The National Human Resources and Employment Policy for Sri Lanka

Preface

The National Human Resources and Employment Policy (NHREP) for Sri Lanka was approved by the Cabinet of Ministers in 2012. Formulation of this Policy was coordinated by the then Secretariat for Senior Ministers, with the technical and financial support by the International Labour Organization, which underwent a series of activities including: consultative workshops at both national and regional levels, stakeholder contribution at National Steering Committee, ten thematic working groups and final drafting committee. Several ministries, departments, employers and workers organizations, professional institutes and academia were directly involved in this endeavor.

The NHRE Policy, upon the approval of the Cabinet of Ministers, was followed by an implementation process comprising of the preparation of a Master Plan and Detailed Action Plan, which provided strategic actions to be carried out by several stakeholder institutions, as they agreed. The initial implementation plan was from 2014 to 2017.

A Monitoring Unit was established under the Secretariat for Senior Ministers, which was later shifted to the Department of Manpower and Employment that is currently under the purview of the Ministry of Labour and Trade Union Relations.

The Cabinet of Ministers, in December 2015, directed the Ministry of Labour and Trade Union Relations to revise the said NHRE Policy in line with the government’s Medium-Term Policy Framework declared by the Hon. Prime Minister at the Parliament in November 2015.

Accordingly, actions were taken for this first revision of the NHREP, for which an extensive technical expertise was received from the Institute of Policy Studies (IPS) and financial assistance was provided by the International Labour Organization (ILO).

This revised draft of the NHRE Policy was taken up at the National Steering Committee which was held on 17.06.2016 and further reviewed based on the recommendations of the same committee and written representations made by several stakeholders.

The revised Policy was approved by the Cabinet of Ministers on 17.01.2017.

The implementation of this national policy is coordinated by the Ministry of Labour and Trade Unions Relations. The Detailed Action Plan is being updated in line with the revised policy framework in order to set out contributions of all stakeholders to achieve the objectives of this national policy.

In the event of any inconsistency or discrepancy between the Sinhala, Tamil and English texts of this policy, the English text shall prevail.

Department of Manpower and Employment
Ministry of Labour and Trade Union Relations
## ACRONYMS

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<th>Description</th>
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<td>BOI</td>
<td>Board of Investment</td>
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<td>BPO</td>
<td>Business Process Outsourcing</td>
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<td>CBO</td>
<td>Community Based Organization</td>
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<td>CBSL</td>
<td>Central Bank of Sri Lanka</td>
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<td>CEB</td>
<td>Ceylon Electricity Board</td>
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<td>FES</td>
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<td>GCE O/L</td>
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<td>HR</td>
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<td>ICT</td>
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<td>Medium Term Macro-economic Framework</td>
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<td>National Human Resources Employment Policy</td>
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<td>National Quality Assurance and Accreditation Council</td>
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<td>Organization of Professional Associations</td>
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<td>Public Employment Service</td>
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<td>Public Private Partnership</td>
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<td>University of Vocational Technology</td>
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<td>Vocational Education and Training</td>
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<td>VTA</td>
<td>Vocational Training Authority</td>
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Executive Summary

Introduction

The National Human Resources and Employment Policy (NHREP) is the overarching policy framework of the Government of Sri Lanka that would govern its human resource development work and action to be taken to provide full, decent and productive employment to Sri Lankans. The NHREP has been developed out of the overall state policy. The NHREP covers a number of subject areas that are of relevance and significance in human resources development and employment promotion work. Policy statements contained in this document are consensus views arrived at through lengthy consultations among all stakeholders – government officials, employers’ organizations, workers’ organizations, professional bodies and the academia.

NHREP would aim at full, productive and freely chosen employment for all women and men in Sri Lanka. It would work towards a highly competent, globally competitive, multi-skilled and productive workforce in the country. NHREP would improve incomes and the quality of life of the working population across different sectors and regions and would provide the fullest possible opportunity to workers without discrimination. Finally, NHREP would safeguard the basic rights and interests of workers in line with national labour laws and key international labour standards.

NHREP recognises that it has to work generally within the macroeconomic policy framework that has been developed to meet a wider set of objectives going beyond those of NHREP. It is recognised that sustainable employment creation requires a policy-mix that promotes growth and investment in the productive sectors of the economy. This would require appropriate combination of monetary, fiscal, exchange rate, trade and other sectoral policies. Efforts would be made to ensure that fiscal, monetary and credit policies are linked to the objective of generating sustainable employment and human resource development.

The following paragraphs in this executive summary refer to policy action identified as necessary to achieve the objectives of NHREP. Policies so identified, which operate within different subject areas of the socio-economics system, are administered by different Ministries, Departments, and Authorities of the Government. The implementation responsibility of NHREP will therefore fall on many institutions and authorities, to be coordinated by the Ministry of Labour and Trade Union Relations.

Education and Training

Recognising the significant role played by school education in the development of human resources in the country, NHREP places emphasis on the school education reforms as vital in achieving its objectives. The following elements in such a programme of educational reform are highlighted, while also noting that some of these form part of the on-going educational reform programme of the Ministry of Education:

- **Strengthening of English teaching and trilingualism.**
- Facilities to learn foreign languages at secondary school.
- Providing the option of studying a few selected subjects in the English medium within the policy of bilingual education in the secondary grades.
- Making science education available to all at the secondary level.
- Introduction of career guidance as a mandatory element in schools.
- Setting up at least three well equipped secondary schools per Divisional Secretariat.
- A mechanism to enable students in other schools to use facilities in upgraded schools.
- A foundation programme for vocational and technical education targeting students who do not qualify at G.C.E. O/L and G.C.E. A/L examinations.
• Organizational linkages among the Ministries handling the functions of Education, Higher Education, Youth Affairs, Vocational and Technical Education will be established.

At the higher education level, students’ places in higher education institutions will be increased by promoting multiple modes of delivery of courses. Non-state universities and degree awarding institutions will be encouraged, with regulatory controls on quality and accreditation requirements. The curriculum content of academic programmes will be redesigned to match the requirements of the world of work. Students will be encouraged to develop their self-directed, independent, creative and reflective thinking skills. Academic programmes will be improved and updated to meet international standards. Linkages between local and foreign universities will be promoted as well as linkages between academia and industry. Research facilities in universities will be improved. University students will be provided with laptops on interest free loans. Free Wi-Fi zones will be established in all universities.

NHREP places significant focus on correcting the weaknesses in, and improving the systems of vocational training systems, so that the employability of the first time job-seekers will be enhanced. The principal items of policy action to this end would include the following:

• Enriching secondary school curricula by adding Vocational and Technical training components.
• Commencement of the technology stream at the G.C.E A/L and schools to establish collaborative work with neighbouring VET institutes to share resources, laboratories and staff
• NVQ qualifications to school leavers acquiring competencies by direct entry to industry.
• Linking secondary education, VET and higher education institutes and the world of work to promote seamless career paths via lateral entry.
• Introduction of soft skills development elements to vocational training curricula.
• Public-private partnership in education and training.
• Promotion of multi-skilled labour in training programmes.

Enhancing Employability of Youth

In terms of a number of issues related to labour force participation, rate of unemployment, job preferences and so on, youth forms a special category of the labour force. Innovative approaches are needed to address these issues effectively. Under the NHREP attempts will be made to open opportunities to the youth to learn and relearn to find employment and to remain employed. A talent pool of trained young people that will be developed through human resource development effort will supply human resources with acceptable qualities for employment in the private sector.

A network of one-stop career centres will be established throughout the country to provide information on training, career guidance and counselling, career planning and to provide other employment related services. Active labour market programmes will be introduced through employment service centres to improve the employability of the youth. All capacity building institutions and agencies providing employment services will be made to register with a responsible government agency so that their operations can be monitored closely to ensure adequacy in both quality and quantity of services they provide and to take remedial measures if deficiencies are detected. Special programmes will be introduced to bring the vulnerable, disadvantaged and conflict affected youth groups to the main stream. Firm action to change attitudes of the youth and their parents regarding sector preferences in respect of jobs, will be promoted.

Science, Technology and Innovation Skills

Given the need for effective use of science and technology to accelerate economic growth, an incentivized, focused and accelerated
programme for training, attracting and retaining highly skilled personnel will be developed. Mobility of highly skilled personnel among different jobs within Sri Lanka and outside will be systematically encouraged. In this regard the highly skilled personnel engaged in research, innovation and development will be considered as belonging to a special category of human resources.

A national research cadre will be established. Measures will be identified, recommended and implemented to employ expatriate Sri Lankans or foreigners for highly skilled jobs for which suitably qualified resident Sri Lankans are not available.

The retirement age in respect of highly skilled jobs will be raised to 65 years. Strategies / activities to meet the demand for Science, Technology and Innovation (STI) personnel will be adopted. A National Technical Workforce Planning and Development Strategy will be developed and it will be implemented by different line Ministries,

**Sectoral Policies**

**Agricultural sector**

The NHREP will work towards promoting mechanization, modernization and productivity improvement of agricultural jobs in order to improve the youth’s attraction to agricultural pursuits. Strategies will be adopted to increase competitiveness of the agricultural sector through improvement in productivity. Increased value addition in both domestic and export agriculture will be promoted. Policy directives for agricultural sector development would deal with matters of entrepreneurship development, productivity enhancement, R&D orientation, and promotion of branded value added products.

Given the significance of small-scale commercial farming, practical and entrepreneurial skills will be developed among small farm households, among rural women and the youth to meet local and international standards. Large scale agricultural enterprises will be established to work with the small holder farmers to improve their ability to face restructured market conditions. A fully-fledged Agro Marketing Authority will be established to handle all matters relating to marketing, storage, sourcing markets, transport, purchasing and preserving of produce. At the same time measures will be introduced to systematically encourage private sector investment in large and medium scale farming, as well as in the food processing industry. Reduction of post-harvest losses and the provision of appropriate technical and extension services will be promoted.

Plantation companies will be promoted to create training opportunities for the plantation-based labour force to gain knowledge and skills to the mutual advantage of both the management and the employees. Training programmes developed on a public-private partnership will be extended, with suitable modifications, to the small holders as well. The technological improvements in production techniques within plantations and modernization of methods of production therein will be used to persuade the resident population to remain in plantation work. Opportunities in vocational training will be made available to them. Gains sharing practices will be encouraged in the plantation sector.

Labour intensive nature of many livestock operations will be effectively harnessed for rural employment creation, livelihood improvement and poverty alleviation. Potential for the value chain development of untouched areas using hydroponics and aquaponics, tissue culture and micro propagation techniques will be explored.

**Manufacturing Sector**

Labour-intensive industries, including activities in such industries which are higher up in the value chain, are likely remain important as sources of employment opportunities for the growing labour force. Handloom textiles, garments, leather products, food and beverages, handicrafts, wood products as well as value-added products in tea and rubber, are some such labour intensive industries that will be
given policy support and fiscal incentives. They will be encouraged to work towards penetrating into foreign markets.

In the long-run Sri Lanka will have to work out industrial policies to gradually move out from low value-added labor-intensive to more capital and knowledge-intensive manufacturing. Human resource policy will thus focus on mechanisms to build up the required high level workers to meet the demands that are likely to arise from such capital and knowledge intensive industry.

Tourism Sector

The policies will focus on zonal development and target specific categories such as cultural, religious and environmental tourism. Together with investment promotion, measures to promote productivity and professionalism in the travel and hotel business will be implemented. Private sector will be encouraged to set up world class centres for human resource development to meet the emerging skills needs of the tourism industry.

Action will be taken to address the current skill shortages at operational and clerical levels. The Sri Lanka Tourism and Hotel Schools will jointly launch short-term crash courses focusing on most demanded skills in fast developing tourism locations like the Eastern province. Adequate incentives will be provided to the private sector for initiatives in skills development in this sector.

ICT and BPO Sectors

These will be fast growing sectors in the economy that will offer expanding employment opportunities. The incentive structures will be adjusted to facilitate that growth. In addition to a conducive tax regime to generate high growth and investment in the ICT and BPO sectors, the government will promote new foreign companies to set up operations in Sri Lanka in collaboration with local companies to move up towards higher value added services.

As ICT and BPO sectors can be used to address the problem of unemployment of the educated youth, programmes will be developed to train some of the educated youth in computer usage and information technology. Education and training sector policies are increasingly designed to address the training needs of ICT and BPO sectors. Techno-based campuses and vocational training institutes alongside the current universities will be established.

Action will be taken to enhance the numbers of internationally certified persons of competence ready to work in ICT and BPO sectors. Successes in ICT and BPO spheres and in other types of knowledge work will be communicated frequently to the world. Growth of home grown companies will be promoted in these sectors by identifying, nurturing and graduating business ventures in IT products. The government will pay attention to the creation of an early stage investment fund to provide venture capital to companies showing promise.

An efficient and well informed legal environment will be developed to enforce relevant laws stringently, particularly in connection with laws/policies governing data/cyber security and intellectual property rights.

Health Services

Primary health care workers in the field and in primary level hospitals will be retrained. An overall orientation of medical officers towards a family medicine approach is required to manage the problems of non-communicable diseases, and of ageing at primary care level.

Action will be taken to make appropriate recruitment and training and to ensure their appropriate equitable distribution. Appropriate mechanisms will be devised to improve retention of health workers in rural and underserved areas.

HR policies in the health sector will take into consideration the expanding private sector needs. Supportive policy to improve private sector without compromising the standards of Government services is important. A human resource information system as a subsystem of
the national health information system will be developed.

Continuing education and in-service training and practice will be carefully defined. Career progressing structures have to be developed for every category of health workers.

**Environment Friendly (Green) Jobs**

NHREP recognizes that, as the economy adjusts to the urgent need for environmental sustainability, the labour market will also begin to increase the demand for workers with required skills to take up “green (environmental friendly) jobs”. Skill training development will be improved and enhanced in the areas of green restructuring. Skills training activities will be planned accordingly. Research into the behavior of the labour market for green jobs will be promoted. Technical and financial support will be offered to entrepreneurs including SMEs to explore green business opportunities.

**Infrastructure Investments**

In respect of skilled occupations in construction, a significant increase in training is being planned. Efforts will be made to encourage private sector contractors to attract qualified individuals with foreign exposure back to the country to take on higher level jobs. Targeted and time bound public employment programmes focusing on the building of rural / urban assets will be undertaken in ways that support the employment situation.

In order to promote capacity building of local government institutions in areas of procurement, governance, asset creation and management, necessary training programmes will be introduced. Such capacity improvement would help in improving employment conditions in relevant local authority areas.

**Performing Arts, Music and Creative Industries**

With complementary industries such as tourism, aviation, shipping, international sports etc. gathering momentum, it is opportune to recognize the contribution of arts, music, design, media, entertainment and other creative activities to the structure of remunerative livelihoods. Students with innate creative talents and abilities in identified spheres will be provided with specialized training, to progress in such careers. All necessary resources and equipment to develop creative skills will be provided to identified schools as an investment by the state.

**Informal Employment**

Informal sector activity occupies a dominant position in Sri Lankan employment pattern. A two pronged approach will be adopted in addressing issues of informal employment. On the one hand, expansion of firms in value added sectors will be encouraged and on the other hand the employability of workers in more skilled, better paying occupations will be enhanced. Entrepreneurial skills will be developed through easy and subsidized credit facilities. Product and market guidance and insurance schemes to cover short-term economic fluctuations will be introduced. School leavers and graduates of vocational training institutions and universities will be provided with facilities to access entrepreneurship training at appropriate points in their lives.

Programme to enhance awareness of both employers and workers about occupational health and safety issues will be undertaken and their access facilities to information about innovations and technologies leading to ergonomically sound ways of carrying out productive tasks. Opportunities for continued education, training and re-training in job-oriented skills will be provided to informal sector workers.

A Micro-finance Regulation and Supervision Authority (MR & SA) Law will be enacted to enable micro-finance institutions to be regulated and to enable them to take deposits.
**Small and Medium Enterprises (SME)**

The government will establish an Advisory Committee to study the issues faced by the SME Sector and recommend policies and interventions.

A Credit Guarantee Scheme for Micro, Small and Medium Scale Enterprises (MSME) will be established to expand access to financing options. In addition, a fund will be established to lend to responsible venture capital firms for facilitating the SMEs by way of making equity investments and advisory services.

A new SME board on the Colombo Stock Exchange will be created with less stringent compliance requirements for SME listings. The government will also expand and enhance the export insurance coverage schemes through the Sri Lanka Export Credit Insurance Corporation (SLECIC) with the aim of providing necessary support to SMEs to break into the global market.

Decent work practices and social protection of employees will be encouraged among SMEs thus enabling them to recruit workers with right skills and attitudes. SMEs will be empowered with ICT capabilities to improve their productive efficiency. SMEs will be promoted to innovate and to adopt high end technologies through Small Business Innovation Research (SBIR) and Small Business Technology Transfer (SBTT) schemes.

Action will be taken to simplify the regulatory and administrative framework surrounding SMEs. Support services will be devised to support SMEs improving their capacity to create more jobs. Reforms for elimination of labour market elements which discourage SME growth will be undertaken.

Facilities will be created to induce SME trainers to adopt new training methods that are more flexible in place of the traditional models of training. Programmes will be introduced for promoting entrepreneurial skills. Strategies advocated in entrepreneurship development programmes will be reviewed and new strategies will be introduced to focus on vulnerable groups. A move away from the survivalist focus of some of the existing programmes towards strategic sectors with better growth and employment promise is envisaged.

**Employment Opportunities for Vulnerable Groups, Disabled Persons and those in Lessdeveloped Regions**

The industrial base in Northern and Eastern Provinces will be re-established. Investments in employment-intensive infrastructure development work will be initiated. Maritime fishing will be facilitated. Partnerships with civil society and community-based organizations will be formed to improve access to essential services.

Child labour in hazardous activities will be eliminated on a priority basis. Support to families of working children will be provided for the elimination of child labour.

A database will be established, on the persons with disabilities. An enabling physical environment will be created for persons with disabilities to access and participate in vocational training.

Institutional responsiveness will be improved to the needs of the disabled, to create a supportive environment in the workplace for them. Awareness will be created about benefits of participation in schemes of training and employment of the disabled. Tax concessions, and financial assistance to improve physical facilities for the disabled persons, and other incentives to motivate employers to recruit persons with disabilities, will be introduced.
Disability issues will be more proactively and effectively addressed in mainstream poverty reduction, community development as well as income generation programmes.

**Foreign Employment**

The focus of national policy in the foreign employment sector is aimed at “ensuring skilled, safe migration’. The long-term policy of the government will be to create decent jobs for Sri Lankans at home and promoting migration by choice rather than poverty and need.

This would involve firstly, promoting skilled migration through better skills training, diversification of destinations, identification of and capitalizing on Sri Lanka’s competitive advantages in this field according to global employment opportunities that are available.

Vocational and other training programmes will be made to improve links between skills required in the local and foreign job markets. The versatility of the locally available labour force will thus be enhanced and this will facilitate achievement of the medium and long term foreign employment policy objectives of the country.

Action will be taken to restructure and strengthen institutional capacity in the management of overseas migration for work. Greater attention will be paid to the well-being of Sri Lankan workers overseas. Bilateral agreements will be established with labour receiving countries, to promote respect for and safeguard labour rights of migrant workers.

Policies will be introduced to reduce the transaction cost in formal channels and to educate migrants of the benefits of remitting through formal channels.

**Public Service Employment**

While in general terms the widespread perception that the public sector in Sri Lanka is over-staffed, NHREP recognizes that certain aspects of public service employment needs careful policy attention. A participatory needs analysis through functional reviews of all government institutions will be undertaken. The attraction of the public service to job aspirants with high level skills and competencies will be improved and the brain drain problem in the professional categories addressed. Attracting expatriate Sri Lankans with significant skills in short supply will be promoted where necessary.

Creating a continuous reservoir of second tier officers, selected through an objective assessment process, will be introduced.

Effective systems for performance appraisal, linked to a system of recognition, rewards and promotions will be developed.

The Sri Lanka Institute of Development Administration (SLIDA) will cover the training programmes for executive grades. A separate training institute will be established for non-executive grades. Management training units at the District level will be established in District Secretariats. Institution specific training will be the responsibility of the institutions concerned.

**Mainstreaming Gender**

Recognizing the validity of certain comments about disadvantages women undergo in the labour market NHREP devised proposals to improve conditions of gender equality in this respect. Investment in training women for higher skill occupations such as in the IT sector, nursing and hospitality industry will be encouraged, while also promoting entrepreneurship development among women, enhancing their access to credit, technology, business knowledge and markets. The establishment of a social security system will be considered for the benefit of self-employed women.

A secure environment by maintaining law and order for women to travel to and from work in the night will be provided. Safe and efficient
transport services through public-private partnerships will be provided. Sexism and gender stereotyping in the workplace will be discouraged. Legal and institutional infrastructure will be strengthened to handle issues of gender discrimination and sexual harassment.

High growth sectors with a high capacity to absorb educated young women, such as ICT/BPO, will be promoted. Especially designed job search assistance to women graduates will be provided, while promoting the private sector, particularly the large corporate firms, to increase requirement of female graduates and placement of more women in management training programmes.

Labour Market Information and Employment Services

Data collection systems pertaining to labour, e.g. the Labour Force Surveys, will be strengthened through better funding and other measures. Mechanisms to collect and disseminate information about labour demand will be organized. A strong central body with adequate statutory and administrative authority is recommended for coordination of LMI data production and dissemination functions.

The establishment of an appropriately located repository for LMI data is suggested. Establishment of a Public Employment Service (PES) scheme is recommended to help improving labour utilization and raising incomes and living standards of a wide cross-section of the community. It will assist in mobilizing the human resource needs of the government’s strategy of development. It would provide labour market signals on skill needs and emerging skills storages as well as facilitate job matching.

Social Dialogue Institutions and Labour Relations

Unfair labour practices will be corrected with tripartite consultation. Interests of vulnerable segments, e.g. poor and unskilled labour, women, young persons, disabled and sick persons in employment and domestic workers will be protected. The employers in Processing Zones will be encouraged to provide adequate facilities to trade unions.

Measures will be taken to provide security of employment to existing workforce. The government will look into possibilities of providing unemployment benefits to those who lose their jobs in the on-going economic transformation of the country. Social dialogue for public sector employees will be strengthened. A national level Committee will be appointed for this purpose.

Provision will be made to accommodate, part-time work, working from home, working on assignment basis etc., within the contract of employment between the employer and the employee.

The need for increasing the flexibility of labour laws and regulations is recognized. Through tripartite agreement, legal provisions that appear to be rigid may be relaxed, adhering to international labour standards set out in ratified ILO Conventions. The National Labour Advisory Council will be streamlined as the apex body to decide on matters of labour policy and its implementation.

Wages

In order to prevent non-payment of wages or adoption of discriminatory practices a legislative framework will be developed. The national minimum wage would cover all private sector workers and would act as a “wage-floor” for workers, including those who are not covered by the Wages Boards system. This also would be
used as a reference for wage fixing in the informal sector as well.

The operations of the Wages Boards system as at present would be simplified, with the coverage extended. Actions would be initiated to promote collective bargaining both at the sectoral level and at the enterprise level on wages.

Employers and workers, and their organizations, would be encouraged to adopt performance/productivity based wage components.

**Social Protection**

Sri Lanka has a number of social protection schemes and integration of these different schemes is planned. Action will be initiated to enhance effectiveness, efficiency and sustainability of the Employees Provident Fund and the Employees Trust Fund. Recognizing the disadvantages of payment of lump-sum benefits, a mechanism to ensure a continuous flow of income for the formal sector workers under the Employees Provident Fund and the Employees Trust Fund schemes is recommended.

The need for establishing a “Pension Scheme” and an “Insurance scheme” (to cover health and accidents), initially on a voluntary basis, for the private sector, including the public corporation sector, is highlighted. Appropriate studies would be undertaken to ascertain the feasibility of establishing such schemes for these workers. A study will be undertaken to ascertain the shortcomings of exiting social security schemes in the informal sector and to take remedial measures.

Establishment of an unemployment benefit scheme would be beneficial in meeting the needs of redundant workers at times of enterprise restructuring and in providing the employers greater labour market flexibility. Action will be initiated for the establishment of a basic “social protection floor” to ensure access to basic health care and income security.

**Institutional Framework: Implementation, Monitoring and Coordination**

Implementation of this policy will be led by the Ministry of Labour and Trade Union Relations under the overall guidance of a National Steering Committee. The strong ownership, commitment and active participation of all stakeholder organizations is required for successful implementation of the policy. At the level of the government itself, coordination among many Ministries, Departments and other Public sector agencies is necessary. The Ministry will work in close collaboration with all relevant stakeholder organizations in formulation of implementation strategies and action plans with suitable indicators and targets to be used for monitoring purposes.
National Human Resources and Employment Policy

Vision

“Sri Lanka – A developed economy” in which all persons of working age become globally competitive and multi-skilled, and enjoy full, decent and productive employment with higher incomes in conditions of freedom, equity, security and human dignity.