO 2 and EOPO 3 and the quality criteria findings.

The Phase 2 design addendum was written in 2019 coinciding with a series of external and internal shocks including the onset of COVID-19, beginning with the Easter Bomb attack of 2019. The attack heralded a series of economic shocks, culminating in 2022 in a balance of payments crisis, external debt default, and crippling shortages of essential food, fuel, and pharmaceutical imports. The government implemented difficult stabilization measures (**Annex 01 [4]**) which led to socio-political instability and unrest. In reflection, adding an EOPO for Phase 2 that focussed on S4IG influencing national TVET and tourism related system changes, would have been over-ambitious, given the catastrophic economic situation that prevailed at the time. Continuing with this aspect of the program would have been a high-risk strategy; more positive outcomes against EOPO 1 are likely to have been achievable in a more conducive political economy.

2.1.2 EOPO 2: The majority of MSMEs operated by diverse participants improve their performance.

There is no information recorded about new enterprises established as a direct result of training delivered under Phase 2. However, data from S4IG's MIS indicates that a total of 106 MSMEs received Professional Business Coaching and/or Digital Content Development Coaching. None of the proprietors of the MSMEs had a disability, with 42 percent being owned by women.

Size: Most of the businesses that received training were micro or small enterprises. For example, as *Figure 1 (Annex 02)* shows, three quarters of these businesses were microenterprises employing between 2 and 5 workers. A tenth were sole proprietors and another 11 percent employed between 6 and 14 workers. Sixty percent were owned by men, and 40 percent were owned by women. The women-owned businesses were mainly from the micro category of 2-5 workers.

Tourism subsector: Nearly half of the businesses that received training were in the accommodation services subsector, of which a third were owned by women, per *Figure 2 (Annex 02)*. Enterprises in the food and beverage services subsector accounted for nearly a fourth, and women proprietors were well represented in the sector, owning a little more than a third of businesses receiving training. Although transportation and leisure excursions and tours accounted for only 3 percent of all enterprises that received training, these businesses were all owned by men.

Regional spread: *Figure 3 (Annex 02)* shows the regional spread of MSMEs that received business coaching through Phase 2. A fifth were from Anuradhapura district, and of them, more than half were trained in handicrafts. MSMEs from Ampara, Gampaha, Kandy, Matara, Polonnaruwa, and Ratnapura accounted for roughly a tenth of all MSMEs that received coaching facilitated by S4IG. This amounted to 10 enterprises, indicating that the training was spread thinly over an extensive geographical area. This may have increased the administrative costs of program implementation although no budget data is available to support this. In contrast, districts in which the program was first rolled out, such as Batticaloa and Trincomalee, accounted for very small shares (3 percent and 2 percent respectively) of the total number of MSMEs which received business training.

The MIS also contains data relating to two possible indicators of MSME performance: net profit and size of enterprise in terms of employees. However, while this information is available at baseline for almost all MSMEs, information relating to these two indicators one year after the training is available for only nine out of 106 enterprises. These enterprises are from the districts of Ampara and Polonnaruwa. This indicates a failure in project monitoring and data collection that prevents a clear assessment of program performance in this area.

The performance related information for these nine enterprises suggests the training provided by S4IG during Phase 2 had a significant impact. The data in *Table 1 (Annex 02)* shows that almost all proprietors for whom relevant information at baseline and a year later are available are women. Of these, five were in the food and beverages services subsector, two were in handicrafts and one in accommodation services. Of the nine enterprises, other than one enterprise, the minimum profit growth reported was 40 percent while the maximum was 100 percent. Employment expanded by one or two workers for four out of nine enterprises.

2.1.3 EOPO 3: The majority of diverse participants increase their income.

The data from the MIS shows that a total of 1050 individuals received 12 types of training in Phase 2. Information on which districts participants belong to is available for 1021 individuals. Accordingly, *Figure 4 (Annex 02)* shows the distribution of training by district and type of training course followed.

The Phase 2 span of districts were increased from Phase 1 and facilitated a much faster roll out of program activity given the substantial institutional infrastructure already in place and the very positive and active engagement of partners and supporting stakeholders. For example, Anuradhapura and the eastern districts of Ampara, Batticaloa, Trincomalee collectively accounted for around 60 percent of all those who received training. Most participants received “training of trainers” in professional business coaching, professional cookery, and professional business coaching. There are significant gaps in the information available in the MIS about income in the period following participation in training. For example, of the 1050 participants who participated in S4IG Phase 2 training programs, the database fails to record the earnings, or income data for 558.

The available data does not permit an accurate assessment of the question whether most program participants increased their income. Nevertheless, some limited assessment can be made by analysing the change in income experienced by individuals who have reported income in either two or all three time periods. These observations account for 130 individuals or about 12 percent of all people who were trained and include men and women, of whom nine were persons with disabilities. The missing data is non-random, that is for example, most individuals for whom income data is available followed the Professional Cookery course. Therefore, the sample for whom income data is available cannot be regarded as representative of all those who received training.

All 130 individuals for whom these income data points are available received either professional business coaching as coaches or professional cookery training under the program, with one person receiving training as a tour guide (*Table 2 (Annex 02)*). While base income was zero for all individuals, there appears to have been on average a progressive increase in income over the three periods for which data is available. The change in income was substantially more for those who received professional business coaching (on average RS. 35,222) than for those who received training in professional cookery, but somewhat more for women who were trained in professional cookery rather than men (Rs. 18,976 for men and Rs. 23,229 for women).

The information presented in *Table 3 (Annex 02)* relates to base income and changes to it for the nine individuals with disabilities for whom income data for the two collection periods exists. Business coaching as a “coach” has been the most lucrative for people with disabilities, while four other men with disabilities also experienced a growth in income attributed to the coaching they received.

The employment-related data available from the MIS under Phase 2 is also difficult to validate due to the limited sample available. Only 43, 63 and 3 individuals of the 1050 participants of training programs reported whether they were employed 6 months, 12 months, or 18 months after they received training. These individuals were among the 255 individuals that S4IG facilitated training as professional cooks. For the individuals for whom data was recorded, the data shows that 12 women were employed 6 months after training, and 23 were employed 12 months after training. But only 3 women were employed 18 months after training. It is possible that this drop is due to participants not reporting their employment status 18 months after training. The corresponding numbers for men who underwent training as professional cooks are higher although relatively more men than women received this training. Of them, 31 were employed after 6 months, and 40 were employed after 12 months. One (male) person with disabilities who had undergone the same training remained in employment 6 and 12 months after training.

2.2 EVALUATION FINDINGS – DFAT QUALITY CRITERIA

2.2.1 RELEVANCE

The evaluation found that, overall, Phase 2 of the S4IG program was highly relevant to Australia’s contribution to economic recovery for Sri Lanka’s tourism and related skills sectors, with substantial evidence of successfully building on the initial work from Phase 1 to stabilise the tourism sector. The design of S4IG Phase 2 was also developed to ensure the relevance of proposed interventions with Sri Lanka’s own economic recovery strategy. The evaluation looked at the relevance

of the three core components of the program design¹⁰ within the context of its goal “to support economic growth, particularly in the tourism value chain, that benefits all Sri Lankans and contributes to a prosperous and stable Sri Lanka.”

In retrospect, what was deemed less relevant was the imperative (EOPO 1) to focus significant effort and resources on influencing improvements at the national level. At the program design stage,¹¹ the notion of supporting national systems development would have been in line with DFAT’s development policy objectives.¹² However, due to the existing and emerging risk factors¹³ that were evident at the time, it would have been a challenging political and policy environment for the S4IG project team to operate in. The role and achievements of the program’s work with sub-national, mainly District level administrations, would be categorised as ‘highly relevant.’ This is evidenced by the very positive feedback from many regional consultations across a broad cross-section of stakeholders (**Annex 05**), and supported by the ‘quality criteria’ data tables and analysis in other sections of the report.

The program design was founded on several essential characteristics that were seen as critical to the success of the program’s implementation, which was centred on mainly action-based learning initiatives and MSME business development and improvement models. The program embodied the principles of; devolution of implementation responsibility to the regions and districts, selecting and empowerment partners who were not constrained by central government bureaucracies, engaging with diverse participants targeted in the program design, and building future sustainability around the ownership of the business models. These facets of the model were viewed as highly relevant to the program’s design goal. The district partnership and business models developed overcame the possible constraints of working with central government agencies where they had little capacity to manage and champion donor-partnered reforms, often by constraints within their own agency. This does not reflect a lack of commitment but limitations to their internal resources and capacity to support third-party interventions. The government’s ability and capacity to respond to national systems improvements proposed by S4IG was problematic as their focus for the last two to three years has been on new national policy directions being mooted under the NEPF. Feedback from the private sector suggests that S4IG’s focus on achieving tangible and measurable outcomes was not mirrored in the priorities of the government at the time, which had a strong focus on monetary inputs from donors. For example, there was a view within some agencies that funding support should, “*be handed directly to the ministries*” (sic) and allow the various national policy, structural reform and governance projects and activities being proposed, to be managed independently of the donor.¹⁴

Stakeholders varied in their understanding of the objectives of Phase 2, especially amongst those who were involved in Phase 1. The designed intention of S4IG Phase 2 was to focus on the development of Sri Lanka’s skills/TVET sector through modelling industry training and development initiatives for the tourism and hospitality (T&H) sector. The program successfully embedded many new skills and industry promotional initiatives through their T&H stakeholder network into their industry sector. The modelling reflected an understanding of the particularly nuanced approach the industry takes to representing themselves in the public domain and the broader skills/TVET landscape. Due to the slow pace of national skills/TVET policy and structural reform and the delays implementing the NEPF, there may have been a disproportionate amount of time afforded the T&H sector, and an opportunity lost by not expanding the model(s) into other industry sectors.

The S4IG program’s capacity building was seen as highly relevant to the needs of the tourism sector and to the MSMEs who benefited from the program’s investment. During interviews, stakeholders from across the spectrum were looking for S4IG to provide more (than originally intended) training and business development support or resources, such as access to e-commerce marketing and social media platforms, that would help them to improve their business operations. Comments such as, “*we need the next level of training; access to funds to grow our business further; support for new technologies, access to international markets; government reforms to support MSME developments,*” were some of the ‘requests’ noted during consultations. This feedback served to reinforce the benefits

¹⁰ An overview of findings against the 3 EOPOs is provided in the Executive Summary.

¹¹ Early to mid-2020, with implementation planned for November 2020.

¹² [DFAT’s Economic Recovery Support for Sri Lanka](#)

¹³ [S4IG Program Design](#); Risk Assessment and Management [4.7] and the emerging national economic crisis and civil unrest.

¹⁴ It should be noted that DFAT emphatically refused the GOSL’s request to transfer the funds directly to them.

being derived from the program by stakeholders. At the same time, this feedback served as a reminder that the program possibly could have done more during the inception phase to socialize the program's investment limitations. This would contain expectations as to the extent of support to be provided. Many stakeholders felt that *"the program should have provided funding for, or access to, equipment and small infrastructure"* to complement the training and business development.

Many of the objectives of the program from Phase 1 to Phase 2, were deemed as still very relevant to Sri Lanka's economic reform. This is especially true for those that sought to build the capacity of the MSME sector and engage with the private sector to leverage its contribution to business development and skills/TVET development for key industry sectors. Initiatives such as professional business coaching, building skills and awareness of critical trades through showcasing and competitions, flexible and mixed-mode delivery and strategies that encourage and support the participation of women in training and business ventures, continue to be highly relevant to Sri Lanka's development needs. A separate report will provide a comprehensive set of recommendations for possible future DFAT investments which complement Sri Lanka's current political, economic and development context, while retaining a central theme of inclusive economic growth.

Both Phases of the S4IG program had a clear focus on developing the capacity of the tourism sector¹⁵ through a range of interventions, from training to business coaching, curriculum, and training reform. Despite significant implementation delays,¹⁶ the program's relevance in this area is unquestionable, as are its achievements. A major outcome from the program that should be capitalised on is its 'brand relevance' to future DFAT investments in the skills/TVET sector.

2.2.2 EFFECTIVENESS

The evaluation found that the program's EOPOs were achieved to varying degrees as explained in section 1.0 [1.1, 1.2, 1.3] of the report. The program design and definition of the expected outcomes provided sufficient scope and flexibility to enable ongoing modifications during implementation. This was particularly evident in the program ramping up business support activity for MSMEs as the ability to influence change at the national level waned. A positive feature of the design, and lesson for future DFAT programming, was to not over-specify proposed activities to achieve the outcomes. The 'missing link,' if there is one, in terms of program effectiveness is the overly ambitious expectation that S4IG would drive change at the national system level. The design may have been considered too aspirational to suggest the scope of system change, given the constraints noted previously. The uncertainty of the national TVET market, both within and outside of government, is a consideration for how development programs, particularly ones targeting national system wide changes, should be managed, and seen as high-risk interventions. There was consistent feedback at the government level (MoE, VTA and TVEC) that during the early stages of Phase 2 implementation, respondents did not fully understand the proposed scope of the program's interventions and what role they, as government, would be expected to perform. This lack of clarity led to one senior government official suggesting that development programs such as S4IG must have strict conditions placed on their implementation to (sic) *"control" the partner and to stop them hiving off on tangents, and trying to leverage the program's resources for other than program activities, due to government funding shortfalls*". However, the evaluation cited the constant changes in senior Ministry leadership¹⁷, as a factor which possibly led to some confusion regarding the outcomes expected from the S4IG program and noted that there were no specific examples presented to support this thesis.

There was clear evidence that DFAT and the S4IG managing contractor Palladium, embraced risk management and team empowerment to support program implementation. Importantly, the approach facilitated re-directing implementation activities and effort where roadblocks were seen as insurmountable, such as those of engaging with some ministries. An example of this was to shift, albeit not publicly, attention away from national system changes to more effort on action-based activities at the regional level, such as increasing the quantum of professional business coaching for MSMEs and supporting districts with skills planning activities. This move was considered beneficial to the program when it became obvious there was no clear implementation plan of timeframe for the NEPF. S4IG management was able to defray any negative reaction by ensuring there was still ongoing dialogue and

¹⁵ S4IG Program Design identifies building the capacity of the Tourism sector as a high priority for economic growth.

¹⁶ Mainly attributed to COVID-19 and the economic crisis although constant changes in ministerial portfolios also contributed to the delays.

¹⁷ Thirteen Secretaries of Education during S4IG Phases 1 and 2.

partnerships with agencies outside of government ministries such as expanding the focus of planned activities under the Intermediate Outcomes.

For example, with TVEC and industry groups on (cooking) course accreditation, the Multitasker program for the tourism sector, additional industry partnerships adequately filled any void left by the re-alignment of priorities under EOPO 1.

The effectiveness of the program was also attested to through the obvious ‘buy in’ of the many stakeholders consulted, and demonstrated recognition of the ‘S4IG Brand’ and what it was attempting to achieve for the MSME sector and for the tourism industry. The business and chambers of commerce consulted gave examples of how they were able to work with S4IG by engaging their regional members to actively support the various activities planned for developing the capacity to local MSMEs. The unavoidable delays to some areas of S4IGs implementation, caused by the country’s slow recovery from the COVID-19 pandemic, had a detrimental impact on the effectiveness of the program and several of its planned interventions, such as the professional business coaching project.

The evaluation looked at the expansion of the program into the regional areas of Anuradhapura, Trincomalee, and Batticaloa. While other regional areas had similar characteristics, the reviewers found the geographies targeted were justified based on population diversity and demographics, economic growth potential, social and infrastructure challenges, and importantly a potentially willing public and private sector to engage with the program. These decisions were validated during the evaluation as the expanded reach of the program, its targeted diverse tourism markets, and selection of participating MSMEs, were effectively engaged by the S4IG team and noted to have achieved significant ‘buy-in’ from regional agencies and government.

The effectiveness of the program was also enhanced by the S4IG management approach. Most agencies involved in the program acknowledged its strong and inclusive focus, and the expansion into more provinces was welcomed, as was the approach to engaging and working with stakeholders independently of central government systems and processes. The evaluation team found the experience outside of Colombo was that national government, mainly through the delays in implementing national skills reform and funding constraints for the TVET sector, was also holding back progress on related MSME business reforms. Some of these were picked up by S4IG. Stakeholders were also very supportive of the program’s flexibility and believed it was able to influence system changes at the sub-national level and to move creatively away from its original intention to “fit into existing structures.” For example, consultations at the district level demonstrated a stronger focus on MSME small business and enterprise development, and linking this with the work of other local agencies with similar roles. In Matale for example, there was a Business Development Officer in the Secretariat and Small Business Enterprise Centre in the CBD that worked directly with the S4IG program collectively supporting MSME growth.

There was also a very public acknowledgement that while some stakeholders (TVEC and VTA) saw some excellent opportunities for collaboration around TVET skills policy and general capacity building of the sector, the agencies themselves became an encumbrance to leveraging S4IG’s support and investment. This was due mainly to internal challenges as the agencies did not have the necessary management prerogative, delegations, and internal resources to maximise the opportunities presented by S4IG. The appointment of an S4IG-funded officer to act as a counterpart, working inside the agency may have helped to overcome some of the internal political and bureaucratic barriers, however this would have been contingent on the willingness of the agency to embrace the S4IG’s program’s objectives.

2.2.3 EFFICIENCY

The evaluation considered the primary measure of the program’s efficiency to be the ability of the S4IG structure, governance, partnering, business, and activity model to deliver design outcomes to stakeholders within the scope of the available budget and resources. DFAT’s MEL Standards do not specifically define efficiency measures. However, the evaluation, looked broadly at the relationship between program inputs and outputs and the achievement of quality outcomes, and factors such as the contribution and buy in of partners as measures of S4IG’s efficiency.

Generally, the S4IG program was found to be an efficient model for the development of target markets (Tourism and MSMEs); it engaged extremely well with participants, and built strong relationships with the tourism industry, government, and the private sector¹⁸.

S4IG Phase 2 began during a period of economic crises wrought by external shocks to Sri Lanka's economy. Despite these challenges, the value and impact of the intervention models implemented continues to confirm positive effects under the current economic conditions, especially in regional areas where recovery is evident.

The skills models have offered a valuable set of tools that are already demonstrating their ability to drive business improvement, boost employment, and increase incomes, which is particularly vital in the face of the country's continued economic struggles. While the operating environment imposed certain constraints on performance, field consultations suggest that the management capacity and experience of partner organisations, particularly community-based organisations, was a key determinant of program effectiveness and potential sustainability. For example, the Miani technical training Institute in Batticaloa has been providing skills training in cookery for some years. With S4IG's assistance, it was able to upgrade its training services in terms of course content, training its trainers, refurbishing, and upgrading equipment and kitchen facilities, and increasing participant numbers. It also established valuable networks with private hotels in the area which helped find jobs for its graduates and establish a conduit of information about what skills are desirable in the industry.

Although after the first year of S4IG support, the Miani Institute resumed levying fees, it was able to provide a far more industry appropriate and valuable training course following S4IG's investment. Most importantly it has the capacity to seek and obtain funding from other sources and continue its trajectory of improving the training provided. Similarly, S4IG worked with Sewa Lanka, a well-known and long-established partner in Batticaloa to implement its community-based tour groups program. The Sewa Lanka organisation supported by S4IG was able to leverage its resources and detailed knowledge of the area to catalyse the establishment of several such groups and grow them to the level of having a web-based presence and accepting independent international bookings. At the same time, Sewa Lanka has itself ventured into the travel industry as a tour operator due to its S4IG capacity development.

In contrast, the partner organisation AHAM in Trincomalee did not seem to have sufficient in-house capacity to develop and manage community-based tour groups and had to hire somebody to take charge of it. The required conceptualisation and documentation were carried out, but the community-based groups had not evolved to the extent of developing a web presence and getting independent bookings, and all the groups seemed to be operating through just one mobile phone and out of just one office in Trincomalee.

Stakeholders report that S4IG maintained a strong **collaborative attitude to working with other development partners and DFAT investments**. There were many examples demonstrating extensive collaboration that contributed to the efficiency of the program. These included: USAID's Indo-Pacific Opportunity Project (IPOP)¹⁹ to develop innovative approaches to MSME niche market tourism; collaboration with GIZ on common national policy recommendations for disability inclusion, facilitating DFAT's engagement with regional visits to S4IG events and stakeholder meetings; partnering with the ILO to implement a hybrid multitasker model, developed from the S4IG model, for outward immigration training;²⁰ and, collaborating with JICA on the Reasonably Adjusted training model for people living with a disability through training in-business coaches.²¹

The evaluation team assessed the program's value for money proposition based on factors²² such as achievements against expected design outcomes, evidence-based decision making as reflected in the MERL approach, and the program being cost conscious by seeking opportunities to reduce costs, such as through the many private sector partnerships. It was considered inappropriate to reduce the notion of VfM to an equation of 'cost per participant' from a whole-of-budget perspective. To do so would ignore the many other considerations for determining VfM. These include the value of S4IG

¹⁸ While these are generalized findings, they were generated from the stakeholder consultations.

¹⁹ IPOP is a 5-year institutional capacity development program designed to address economic objectives under the Indo-Pacific Strategy.

²⁰ <https://fb.watch/sOnEy3RM85/>

²¹ <https://web.facebook.com/share/p/HV5vuTMFZV2Tu7mx/>.

²² [DFAT's Value for Money Principles](#)

partnerships and leveraging their capital and intellectual resources, the tacit, yet demonstrable, contribution the program has made to building an awareness of quality TVET systems, industry-driven curriculum, and the engagement of a diverse cross-section of MSME participants.

While it was difficult to fully assess the extent to which the program efficiently deployed its resources, there is sufficient evidence from the partnering and other examples cited above to suggest the program model was both efficient and effective. An analysis of the findings under the scale of the program's reach and participant numbers have been analysed under the MEL criteria at [Section 2.5](#) and at [Annexes 02-03](#).

2.2.4 GENDER EQUALITY, DISABILITY AND SOCIAL INCLUSION

The notable GEDSI successes in Phase 1 encouraged the development and adoption of an *Inclusion Strategy and Action Plan (ISAP)* for transformation during Phase 2.²³ However, analysis of the MIS data suggests that the program was less successful than expected in achieving its objectives during the second phase. While the pandemic and economic crises would have imposed serious obstacles, the ISAP for Phase 2 may also have been over-ambitious in its objectives and under-estimated the strength of socio-cultural and institutional barriers to transformation.

Phase 2 actively sought the participation of women in skills training and aimed to improve the capacity of women proprietors to operate small businesses but overcoming existing contextual socio-economic constraints remained a challenge. For example, of the 1050 individuals who received training, 32 percent were women as shown in *Figure 1 (Annex 03)*. The relatively low uptake of skills training opportunities by women likely reflects that most Sri Lankan women are either unable or unwilling to engage in paid employment. Women's labour force participation rates in Sri Lanka have hovered around a third of the working age cohort for decades. Nevertheless, women made up 44 percent of individuals trained as master trainers in foundational hospitality. Many of these individuals were employed as development officers of the relevant divisions in the District Secretariat and Provincial Council administration and were thus well-placed to provide business coaching to MSMEs. In contrast, training associated with travel and transport, such as Tuk Tuk drivers and Community Based Tours, failed to recruit appreciable numbers of women. For instance, other than for the training of about a dozen female surfers, training related to travel and transport failed to recruit appreciable numbers of women. Only two out of 15 individuals trained in Community Based Tours were women. This shortfall was likely largely due to their limited mobility and socio-cultural norms and law and order deficits in the operating environment.

Qualitative insights collected through field-level consultations revealed additional barriers to outreach and the sustainability of the gender inclusiveness in S4IG. For example, with assistance from S4IG, the professional cookery course offered by one of its partner organisations, the Miani Technical Institute in Batticaloa, underwent significant improvements. Trainers were trained, course content and training materials were modernised and developed; and the training kitchen and cooking equipment were upgraded. The first non-fee levying cohort of 24 trainees trained by the Miani Technical Institute was selected by S4IG and comprised 19 women and 5 men.

However, with the introduction of fees, subsequent cohorts of trainees were predominantly male. Only two out of 25 trainees in the second batch, one out of 26 in the third, and three out of 32 in the fourth were women. This decline in the number of women aligns with international literature findings that when households must pay for education and training, they almost always opt to spend scarce resources on boys rather than girls, given perceived higher returns of skills training for boys. This is mainly due to gendered wage disparities in the labour market favouring male employment. Men's chances of employment are also higher than women's due to social norms favouring men, with many employers perceiving women's roles as care givers as an impediment to their attendance and performance at work.

²³ During Phase I for example, 55% of the enterprises that received training, created additional employment, and experienced income growth were female owned; moreover, 37% of the 590 participants who gained employment were women. Meanwhile, 3% of the 3777 S4IG participants enrolled in formal skills development activities were people with disabilities, whose completion rates were higher (80.3%) than S4IG's overall total (66.7%). See, Scope Global Pty Ltd. 2021-2024 Inclusion Strategy and Action Plan A Transformational Journey, Leaving No One Behind, Adelaide.

In contrast, S4IG seems to have been more successful in reaching women-owned MSMEs rather than individual women, per *Figure 2 (Annex 03)*. Of 106 MSMEs that received training under S4IG, 42 percent were owned by women, most of whom owned micro businesses which employed between 2 and 5 workers.

This size class accounted for three-fourths of all MSMEs covered. Given the difficult labour market conditions for women, it appears more effective to target women-owned businesses who have already overcome the initial barriers to entry that hold others back. Women proprietors are also more likely to create opportunities for the employment of other women. Hence, future interventions may have more traction in attaining gender equality objectives if they focus more narrowly on women-owned businesses which have already been established.

The program appears to have had only very limited success in reaching participants with disabilities. Of those who received skills training, 1.5 percent were persons with disabilities, as shown in *Figure 3 (Annex 03)*. Of the training interventions, the training of Tuk Tuk drivers appears to have been most successful in reaching those with disabilities, despite accounting for only 2 percent of all S4IG trained participants. In contrast, 2.4 percent of participants in professional cookery training were persons with disabilities, though the course itself accounted for a quarter of all participants.

Information from the MIS about changes in income following skills training is available only for 33 women although 329 out of 1050 individuals received training under the program. All 33 women were trained in professional cookery, and their base income was zero, but there appears to have been on average a progressive increase in income over the three periods for 24 women for whom data is available. The change in income over a period of 18 months was somewhat higher for women than for men (Rs.23,229 and Rs.18,976 respectively). The remaining 9 women experienced an average increase in income of about Rs.10,000 from a base of zero, six months after training.

Regarding the impact of S4IG training on MSMEs, 8 out of 106 enterprises owned by women for whom data about profit is available shows that a year after receiving training, profits increased by a minimum of 40 percent, with some achieving up to 100 percent growth. Employment also expanded by one or two workers in four out of nine enterprises.

Some persons with disabilities trained by S4IG also experienced an increase in income. The MIS contains information about base income and changes for 8 individuals with disabilities. 5 who underwent training in professional cookery experienced an increase in income, of whom 4 from a base of no income. Business coaching as a coach increased income from zero to Rs. 50,000 for one man, while four other men with disabilities also experienced an average growth in monthly income of Rs. 7,500 six months following training, from a base of no income. The program's support for Reasonable Adjustment and the EQUITAS intervention has greatly assisted people with a disability in training and assessment.

In contrast, objectives of gender equality and women's empowerment have been more difficult to achieve. In addition to long-term challenges such as gendered social norms, discrimination and skills deficits, Sri Lanka's recent economic downturn has depressed the labour market for both men and women. Businesses are not expanding, and many skilled and unskilled workers have migrated abroad.

Nevertheless, **field level consultations produced a clear example of how the training provided by S4IG catalysed the empowerment of a group of women and brought about a transformation** in their relations with their community. S4IG's course for surf instructors had first been accessed by two men's surfing clubs at Arugambay, Batticaloa, and enabled them to obtain international surf and lifesaving certifications. Subsequently, members of a local women's surfing club established earlier despite opposition by the community, also received training from S4IG, leading to them obtaining equivalent certifications. Eleven women went on to offer their services to international and local surfers, some of whom then diversified their livelihood activities with homestays, and the production of beachwear, home-made peanut butter, and other consumables. Consultation participants expressed a sense of empowerment and independence, and noted that those in the community who were once critical of them and tried to confine them to domestic activities, now envy their achievements, demonstrating the program may have had broader outcomes in shifting gender norms in certain target communities.

Available evidence suggests that S4IG prioritised GEDSI in its planning and design. For example, the *2021-2024 Inclusion Strategy and Action Plan* was based on a comprehensive survey of international and Sri Lankan literature. The plan itself was conceptually sophisticated and based on seven principles, including inclusiveness, sustainability, systemic and evidence-based approaches, and

working politically. Strategies to achieve these program objectives were also clearly set out. However, efforts to catalyse systemic change are likely to have been over-ambitious, driven too much by theoretical rather than practical understanding of the program's socio-cultural and institutional milieu. Notwithstanding the goal to prioritise "Ambition with Pragmatism," a pragmatic assessment of what was possible during a program life of three years and a relatively limited budget seems to have been lacking. Additionally, the plan did not clearly set out program targets regarding the number of women and persons with disabilities to be trained and whose income earning capacity it aimed to enhance. Meanwhile, problems with data availability in the MIS hindered a comprehensive and rigorous assessment of the extent to which the program's GEDSI objectives were met, at least in terms of income and employment generation. Nevertheless, a multitude of conditions outside the control of the program is likely to have made the achievement of these objectives challenging, whereas the program's implementation period was marked by economic crises. These conditions are likely to have further constrained the achievement of GEDSI objectives.

S4IG's program objectives aligned very closely with DFAT's policy priorities of creating economic opportunities for the poor and facilitating gender equality and women's empowerment. However, upon reflection, an additional focus for future programming could be the creation of economic opportunities for 'the poor' to strengthen the GEDSI priority. Several reasons underpin this recommendation. The program's GEDSI focus was on poorer, largely rural districts situated far from the economically diverse and dynamic Western Province and its metropolitan hub. This ensured that the program's catchment area contained a high concentration of its target group. Secondly, the skills training was tailored to the tourism sector, which has a wide geographical spread and is diverse in terms of markets, products, services, and associated economic activities. This ensured that the sector was structurally suited to the identification of the poor and tourism-related activities they engaged in or had a comparative advantage in, facilitating more targeted skills training programs. For example, many such activities require minimal capital investment and are thus accessible to the poor. Most importantly, the sector was the first to recover from the economic crises that peaked in 2022. Additionally, as budget travellers have begun to dominate the travel and tourism industry given the worldwide economic difficulties wrought by the pandemic and ongoing international tensions, microenterprises and small businesses are now better positioned to meet the demands of the budget traveller through offering home stays and guest houses.

2.2.5 MONITORING, LEARNING AND EVALUATION (MEL)

The evaluation found that the program's Phase 2 planned approach to monitoring, evaluation, research, and learning (MERL)²⁴ was founded on a well-reasoned Theory of Change (ToC), clearly articulated through the updated Phase 2 Program Logic. The ToC established the parameters for the MERL approach, but it did not define the baseline(s) against which performance could be assessed. A review of the data and information contained in the various periodic reports²⁵ deemed them to be 'fit-for-purpose'²⁶ for Phase 2 performance monitoring and reporting. There was a noticeable change in the design language between the two phases and two small changes to the design structure, including the introduction of the 'three pillars supporting the three EOPOs' and introduction of the concept of a Theory of Action (ToA) to define the S4IG approach. From an evaluation perspective, these additions did not add any significant value to the methodology. On the contrary, they somewhat confused the initial understanding of program logic changes between the two phases.

On face value, S4IG designed a comprehensive MERL Plan and reporting framework²⁷ for 2021 to 2024 intending to collect data to support evidence-based decision-making and performance reporting against End of Program Outcomes (EOPOs). A major undertaking by the program in Phase 2 was to trial 'capacitating' the partners, involving introducing shared responsibility for monitoring and evaluating the program. The intention was to enhance the Phase 2 MERL approach by building capacity within partner organisations to monitor the program's short and long-term impact. The program invested resources in upgrading the existing monitoring systems of partners, where these existed, and helping

²⁴ The term Monitoring, Evaluation, Research and Learning (MERL) was used by the program as an extension of the DFAT's MEL quality criteria. The terms MERL and MEL are used interchangeably.

²⁵ Annual Reports; Quarterly Reports; End of Program Report

²⁶ Noting the DFAT MEL Standards leave some areas such as setting performance targets, as options.

²⁷ S4IG MERL Plan 2021-2024 and S4IG Annual Report 2023, (pp 48-50)

them build new systems to enhance localisation and future approaches to sustainability should partners assume responsibility for that particular investment activity.

The S4IG program provided technical support for agencies to implement these MERL approaches. As a result, several MoUs between the program and partner agencies were initiated and approved by DFAT. The rationale behind this initiative was for the program to act as “an influencer, not an implementer” of certain activity-based aspects of the program in Phase 2. As a result, an observation from the S4IG annual and other reports is a lack of clarity around exactly who delivered specific results and whether, for example, participant numbers reported were a direct result of effort and resources provided directly by S4IG, or by other programs.²⁸

The evaluation found this collaborative approach to be a high-risk strategy as, in effect, it delegated performance reporting accountability, at least in part, to the S4IG partner. S4IG’s role was therefore reduced reviewing performance reports through Agency-level steering committees and at the quarterly National-level steering committee meetings. This may have contributed to a lack of ‘hard’ reports, as the evaluation found that while some partners were willing to develop and adapt to the new system, in general the approach was not effective as there was a lack of cooperation from other partners. This was due in part to a lack of systems resources and technical expertise, as well as a lack of dedicated human resources within partner agencies to lead the collection and reporting of data into the system. The evaluation found that recommended improvements to the partner-based MERL system, identified through DFAT’s internal QA process, were not carried out including gaps in the IMS data collection process.

The evaluation found it difficult to comprehensively assess the effectiveness of the program’s MERL system as there was insufficient time to conduct an in-depth analysis of its scope and functionality, and to access necessary supporting evidence at the source of information and data collection and reporting. This was particularly relevant to the MIS, which was the program’s major information and data repository. A review and analysis of the MIS found that some attempts have been made over the course of the program to design and maintain a database of participants of the skills training programs. This included baseline and subsequent information about outcomes in terms of net profit, income, and employment at periodic intervals. Nevertheless, the structure of the database is rudimentary and significant limitations were exposed in both its design and the input of relevant information. This resulted in extensive missing values for several key characteristics essential for a comprehensive evaluation of the effectiveness of the program in meeting its objectives. The reported proportion of total observations with non-missing values for each characteristic is shown in *Table 1 (Annex 03)*. Notably, base income data is available only for a little less than half of training participants, but base net profit is available for 82 percent of MSMEs who received training. In contrast, while monthly income six months after training is available for nearly two thirds of individuals, information about profit one year after is available for only 8.5 percent of enterprises.

The MIS was intended to facilitate reporting at the EOPO level, with the MERL Plan disaggregating the EOPOs to a ‘business activity’ level, reflecting the program logic’s TOCs. **However, analysis of the MIS found at least two main reasons for the MIS database’s weaknesses. Firstly, there is no unified database** from which to efficiently generate cross tabulations of the number of participants by training program and key activity characteristics. The database was not designed even at the very inception of the program to enable on-going monitoring and rapid appraisal of progress towards S4IG’s program-wide objectives articulated in EOPO 2 and EOPO 3. In contrast, the database seems to have evolved organically, with information about each training program tracked and maintained in separate Excel workbooks. It therefore permits only a piecemeal analysis. However, since each workbook has its own idiosyncrasies with respect to data fields, it is not possible to merge this data to obtain program-wide summary statistics. Additionally, using the mobile phone number as the key numerical identifying characteristic of participants is less than optimal since phone numbers can change. The National Identity Card number could have been used instead, especially as it contains information about the participant’s age, an important variable missing from the database. Hence, for the purposes of the present evaluation, the MERL team manually constructed a combined database of the program’s participants along with key income and employment indicators. This was a most laborious and

²⁸ Annual Report 2023, (p11) “51 trainees from East and North etc trained on inclusive Professional Cookery by the Chefs Guild of Lanka.”

challenging task. However, without this database, the evaluation of EOPO's 2 and 3 would not have been possible.

Secondly, there does not seem to have been an effective mechanism in place to monitor and report on the progress of participants. As such, while the baseline information is for the most part detailed and relevant, subsequent observations about income and employment are mostly missing. Given challenges in obtaining income information, particularly participant reluctance to disclose these sensitive details, self-reported estimates of income changes from baseline could offer a more practical alternative to mitigate under-reporting.

The learning from the evaluation can be used to guide an approach for building a strong and robust MERL system for development projects. Importantly, they must be designed to serve the needs of multiple clients and stakeholders. Contemporary literature on what constitutes an effective MERL system focuses extensively of 'process' and often ignores the critical element of 'consultation' and detailed record-keeping, especially around the application of learning from the data and information collected. A criticism of many MERL approaches is that they are often used as PR exercises to convey compelling stories about the program's achievements, often on social media platforms, rather than focusing on continuous improvement measured against the program design outcomes. The design of future MEL systems should be scaffolded by evidence-based learning through monitoring, evaluation, learning, adaptation, communication, and advocacy across the whole project. It must recognise the importance of strengthening the social dialogue and cementing effective partnerships between DFAT and key government, as the primary constituent, and other major stakeholders and beneficiaries. Program reporting must source information and data on a regular basis from its entire constituency. However, it must also 'compartmentalise' these into routine and non-routine sources to ensure it has the flexibility to adapt a learning regime that continuously improves the program.

While the evaluation found weaknesses in the MIS and related analysis, it acknowledges the program's efforts to utilize formal and informal learning from the program's performance and activities to drive continuous improvement. Quarterly Internal Review and Reflection forums prioritised activities and interventions for the upcoming three months, while Lessons Learned workshops provided deeper insights for supporting partners on sustaining S4IG's outcomes. Significant gaps in the data available in the MIS suggest that S4IG's partners were remiss about reporting back and that the program appears to have lacked the means to enforce compliance with monitoring and reporting requirements.

A perceived weakness in the entire MERL approach was a lack of hard targets against which activity level performance can be accurately measured and assessed. While DFAT's program design and MERL standards allow for optional inclusion of targets under proposed program logic outcomes, the absence of such targets complicates assessments of program effectiveness, efficiency, and impact on critical areas including gender and disability, and value for money. The notion of determining value for money is problematic if measurement is confined only to outputs and broad qualitative measures (*Footnote 31*) with no relativity to baseline data to measure and assess impact. Future designs would benefit from a closer alignment of their MERL approach with DFAT standards.²⁹ Consistency in terminology and methodology, as well as an examination of how performance targets are determined are also recommended, to help with realistic measures relative to the EOPO and other design evaluation criteria.

2.2.6 SUSTAINABILITY

The evaluation looked at the potential sustainability of impacts and achievements of the S4IG program within the context of the current and emerging economic and policy environment in Sri Lanka. The findings are provided within the context that DFAT designs should incorporate mechanisms to promote sustainability, institutionalisation and leveraging of other sources of finance and resourcing.³⁰ The sustainability of S4IG, also needs to consider there are elements of Phase 2 that are being recommended to DFAT for consideration as interventions under DFAT's future programming, albeit not primarily in the tourism and hospitality industry area. A major finding from the evaluation consultations are the strong indications that several of the program's support elements could become embedded in sub-national level (District) policy, strategy, and budget planning. This was also the case

²⁹ DFAT Design and Monitoring, Evaluation and Learning Standards, December 2022

³⁰ Design, Monitoring, Evaluation and Learning Standards [NR 4.16] DFAT, September 2023

with the major private sector players. However, findings from EOPO 1 suggest there is less likelihood of this being the case at the national level.

The District Secretariat provided S4IG with a ready-made administrative hub through which it could coordinate and implement the program, given the highly fragmented and complex architecture of Sri Lanka's public administration system. The District Secretariat functions as a coordinating hub for interventions and services provided by a myriad of deconcentrated government ministries and departments belonging to the central and provincial governments. Hence, the district was the most appropriate administrative entry point for the S4IG program, given its focus on reaching the poor and enabling inclusive growth, especially at the social and economic periphery.

Field visits and consultations reinforced the extent to which the S4IG program has become known and embraced by the majority of, if not all, stakeholders. This was further evidenced by the genuine and measurable reach of the S4IG brand into the political and business communities.³¹ The notion of sustainability being maintained at current levels needs to be tempered with doubts raised during meetings regarding the lack of funding available to sub-national agencies to continue supporting some of the more 'popular'³² elements of the program. Throughout the evaluation a lack of resources - both financial and human - was seen as a major constraint to program sustainability. While the private sector had similar reservations, their enthusiasm and commitment to preserving critical elements of the program was evident. Notably, the analysis³³ of gender/disability participation in training provided by a TVET college, found that the participation rate of women dropped significantly when S4IG funding ceased.

The following examples³⁴ are provided where stakeholders were asked quite specifically, how a number of S4IG program interventions³⁵ could become sustainable beyond direct funding support from DFAT. There is evidence of considerable effort being made by the program to build and foster relationships and engagement with government and non-government sectors, local communities, and the private sector to mitigate risks to sustainability. The overt commitment displayed during consultations to build on and diversify interventions, including the idea for 'business coaching' by a number of micro-business operators, gives a level of confidence that many of the interventions will become sustainable. It is therefore recommended that the S4IG team develops a sustainability strategy for the key areas of the program where other market players can take responsibility for continuing work. These are listed below.

- **Professional Cookery Course and training of trainers for cookery instructors and upskilling of industry cooks** – Certified training would be provided by TVEC registered training organisations including industry in-house training through the Chef's Guild or other private or public sector TVET institutions. S4IG built several commercial cooking facilities, supported, and utilised in regional training institutions with the expectation they would be used to continue training beyond the life of the program. The course content would be maintained and updated by the tourism and hospitality sector for national level accreditation.
- **Foundation Hospitality Skills** – Hotel Operations Multi Tasker and other related upskilling programs would have continued support from the hospitality industry, tourism associations, and the Ministry of Tourism, and subject to periodic updating through TVEC accreditation processes.
- **Professional Business Coaching Training for coaches** – Professional business coaching training, digital content development training, and business coaching for MSMEs, are already being picked up by several business chambers and District Secretariats through their enterprise and small business development departments. The four districts consulted indicated their willingness to embed the MSME professional coaching into their regional planning activities

³¹ A major factor in recommending to DFAT to continue to build on the investment made across two phases of the program to build the S4IG brand

³² Described during consultations relating to e-marketing and web-site development as participants had a strong interest in these areas.

³³ Details of this analysis provided under the GEDSI evaluation findings.

³⁴ The examples provided were deemed to be realistic opportunities for sustainability as each of the organisations cited were interviewed by the evaluation team.

³⁵ The consultations did not seek advice on the sustainability of the program 'as a whole,' only elements with a focus on inclusivity.

and budget lines. The S4IG program would facilitate a handover of its curriculum and other resources developed with program funding to the relevant partner(s).

- **Skills Planning** – The work of the program with stakeholders to develop a range of Skills Strategy and Action Plans for the tourism and related sectors would continue under DFAT's future programming. The training and development models and toolkits already created by S4IG would be handed over to the District Secretariats to be utilised by them for future skills/TVET planning. All Districts showed a willingness to embed the planning models and process into their local skills/TVET planning systems. Sustainability can also be enhanced by aligning the planning model and its generic attributes with new priority industry areas such as Agriculture and related areas (*See Part B – Priority 3*).
- **Training of Trainers on Reasonable Adjustment** – To ameliorate the risk of public and private agencies discontinuing their commitments to new policies³⁶, a new disability training program is proposed for DFAT's next skills/TVET initiative.³⁷

³⁶ Circular for TVEC Assessors, reasonably adjusting training for people with disabilities, [Circular 09 2023.pdf \(tvec.gov.lk\)](#)

³⁷ See DFAT Future Programming Report – Priority 4.

List of Annexes

Annex 01: Background, Introduction and Methodology

Background

The Australian Department of Foreign Affairs and Trade (DFAT), through its Sri Lanka Support Unit (SLSU), has commissioned an independent 'end of program evaluation' of the second Phase of the **Skills for Inclusive Growth (S4IG)** program. The evaluation assessed the effectiveness, efficiency, and appropriateness of the S4IG program against its goal of supporting economic growth, particularly in the tourism value-chain, that benefits all Sri Lankans and contributes to a prosperous and stable Sri Lanka. The evaluation also provides recommendations to guide DFAT's possible future support and direction of economic development programming in Sri Lanka. Additionally, it aims to identify how best to adopt the lessons learned from the current program for supporting future TVET/skills initiatives.

Introduction and Context

The Skills for Inclusive Growth (S4IG) program is an initiative of the Australian Government in partnership with the Sri Lankan State Ministry of Skills Development, Vocational Education, Research & Innovations. The S4IG initiative was originally considered in 2013, designed in 2015-16 and Phase 1 implementation began in 2017 and ended in November 2020. An independent review of Phase 1 was conducted in 2020 and recommended a second phase of the program. The program had increased in relevance during this time as a central component of the economic recovery objectives outlined in the DFAT-Sri Lanka *Partnerships for Recovery: Covid-19 Development Response Plan 2020*. Following the completion of Phase 1 (A\$14.4million) a four-year extension with a budget of AUD\$12 was awarded to the Palladium Group to continue scaling up the Phase 1 initiatives, from December 2020 and due for completion in November 2024.

Methodology

Stakeholder consultations were convened with an extensive and representative range of stakeholders³⁸ in Colombo, Anuradhapura, Trincomalee, Batticaloa and Matale between 27 May and 7 June 2024, drawn from; the private sector, government ministries and agencies, development partners, professional and regulatory bodies, and the TVET/skills sector. Specific details of the evaluation methodology and approach are available under separate cover, contained in the **S4IG Evaluation Work Plan**³⁹ which was signed off by DFAT on 15 May 2024. The evaluation provides an assessment of S4IG's performance against its goals and objectives, under two major groups of evaluation criteria: (i) the Program Logic End of Program Outcomes (EOPOs), and (ii) DFAT's Aid Effectiveness Quality Criteria.

Sri Lanka's Macroeconomic Environment

Sri Lanka's economic situation has undergone much change during S4IG's two phases. The ongoing sustainable support was intended to leverage the AHC's existing and previous investments in inclusive pro-poor economic growth, while extending programming to aid the stabilisation of small to medium enterprises and to improve incomes for the poor, particularly women and people with disabilities, and the broader economy.

While Sri Lanka's post-war economic boom began to peter out by 2013, the economy was rocked by a series of external and internal shocks including COVID-19, beginning with the Easter Bomb attack of 2019. The shocks generated multiple economic crises by 2022, including a balance of payments crisis, external debt default, and crippling shortages of essential food, fuel, and pharmaceutical imports. The government implemented painful stabilization measures such as devaluation of the rupee, hikes in interest rates and taxes, and massive increases in the prices of utilities.

The proportion of Sri Lankans in poverty doubled and a quarter of all Sri Lankans will remain poor in the medium term.⁴⁰ Nevertheless, supported by an Extended Fund Facility from the IMF, the stabilization measures have helped squash inflation and reduce the rate of economic contraction from 7.3 percent in 2022 to 2.3 percent in 2023.⁴¹ Earnings from tourism and inward remittances by Sri Lankan migrant workers who escaped the crises are helping to stabilize Sri Lanka's external position even though Sri Lanka is unable to export its way to the recovery of growth as its traditional markets in North America and Europe slip into stagflation as trade sanctions and the global energy crisis bite. Meanwhile, the process of restructuring external debt with commercial lenders has still to

³⁸ Thirty-two organisations and focus groups; twenty-six consultations; forty-five female and thirty-three male participants.

³⁹ File reference: S4IG_Evaluation Plan_V2_(BCP)(RG)_050524

⁴⁰ World Bank, 2022. *Poverty and Equity Brief 2022 South Asia Sri Lanka*. October 2022.
https://databankfiles.worldbank.org/public/ddpext_download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global_POVEQ_LKA.pdf

⁴¹ Central Bank of Sri Lanka. <https://www.cbsl.gov.lk/en/statistics/economic-indicators/macro-economic-chart-pack>. Accessed 3 May 2024.

conclude. The IMF has called for sustained structural reforms, and measures to strengthen governance and reduce corruption, for lasting recovery and stable and inclusive growth.⁴²

Evaluation Timeline, Key Deliverables and Milestones

The S4IG program evaluation was conducted over a 30-day period between 9 April and 12 July 2024. The (original) evaluation dates, activities, and milestone events, are provided below. The specific tasks assigned to the evaluation team members is provided at **Annex 04**.

Milestone No	Activity - Output	Due Date
Milestone 1	Submit Draft Evaluation Plan to SLSU-DFAT	29 April 2024
Milestone 2	SLSU-DFAT Feedback on Evaluation Plan	10 May 2024
Milestone 3	SLSU-DFAT Approves Final Evaluation Plan	20 May 2024
Milestone 4	Present Aide-Memoire to DFAT-SLSU	7 June 2024
Milestone 5	Submit Draft Evaluation Report to SLSU-DFAT	24 June 2024
Milestone 6	SLSU-DFAT Feedback on Evaluation Report	5 July 2024
Milestone 7	Submit Final Evaluation Report to SLSU-DFAT	12 July 2024

Note: By agreement, and due to the change-over of key DFAT personnel, the final submission date incorporating changes and recommendations by DFAT was amended to 21 August 2024.

S4IG Phase 1 Overview

The S4IG program's aim is to contribute to sustainable job creation, increased income, and business growth for marginalised and disadvantaged people, particularly women and people with disabilities by showcasing and demonstrating skills development innovations and replicable models across the tourism value chain. Phase 1 began in the post-conflict territories of Trincomalee, Ampara, Batticaloa (Eastern Province) and neighbouring Polonnaruwa (North Central Province), with the recognition that tourism could be a key driver of change to create improved employment and inclusive economic growth. These four districts served as incubators to test new approaches to skills development and inclusive growth, which could potentially be replicated throughout Sri Lanka.

S4IG Phase 2 Overview

The goal of the program is "Economic growth, particularly in the tourism value-chain, that benefits all Sri Lankans and contributes to a prosperous and stable Sri Lanka." The current phase focuses on facilitating the transition from the districts to a coordinated national framework with the aim to strengthen the enabling environment for improved and relevant skills development. This is to be achieved by drawing from Phase 1 experiences and outcomes, to improve the performance of businesses and generate local economic and inclusive growth outcomes.

Australia increased funding support to S4IG Phase 2⁴³ in response to the challenges of Covid-19, and the urgent need to; (i) develop new, more resilient, models across the tourism value chain, (ii) to consolidate the models already piloted in Phase 1, (iii) through support to national policies and reform processes, and (iv) by embedding the partnership approach developed in Phase 1 in Phase 2.

S4IG Program Logic and Theory of Change

Building on the lessons learnt from Phase 1, the objective of the second phase was to continue to promote through improved skills development initiatives inclusive development across the tourism value chain and continue to prototype and co-design new inclusive models where opportunities exist. Overall, the second phase sought to strengthen the policies, coordination, and planning aspects of the program, particularly at the national level, including the use of advocacy around the usefulness of the models. The S4IG Program Logic sets the parameters for the program evaluation which was structured to assess performance and achievements, primarily under the End of Program Outcomes (EOPOs) and Intermediate Outcomes (IOs) and DFAT's Aid Effectiveness Criteria. A summary of the Program Logic is provided at **Annex 06** and is used as reference points for the evaluation criteria and stakeholder questions.

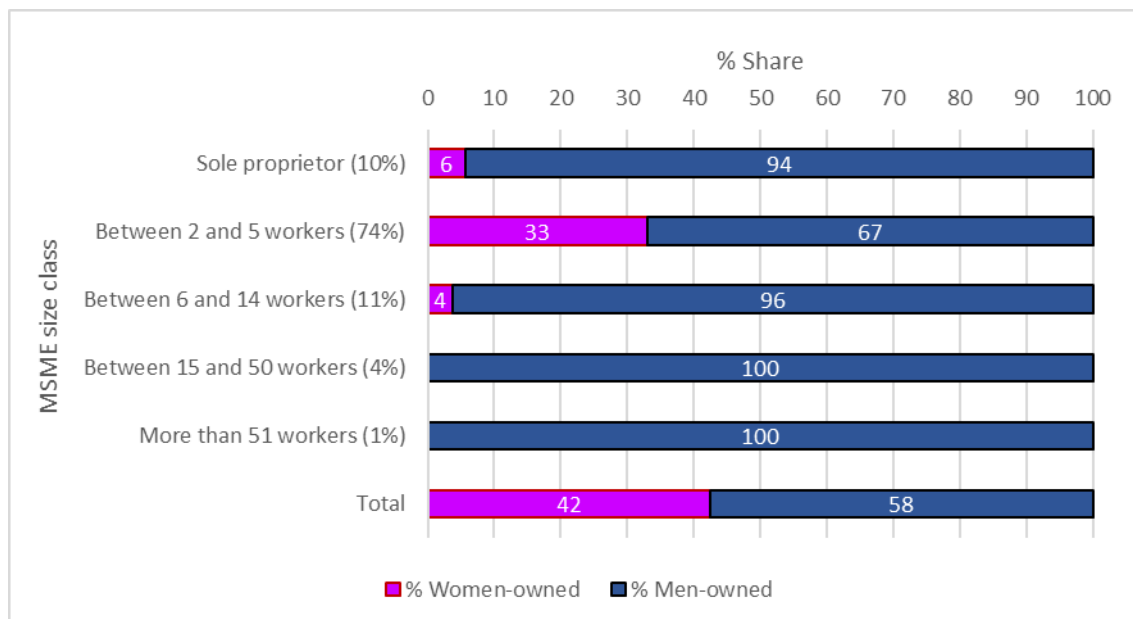
⁴² International Monetary Fund, Press Release, March 21, 2024. Sri Lanka: IMF Reaches Staff-Level Agreement on the Second Review of Sri Lanka's Extended Fund Facility and Concludes the 2024 Article IV Consultation.

<https://www.imf.org/en/News/Articles/2024/03/21/pr2494-sri-lanka-imf-staff-level-agreement-for-second-review-sla>. Accessed 5 May 2024.

⁴³ S4IG Design Addendum, DFAT, for the period 1 Nov 2020 – 31 Oct 2024

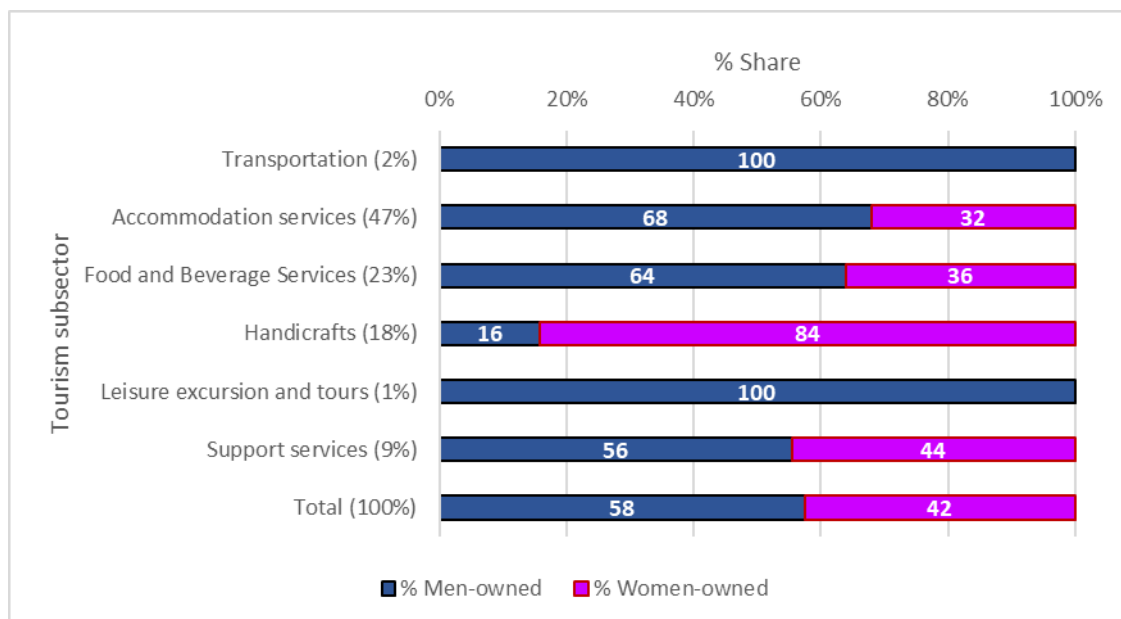
Annex 02: EOPO Data Analysis (i)

Figure 1: Distribution of MSMEs receiving training by size class and gender of proprietor: S4IG Phase 2



Source and notes: S4IG's MIS. Numbers in parentheses are the shares of all MSMEs that received training in each size class.

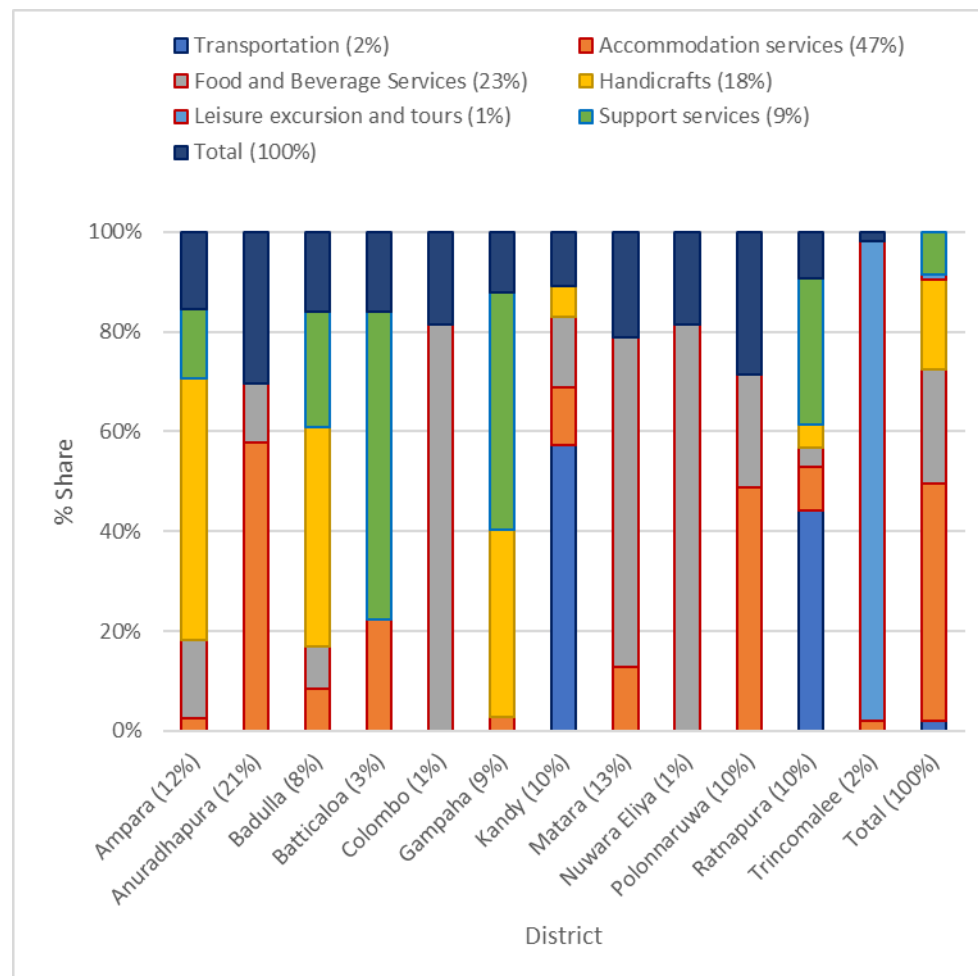
Figure 2: Distribution of MSMEs that received training by tourism subsector and gender: S4IG Phase 2



Source and notes: S4IG's MIS. Numbers in parentheses are the shares of all MSMEs that received training in each tourism subsector during Phase 2 of S4IG.

Annex 02: EOPO Data Analysis (ii)

Figure 3: Distribution of MSMEs that received training by district and tourism subsector: S4IG Phase 2



Source and notes: S4IG's MIS. Numbers in parentheses are the shares of all MSMEs that received training in each district during Phase 2 of S4IG.

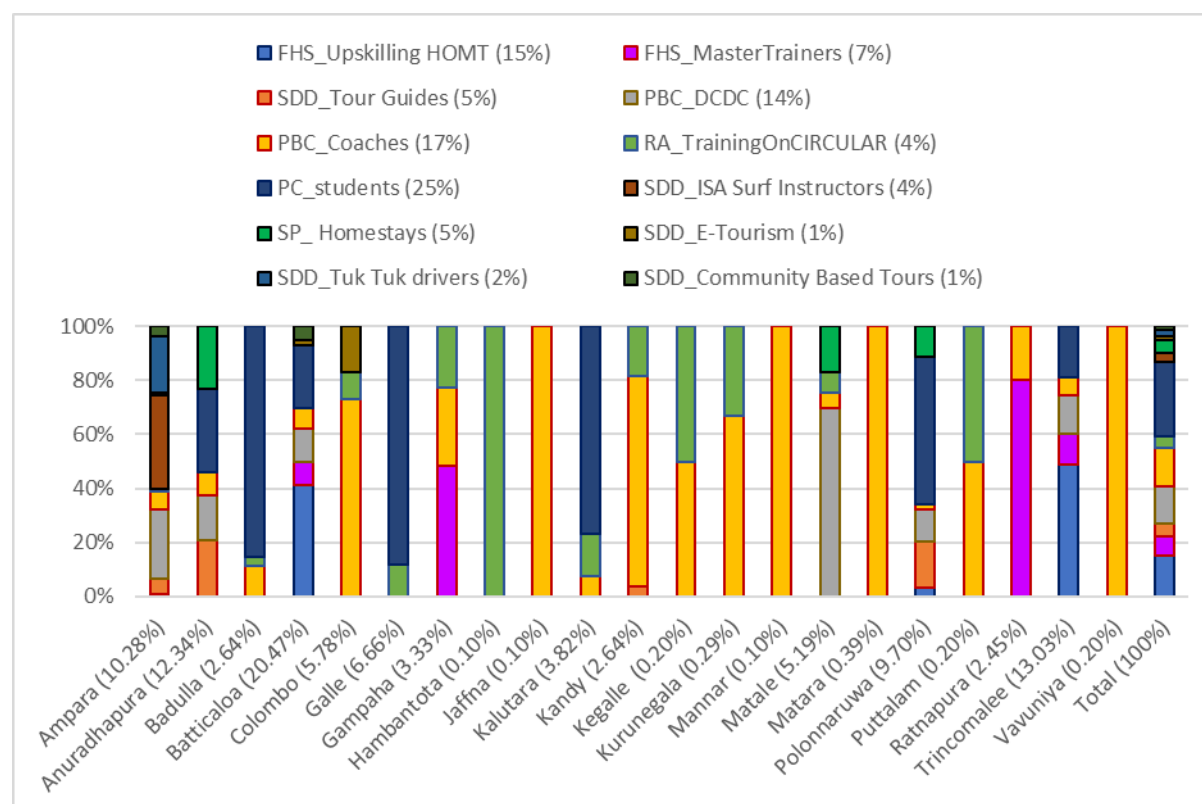
Table 1: Change in performance indicators of nine MSMEs: S4IG Phase 2

Tourism subsector	Gender of proprietor	Profit 2023	% Change in profit 2023-2024	Workers 2023	Change in number of workers 2023-2024
Accommodation services	Female	70,000	43	2	0
Food and Beverage Services	Female	9,000	67	5	0
Food and Beverage Services	Female	50,000	40	1	2
Food and Beverage Services	Female	30,000	0	2	0
Food and Beverage Services	Female	100,000	100	5	1
Food and Beverage Services	Female	100,000	100	6	0
Handicrafts	Female	50,000	40	5	0
Handicrafts	Female	9,000	67	2	1
Travel Organization and Booking	Male	50,000	80	2	1

Source and notes: S4IG's MIS. The figures for profit are the average value of the range report, or else if a profit minimum or profit maximum was stated, the value assigned was the minimum or Rs. 1000 less than the minimum.

Annex 02: EOPO Data Analysis (iii)

Figure 4: Distribution of training by district and type of training course: S4IG Phase 2



Source and notes: S4IG's MIS. Numbers in parentheses are the shares of all MSMEs that received training in each district over Phase 2.

Table 2: Mean change in income by training code and gender of individuals for whom income data is available for all three period: S4IG Phase 2

Training	Gender	Average Base income Rs.	Average Income 6 months later Rs.	Average Income 12 months later Rs.	Mean change in income, base to six months later Rs.	Mean change in income, 6 to 12 months later Rs.	Mean change in income, base to 18 months later Rs.	No. of observations
Professional Business Coaching	Men	0	0	35,222	0	35222	35,222	9
Professional Cookery	Men	0	7,500	18,976	7,500	11,476	18,976	42
Professional Cookery	Women	0	8,958	23,229	8,958	14,271	23,229	24

Source and notes: S4IG's MIS. Numbers in parentheses are the shares of all MSMEs that received training in each district.

Table 2: Mean change in income by training code and gender of individuals for whom income data is available for two periods: S4IG Phase 2

Training	Gender	Average Base income Rs.	Average Income 6 months later Rs.	Mean change in income, base to six months later Rs.	No. of observations
Prof Cook	Men	0	9,545	9,545	36
Prof Cook	Women	0	10,417	10,417	19

Source and notes: S4IG's MIS. Numbers in parentheses are the shares of all MSMEs that received training in each district.

Annex 02: EOPO Data Analysis (iv)

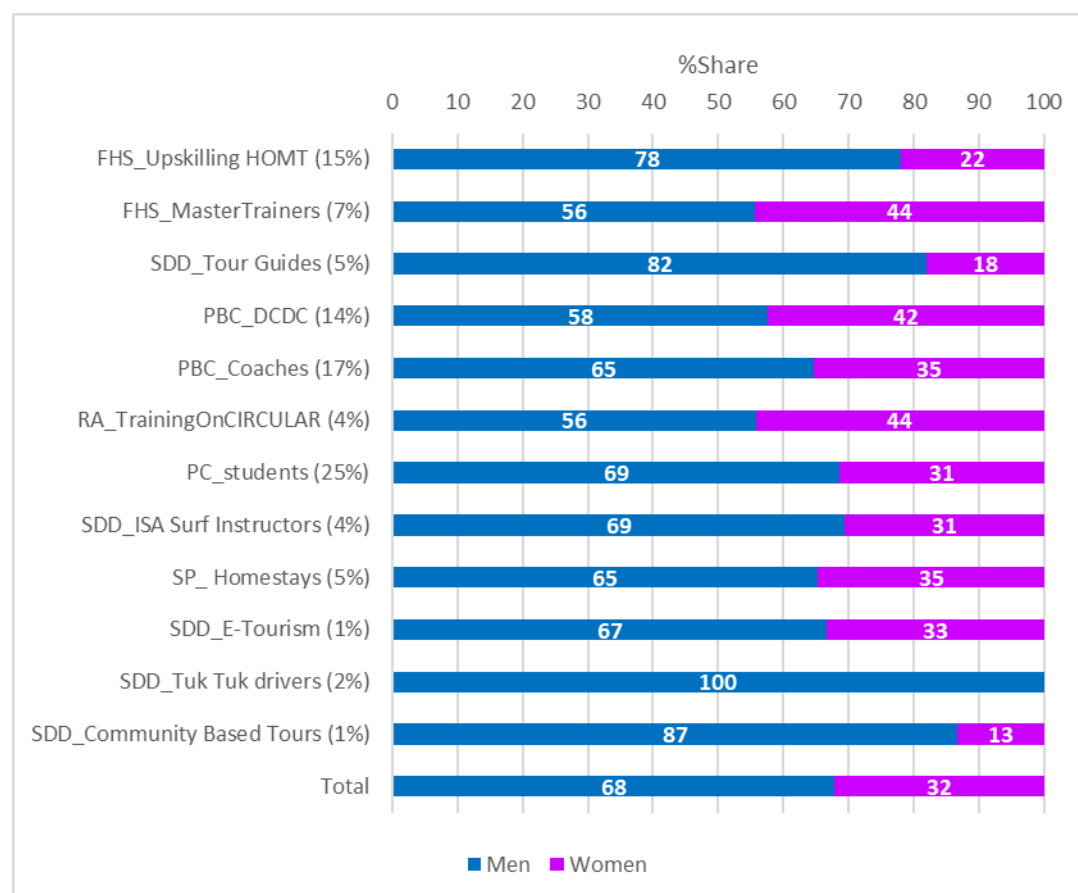
Table 3: Change in income by training code, S4IG Phase 2: Persons with Disabilities for whom income data are available

Training	Gender	Base income Rs.	Income 6 months later Rs.	Income 12 months later Rs.	Change in income, base to six months later Rs.	Change in income, 6 to 12 months later Rs.	Change in income, base to 18 months later Rs.
1. Professional Business Coaching - Coaches	Male	0	50,000	N/A	50,000	N/A	N/A
1. Professional Business Coaching - Coaches	Female	0	0	N/A	0	N/A	N/A
2. Professional Cookery	Male	0	0	N/A	0	N/A	N/A
2. Professional Cookery	Male	0	12,500	N/A	12,500	N/A	N/A
2. Professional Cookery	Male	0	20,000	N/A	20,000	N/A	N/A
2. Professional Cookery	Male	0	0	N/A	0	N/A	N/A
2. Professional Cookery	Male	0	12,500	N/A	12,500	N/A	N/A
2. Professional Cookery	Male	0	7,500	27,500	7,500	20,000	27,500

Source and notes: S4IG's MIS. The table presents data of disabled persons for whom relevant data is available.

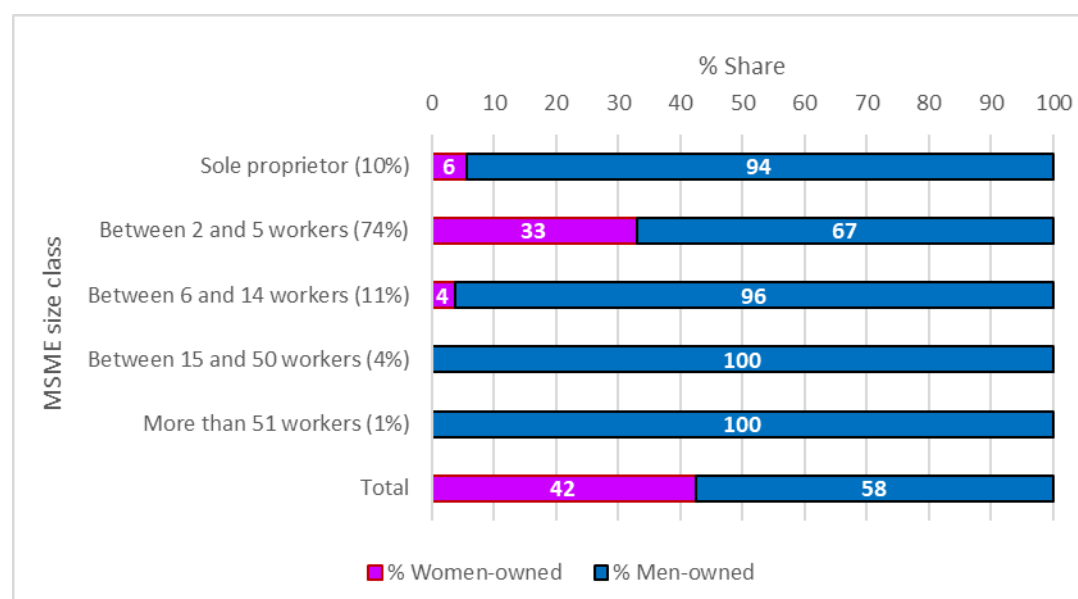
Annex 03: DFAT Quality Criteria Data Analysis (i)

Figure 1: Distribution of participants of skills training programmes across gender: Phase 2



Source and notes: S4IG's MIS. Numbers in parentheses are the shares of all 1050 individuals who received training in each skills programme.

Figure 2: Distribution of MSMEs that received training by size class and gender of proprietor, Phase 2



Source and notes: S4IG's MIS. Numbers in parentheses are the shares of all MSMEs belonging to each size class.

Annex 03: DFAT Quality Criteria Data Analysis (ii)

Figure 3: Share of participants with disabilities in skills training programmes: S4IG Phase 2

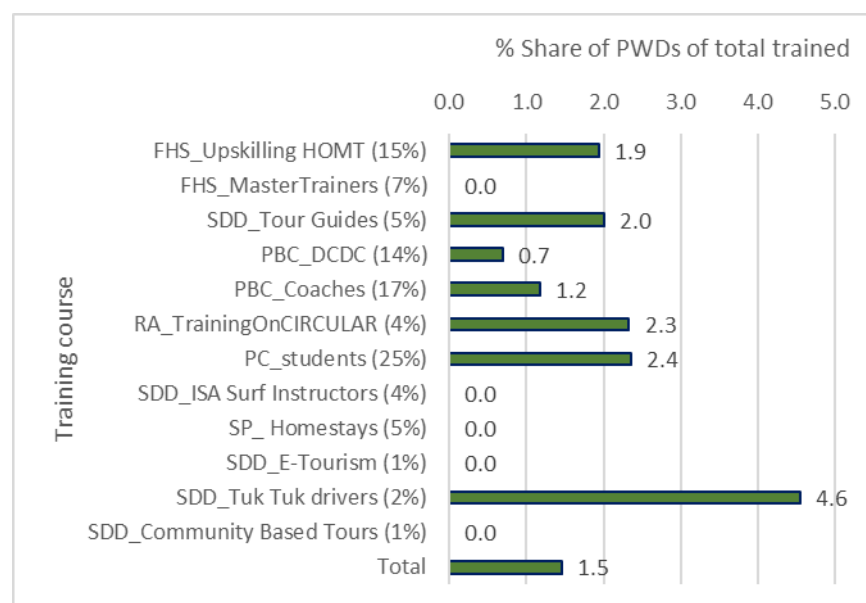


Table 1: Proportion of observations with non-missing values by Individuals Characteristics: S4IG Phase 2

Individuals Characteristics	Number of observations	% Not Missing
Unique identifier (Phone number)	1050	95.2
Gender	1050	97.5
Whether disabled	1050	97.5
District	1050	97.2
Type of training	1050	99.8
Monthly income at base	1050	46.9
Monthly income 6 months after	1050	62.6
Monthly income 12 months after	1050	8.6
Monthly income 18 months after	1050	1.0
Whether employed at base	1050	26.5
Whether employed 6 months after	1050	4.1
Whether employed 12 months after	1050	5.5
Whether employed 18 months after	1050	6.0

Source and notes: The information in the above table is from the MIS and relates to Phase 2 of the S4IG Programme.

Table 2: Proportion of observations with non-missing values by MSMEs Characteristics: S4IG Phase 2

MSMEs Characteristics	Number of observations	% Not Missing
Unique identifier (Phone number)	106	100.0
Gender	106	100.0
Whether disabled	106	100.0
District	106	99.1
Tourism subsector	106	100.0
Net profit at base	106	82.1
Net profit one year later	106	8.5
Number employed at base	106	100.0
Number employed one year later	106	9.4

Source and notes: The information in the above table is from the MIS and relates to Phase 2 of the S4IG Programme.

Annex 04: Evaluation Team Specific Tasks

Evaluation Activity and Role Overview

The Lead Evaluator will manage and oversee the Evaluation Team managed by the Sri Lanka Support Unit (SLSU) conducting an independent evaluation of DFAT's Skills for Inclusive Growth (S4IG) program in Sri Lanka being implemented by the Palladium Group. The purpose of the review is to assess the effectiveness, efficiency, and appropriateness of the S4IG program, and provide recommendations to guide DFAT's decisions on the future direction of economic development programming in Sri Lanka. Additionally, it aims to identify how best to adopt the lessons learned from the current program for future TVET/skills initiatives in Sri Lanka. The assignment will involve 30 days of work, including two weeks full time in Sri Lanka between May 27 and June 7, 2024. With support from the SLSU2 Team Leader, the Lead Evaluator will oversee the Evaluation Team in delivering the required outputs, as listed below.

Services and Specific Duties - Evaluation Team Leader:

- 1) Hold responsibility for developing the work plan and implementing working arrangements,
- 2) Manage data collection and interviews,
- 3) Be accountable for drafting and quality control of written outputs in accordance with DFAT standards and requirements,
- 4) Provide strategic guidance and direction to the evaluation team and join consultations with DFAT, partners and key stakeholders, as requested by the SLSU Team Leader,
- 5) Take responsibility for the overall coordination of the team to complete all deliverables within the agreed timeframe,
- 6) Assess the effectiveness of S4IG's MEL system against DFAT's standards,
- 7) Assess the relevance and effectiveness of TVET systems, model, and approaches used by the S4IG program in delivering outcomes,
- 8) Ensure that all written outputs submitted to SLSU and DFAT are in accordance with DFAT's monitoring and Evaluation Policy, Ensure that all written outputs meet DFAT's accessibility guidelines for published documents.

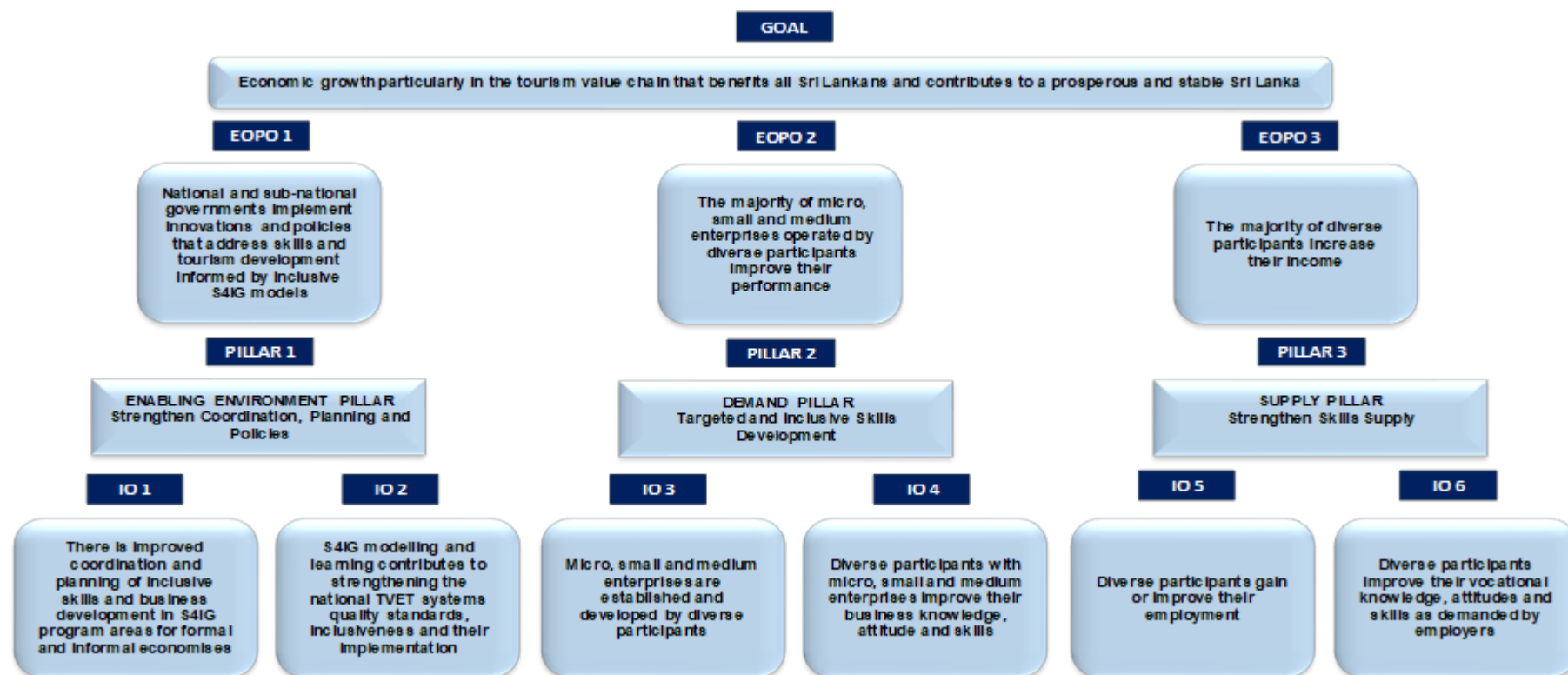
Services and Specific Duties - GEDSI Specialist Adviser:

- 1) Assist in developing the Evaluation Plan, as requested by the Evaluation Team Leader
- 2) Contribute to/lead interviews and consultations related to the impact of the program on its target beneficiaries.
- 3) Conduct analysis on interview findings and secondary sources to ascertain which beneficiaries (intended and unintended) have benefitted most/least from the program, and to identify how can future DFAT interventions in skills development/ inclusive economic growth improve their effectiveness.
- 4) Evaluate how the program targeted beneficiaries to ensure it was inclusive for women, people with disabilities, and other marginalized groups, and assess whether these approaches are delivering on the program logics; and
- 5) Identify gaps or shortcomings and make recommendations.
- 6) Lead the development of analysis and recommendations related to the ability of the program to develop strategies for gender and disability inclusion within the program, under the direction of the Team Leader
- 7) Contribute to writing sections of the Evaluation Report, and presenting these findings to AHC and SLSU, as directed by the Team Leader.

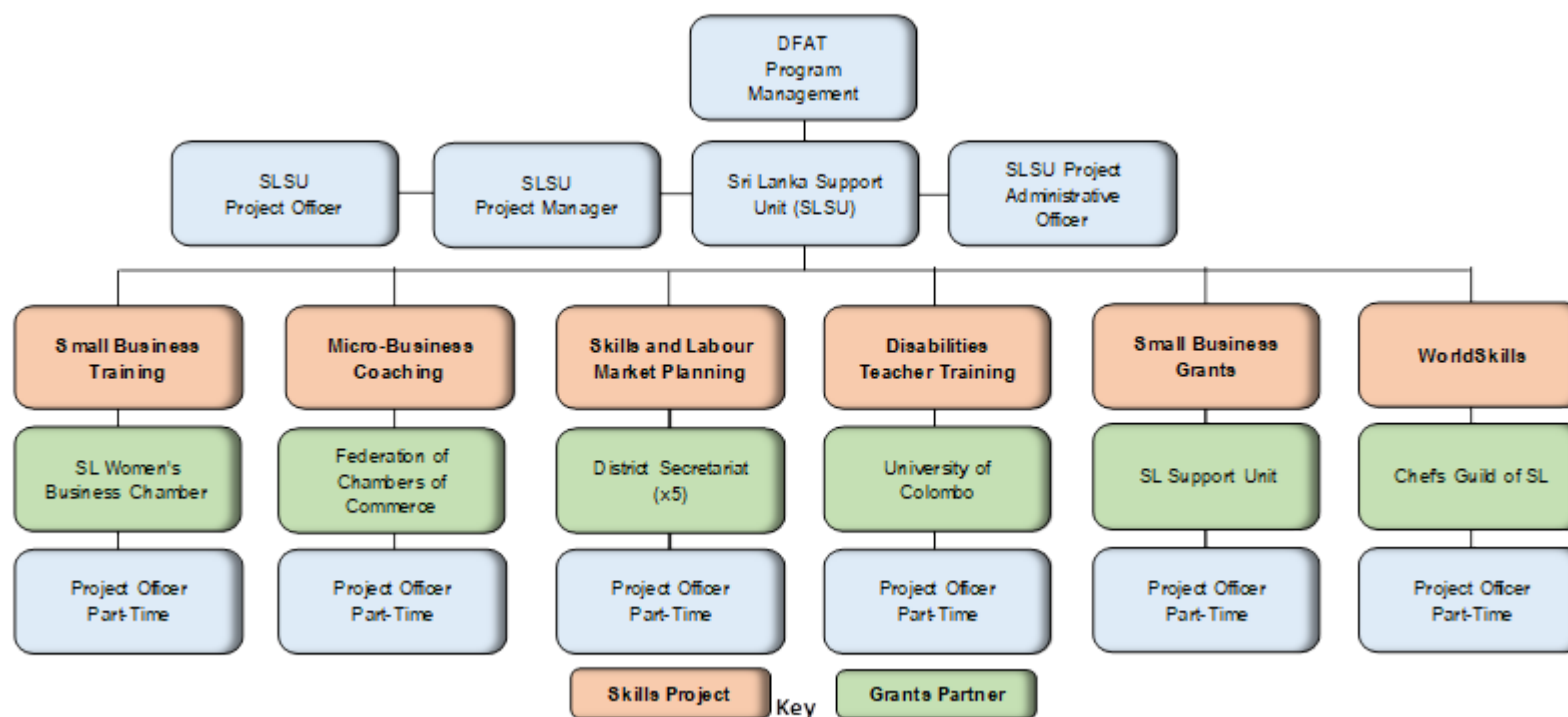
Annex 05: Scope of Consultations (note: number of meetings in brackets)

Category	Name	No. of Female	No. of Male
National-Sub National Government	Australian Government (AHC) (x3)	6	2
National-Sub National Government	Office of the President (x1)	2	0
National-Sub National Government	Office of the Prime Minister (x2)	1	0
National-Sub National Government	Ministry of Education	1	1
National-Sub National Government	Tertiary Vocational Education Commission	2	0
National-Sub National Government	Vocational Training Authority	0	1
National-Sub National Government	Ministry of Tourism	1	0
National-Sub National Government	Ministry of Planning	0	1
National-Sub National Government	National Apprentice and Training Authority	0	1
National-Sub National Government	National Youth Services Council	1	1
National-Sub National Government	SL Tourism Development Authority	0	1
National-Sub National Government	District Secretariat Office, Anuradhapura	1	1
National-Sub National Government	District Secretariat Office, Trincomalee	0	1
National-Sub National Government	District Secretariat Office, Matale	0	1
National-Sub National Government	District Secretariat Office, Batticaloa	1	0
National-Sub National Government	University of Colombo	1	1
Category	National-Sub National Government Sub-Total	17	12
Private Sector/Others	SL Federation of Chambers of Commerce	3	1
Private Sector/Others	SL Women's Business Chamber	1	0
Private Sector/Others	SL Chef's Guild	0	2
Private Sector/Others	SL Tourism Alliance	0	1
Private Sector/Others	Eastern Province Tourism Bureau, Trinco	0	1
Private Sector/Others	Palladium - SLSU (x3)	2	2
Private Sector/Others	S4IG Project Team (x2)	4	3
Private Sector/Others	S4IG Former Team Leader	0	1
Category	Private Sector/Others Sub-Total	10	11
Partners/ Beneficiaries	MSME Operators, Anuradhapura	3	1
Partners/ Beneficiaries	AHAM Trincomalee	2	2
Partners/ Beneficiaries	MSME Business Owners, Anuradhapura	2	1
Partners/ Beneficiaries	MSME Business Owners, Trincomalee	2	2
Partners/ Beneficiaries	MSME Business Owners, Batticaloa	2	
Partners/ Beneficiaries	MSME Business Owners, Matale	5	1
Partners/ Beneficiaries	Miani Training Centre		3
Partners/ Beneficiaries	Asian Development Bank (x3)	2	
Category	Partners/ Beneficiaries Sub-Total	18	10
Total	Females/Males Consulted	45	33

Annex 06: S4IG Program Logic and Theory of Change



Annex 07: Proposed Project Management Structure



Annex 08: Evaluation Questions

Key Evaluation Questions – Program Logic EOPOs

STAKEHOLDER QUESTIONS - PROGRAM LOGIC EOPOs

EOPO 1: National and sub-national governments implement innovations and policies that address skills and tourism development informed by inclusive S4IG models.

- i. How effective has the program been in supporting national and sub-national governments to implement innovations and policies that address skills and tourism development?
- ii. Is there evidence of improved coordination and planning of inclusive skills and business development in S4IG program areas for formal and informal economies
- iii. Are there examples of how S4IG modelling and learning contributes to strengthening the national TVET systems quality standards and their implementation?

EOPO 2: The majority of micro, small and medium enterprises operated by diverse participants improve their performance.

- i. To what extent have micro, small and medium enterprises operated by participants improved their performance? To what extent did the enterprises led by women and PWDs also improve their performance?
- ii. How many and what are the characteristics of micro, small and medium enterprises established and developed by diverse participants? Of these, how many and to what extent, have they improved their business knowledge, attitudes, and skills?

EOPO 3: The majority of diverse participants increase their income.

- i. To what extent has the majority of diverse participants increased their income? Of these, how many females and PWD participants increased their income?
- ii. Have program participants gained or improved their employment, relative to the program objectives? To what extent did women and PWDs also experience improved employment circumstances?
- iii. Is there evidence that program participants have improved their vocational knowledge, attitudes, and skills as demanded by employers?

Key Evaluation Questions – DFAT Quality Criteria

STAKEHOLDER QUESTIONS - DFAT QUALITY EVALUATION CRITERIA

RELEVANCE: Is the S4IG program approach to improve national and sub-national skills development for the tourism sector relevant to the economic and social development aspirations of the Government of Sri Lanka and the Sri Lankan people?

- i. To what extent were the partner and modalities appropriate (i.e. did we select the right partner, should we be focusing on other reforms, was it the appropriate approach?)
- ii. To what extent are the objectives of S4IG still relevant to Sri Lanka's development needs?
- iii. Given Sri Lanka's current political, economic and development context, what objectives should future DFAT investments in inclusive economic growth focus on?
- iv. How effectively has the program built on previous Australian support on governance or economic reform in Sri Lanka?

EFFECTIVENESS: To what extent was the S4IG program design, implementation and continuous program improvement approaches effective in achieving the expected outcomes?

- i. To what extent has S4IG achieved its end of program objectives? What key factors have contributed to the achievement (or non-achievement) of the program objectives?
- ii. To what extent has the program contributed to inclusive economic growth in the selected target areas/sectors?
- iii. To what extent has the program approach of demonstration models for change been effective?
- iv. Which beneficiaries (intended and unintended) have benefitted most/least from the program? In particular, how has the program responded to the needs of women and people with disabilities?
- v. To what extent have strategies for gender and disability inclusion within the program been effective?
- vi. Were there any unintended consequences and impacts (positive or negative) as a result of our support?

- vii. What were the most significant results achieved by the program during the relevant period? Did these meet expectations and were they adequately captured in partner reporting?
- viii. How effective has S4IG's communications and visibility strategy been?
- ix. How can future DFAT interventions in skills development/ inclusive economic growth improve their effectiveness?

EFFICIENCY: *To what extent has the S4IG program been an efficient development model to deliver the expected outcomes and engaged stakeholders in the process?*

- i. Did the program efficiently deploy its resources, both financial and human, to achieve the program outcomes?
- ii. To what degree has DFAT's management arrangements for S4IG ensured the effective and efficient delivery of the program?
- iii. To what extent have management arrangements put in place by the managing contractor Scope Global/Palladium, contributed to the effective delivery of the program? This includes management arrangements in country and headquarters support for the program
- iv. What management arrangements are most likely to maximise efficiency in the future?
- v. How effective has S4IG been in partnering and collaborating with other DFAT investments, other donor and GoSL skills development programs?

GENDER EQUALITY, DISABILITY AND SOCIAL INCLUSION: *To what extent were women and people with a disability engaged in the program and what outcomes did they achieve?*

- i. Has the program removed barriers to the participation of women and people with a disability in TVET and to their ability to commence small business operations?
- ii. How well did the program objectives align with DFAT's policy priorities, particularly the Economic Opportunities for the Poor (EOP) framework, and the Gender Equality and Women's Empowerment Strategy?
- iii. Did women and people with disabilities increase their income as a direct result of their participation?
- iv. Has GEDSI been adequately considered and effectively addressed throughout the program?
- v. To what extent have any government innovations or policies adopted supported inclusion and responded to the needs of different communities, including marginalized groups, women, and PwDs?

MONITORING, LEARNING AND EVALUATION: *Was the MEL structure, system and reporting approach the most appropriate to ensure timely, accurate and relevant data to support learning and decision making?*

- i. What mechanisms are in place to monitor and evaluate the long-term impact of the program on the targeted communities and beneficiaries?
- ii. Have MEL approaches appropriately supported program decision making and what evidence has been collected to illustrate progress?
- iii. What progress reports have been provided against Legislative changes, Economic policy reforms outcomes and Contribution to development outcomes?
- iv. Has the program MEL delivered convincing and timely data regarding IOs and EOPOs? If not, why not, and how could this be addressed?
- v. What theories of change have been used, and how have they been evaluated and revised over the life of the program?
- vi. How can the MEL system be revised to improve telling the story of the program?
- vii. What MEL and learning approaches would best to inform effective program decision making in future skills development investments?
- viii. Are there any changes/ improvements required to existing systems and processes?

SUSTAINABILITY: *Are the impacts and achievements of the S4IG program sustainable in Sri Lanka's current and emerging economic policy and economic environment?*

- i. How has the support elements of the program become embedded in government policy, strategy and budget planning and industry business activities?
- ii. In what ways has the program fostered partnerships and collaborations with local organisations, government agencies, or other stakeholders to strengthen sustainability?
- iii. How has the program engaged with local communities to ensure their ownership and active participation in sustaining the initiatives introduced by S4IG?
- iv. How has the program addressed potential risks and challenges to sustainability, and what strategies were employed to mitigate these risks?

Annex 09: MERL Improvement Recommendations

Developing an MIS necessary for monitoring and evaluation

Constructing and maintaining a comprehensive database for programme/project monitoring and evaluation using quantitative methods involves two separate but related tasks.

1. Identifying programme objectives and measurable indicators

- At the very outset, programme designers need to work with evaluators and analysts to develop measurable indicators that will show whether programme objectives have been met or not.
- The indicators must be amenable to quantitative analysis using descriptive statistics such as means and medians, as well as regression analysis.
- Where indicators are qualitative, such as perceptions, they can be quantified by assigning numerical values such as Likert scales.
- The indicators may need to be revisited and fine-tuned, and the data collected also modified as programme implementation proceeds.

2. Constructing a database with the information necessary for monitoring and evaluation.

- Data related to an individual or enterprise should be associated with a unique identifier such as the National Identity Card (NIC) number of the individual or principal proprietor.
- The data collected for each type of intervention should be comparable and intervention-related idiosyncrasies should be minimized, so that the data for each intervention can be combined using the NIC in one unified database, for programme-wide reporting and analysis.
- **Comprehensive baseline data:** The data fields should include,
 - Demographic and household characteristics that help identify the programme's target group such as age, gender, disability status, highest level of educational attainment, marital status, number of adult males and females in the households, the number of male and female children in the household;
 - Location-related factors such as district, division, *grama niladhari* division, travel time to District Secretariat (to indicate connectivity);
 - Baseline indicators related to programme outcomes (see (1) above), such as economic activity status, previous employment experience in terms of occupation and sector, monthly household consumption expenditure, individual's income.
 - Where programme participants are proprietors of enterprises, baseline data should include economic sector of business, net profit, number of family members working in the enterprise, number of hired hands, gender composition of enterprise workforce, disability status of workers.
- **Programme/intervention outcome-related data** collected at intervals that will recognise seasonality factors: type of intervention, date and duration, employment, income, profit, household consumption expenditure, number employed in enterprise. Since income or profit data tends to be under-reported, the proportionate change in income or profit relative to the income or profit obtained at baseline or during the previous data collection period, can be obtained.
- The data should be entered in a database using software such as Google Form or Survey Monkey, with pre-coded options which can be selected by a click, and checks where, if responses must be typed in such as for income, there are built in data verification checks. The pre-coded options should include as far as possible, relevant international classification codes for industry and occupation, such as ISIC and ISCO. Data must be entered in a form that is compatible with the software used to analyse it.
- Confidentiality of the data must be assured, and individuals in the database anonymized before providing the database for external analysis.
- The database can be used to generate small random samples of individuals or proprietors by any of the key characteristics (for example, district, gender, disability status) who can be interviewed at length for detailed analysis and insights using qualitative methods.
- Compliance with reporting requirements must be incentivized and ensured so that data quality is maintained.