

## **EXECUTIVE SUMMARY**

As stated earlier, the Construction Industry deals with the building of all forms of “civil structures” related to the construction of residential and non residential buildings and all other infrastructure facilities. It is therefore, not a separate “Industry” or “Sector” but building of civil structures in a range of Economic sectors or Industries.

In Sri Lanka, a large proportion of the Gross Domestic Fixed Capital Formation (about 52 – 53 %) is spent on “Buildings and Other Construction”. Bulk of this investment is made by the Public sector – Government Ministries/Departments and Public Corporations. It is therefore directly related to the GDP of the country and the increase of investment in construction has become one of the main reasons for the increase of the rate of GDP of the country.

In 2004, the Government has approved a Construction Sector Policy Framework and with that Policy recognizes the need to develop the Construction Industry. Accordingly, several concessions were granted to the Industry including no foreign contractor to operate in any construction work without having local partnerships.

The Industry consists of three groups; Contractors, Consultants and Clients. There are two Registers maintained by the ICTAD and NACCSL. To become eligible for bidding any construction work, a Contractor has to be registered with these organizations. Registers are maintained for different types of construction, namely, Buildings, Highways, Bridges, Irrigation, Land Reclamation and, Water Supply and Drainage. The same Contractor is registered for several categories of construction and therefore it is not possible to count the total number of Contractors in the country. However, since every Contractor is able to construct buildings, it is assumed that the total number of contractors is more or less equal to the total number of Building Contractors.

There are about 270 in the ICTAD Register of Consultants. These Consultants are capable of undertaking planning and design of any construction work and, therefore, has no categorization. However, Consultants have specialized areas of work but their main responsibility is to provide technical advice and support to the client.

In Sri Lanka, the Government Departments and Corporations constitute mainly the Clients of Construction Industry. However, when it comes to building construction, both residential and non residential, the private sector Institutions become Clients.

The next Ten Year Plan of the Government consists of a large number of Construction Projects distributed in every economic sector. The estimated Construction investment for the next 05 years is about double the present volume per year. The demand for Industry will therefore be much higher in the years to come and it is necessary that the Industry should get ready to meet this challenge.

Current employment in the Construction Industry is about 542,000. These include four categories of employees, professional, technical, crafts and machine operation. Since there is no database of construction sector employment, a breakdown of employment in terms of occupations was estimated only by using data collected through a Sample Survey. The Survey revealed that about 11 % of the total employees was in the professional grades, 12 % in the technical grades, 71 % in the craft grades and 6 % in the operator grades.

Survey also revealed that almost 97 % of total employment of the Industry constitutes males, where 75 % fall within the age group of 25 – 45 years of age and 52 % has a work experience of less than 5 years. These figures prove that the work force of the Construction Industry is relatively young males and has to be trained for improving the productivity of industry. Other than the professionals, all other categories of employees of the industry received their Training mostly in the Technical or Vocational Education Institutes.

In estimating the manpower needs of the Construction Industry during the period 2007 – 2010, three Employment projections were made:

- A Historical estimate (based on the investment – employment coefficients experienced during the past 10 years);

- A High estimate (assuming the industry will use labour intensive technologies in future); and A
- A Low estimate (assuming that the industry will use improved technology in the future).

Since future investment in the Construction Industry will be funded mostly through foreign assistance and the Industry is already moving from labour intensive to improved technology usage, the Low estimate has been selected for estimating the future Manpower needs. The projections show that the rate of increase in Employment in the Construction Industry during the Plan period (2007 – 2010) will be increased only at a decreasing rate. Accordingly, the total employment in 2010 will be about 593,000 persons as against the Historical estimate of 634,000 and the Labour intensive High estimate of 694,000.

Using the Employment ratios obtained from the Survey, the demand for different occupations was estimated. With the interviews and discussions held with key informants, the study identified some new occupations that will create demand in the future based on the nature of construction investment that has been planned in the Ten Year Plan. Using all sources of information, the study formulated a forecast of demand for different occupations of the Construction Industry during the four years 2007 – 2010. The Demand forecast is given in Table 4.2.

The Study also made an attempt to estimate the foreign demand for Construction Industry skills. Using the past data available with the Foreign Employment Bureau, it was estimated that, in total, 30,000 foreign vacancies will be received annually and the estimated demand for Training will be approximately 50,500 during the year 2010. The proposed VET Plan should be able to meet this demand for training by 2010.

At present, the training of Construction Industry skills is being carried out mainly by Public sector Training Institutions, of which main organizations are the VTA, DTET, NAITA, ICTAD, CHPB and NYSC. There are few other Private sector Training Institutions that are operating in the country, of which Seneko, Ratna and Jayalath Construction are important.

The total Training capacity available with all these Institutions is not more than 15,000 persons per year. Out of this also, only a much small number receives a satisfactory theoretical plus practical training due to the limitation of resources available with the Institutions.

Using all the above information, the VET Plan was prepared with the objective of fulfilling the total Training need by 2010. The Training gap as envisaged in the study is given in Table 6.1. The Plan has identified the most suitable Training Institutions for undertaking the given Construction Industry occupations and allocated the required number of Trainees per year (during the plan period) to be trained by those Institutions. However, no attempt was made to allocate the number of Trainees among each Institution and this should be allowed to be taken up by each Institution with the prior concurrence of TVEC.

The VET Plan was prepared to achieve the following four objectives.

- Provide formal Institutional Training for the new entrants to the Construction Industry with basic skills at the apprenticeship level;
- Provide advanced Skills Training for those who are in the same occupations;
- Provide Training for those workers who want to change their occupations or to acquire a wider knowledge of presently employed occupation; and
- Provide retraining and refreshing Courses to upgrade the knowledge of Professionals, Managers and Contractors etc.

In addition to the Technical and Craft level occupations, an attempt was made to identify the Training Plans, basically retraining and refresher Courses, for the benefit of Professionals, Managers, Administrators and specifically Contractors. Both Plans are being given in Table 6.2, Matrix showing the allocation of Trainees to different

Institutions by occupational categories and Table 6.3, the Proposed Training Plan for Professionals, Managers and Contractors.

An attempt was made to propose some measures for successful implementation of the VET Plan and monitoring its implementation performance.