

Removing constraints and meeting aspirations

Addressing youth unemployment

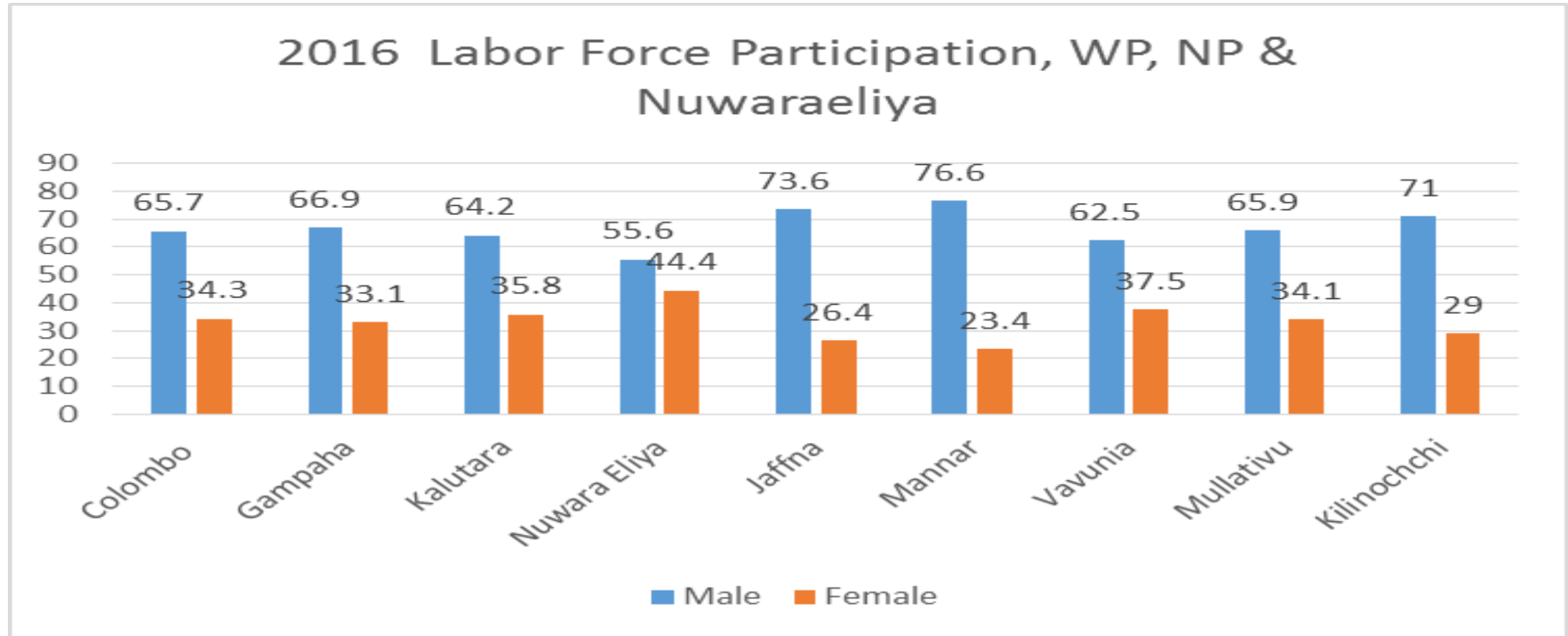
Rohan Samarajiva & LIRNEasia team
Jaffna Science Association Conference,
4th May 2017



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Labor Force Participation in Sri Lanka is low, especially among women (36.2%)

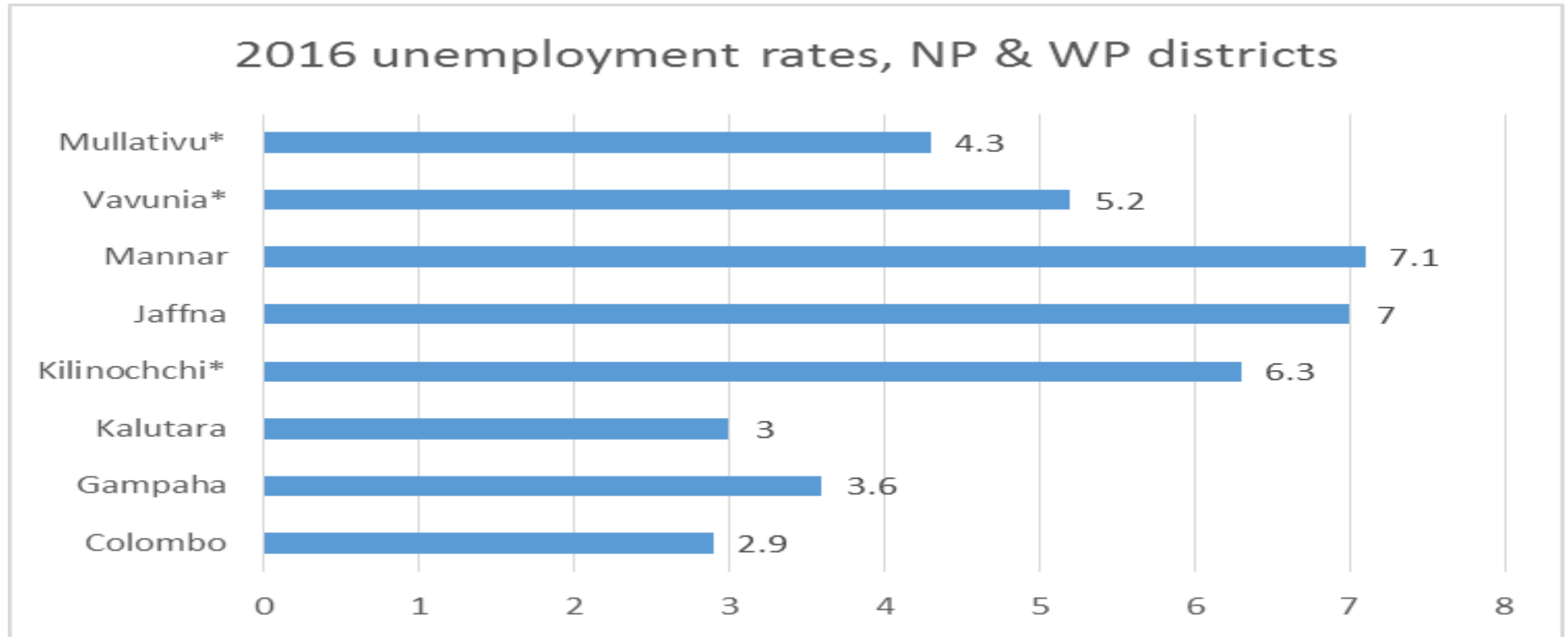


Sri Lanka's female labor force participation is unusual compared to peers

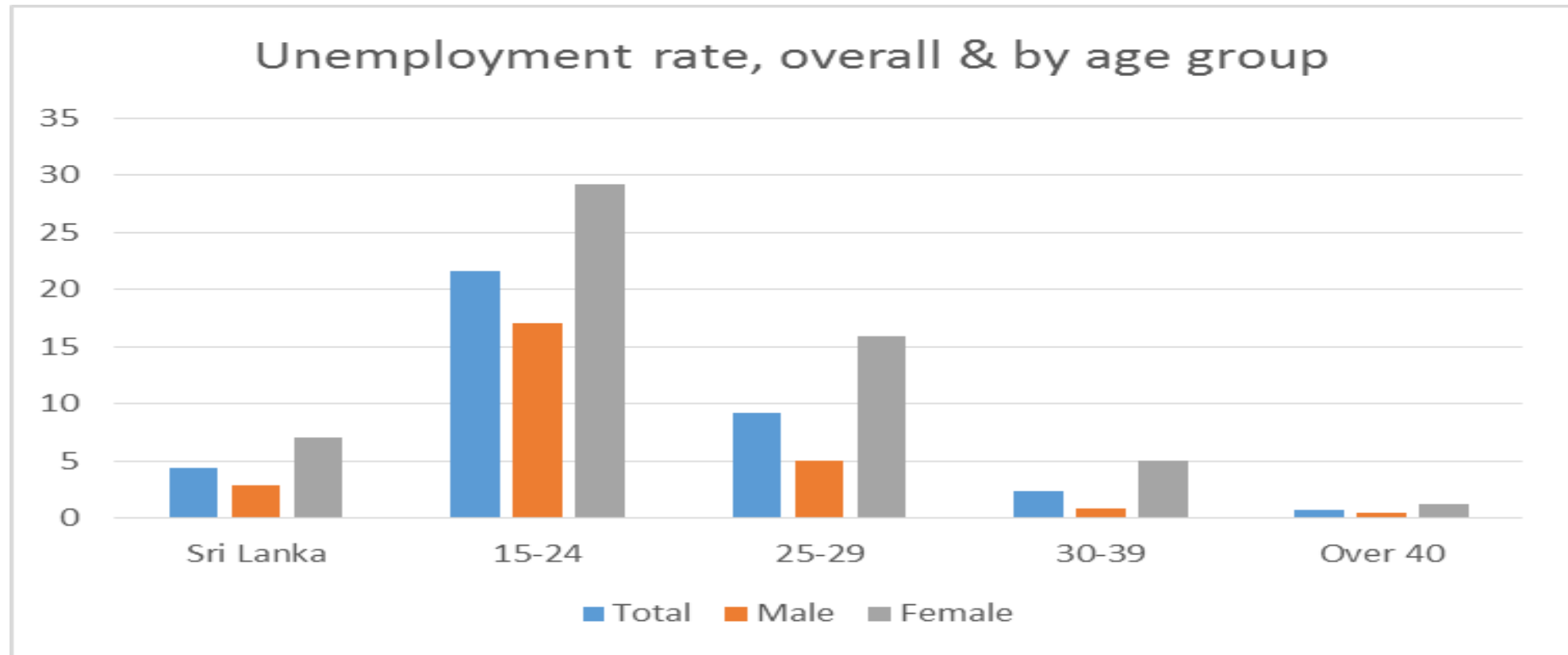
	2010		2011		2012		2013		2014	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Ghana	66.9	70.9	67.0	71.1	67.2	71.2	67.3	71.4	67.5	71.6
Indonesia	51.2	84.5	51.3	84.5	51.3	84.4	51.4	84.2	51.4	84.0
Sri Lanka	34.8	76.5	34.9	76.5	35.0	76.4	35.1	76.3	35.1	76.2
Thailand	64.4	80.9	64.4	80.9	64.4	80.8	64.3	80.7	64.2	80.5
Vietnam	72.3	81.3	72.5	81.6	72.8	81.9	73.0	82.2	73.2	82.5

Source: <http://data.worldbank.org/indicator/SL.TLF.CACT.MA.ZS>

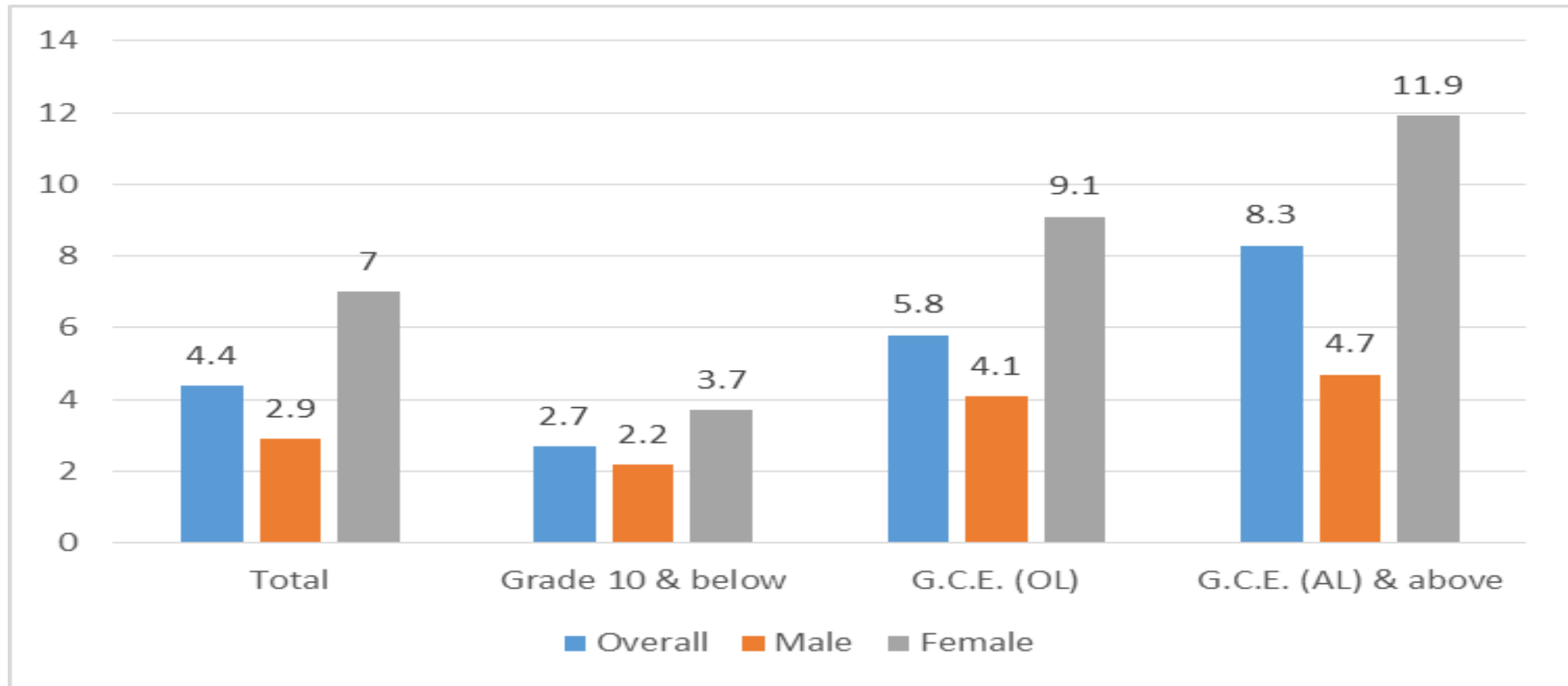
Sri Lanka's overall unemployment rate is a low 4.4%, but Mannar & Jaffna significantly higher



Unemployment rate for 15-24 yrs group is 4x national rate; for 25-29 group, it is 2x



More education → higher unemployment

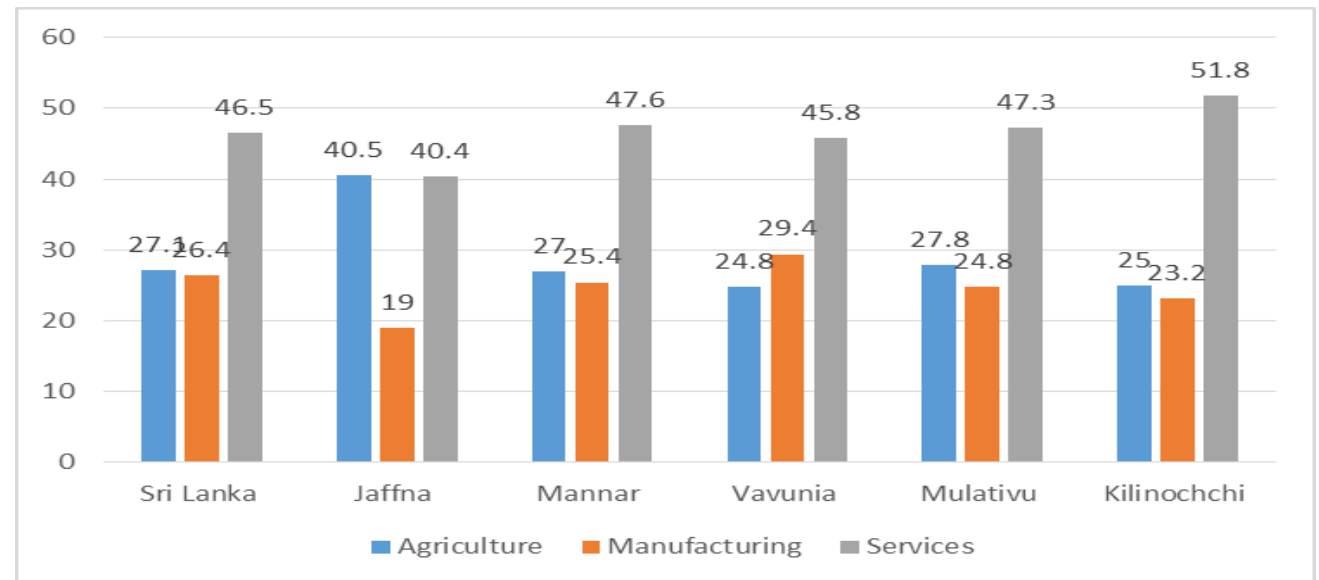


What the numbers tell us . . .

- Sri Lanka is not creating the kinds of jobs our young people want
 - Anecdotal evidence about the numbers of applications received for lowly government jobs
 - The demand for foreign employment
- Something is holding back women's participation in the work force
- More education → less employable
- Problems appear to be somewhat aggravated in the Northern Province

How to create the right kinds of jobs: Rewarding work in agriculture?

- Agriculture: 27% of the workforce producing 7.1% of GDP → low productivity
 - Jaffna District has 40.5% in agriculture
- If not the present workers, many in next generation will leave agriculture
 - Where can they be accommodated?
- Those who remain will require greater rewards



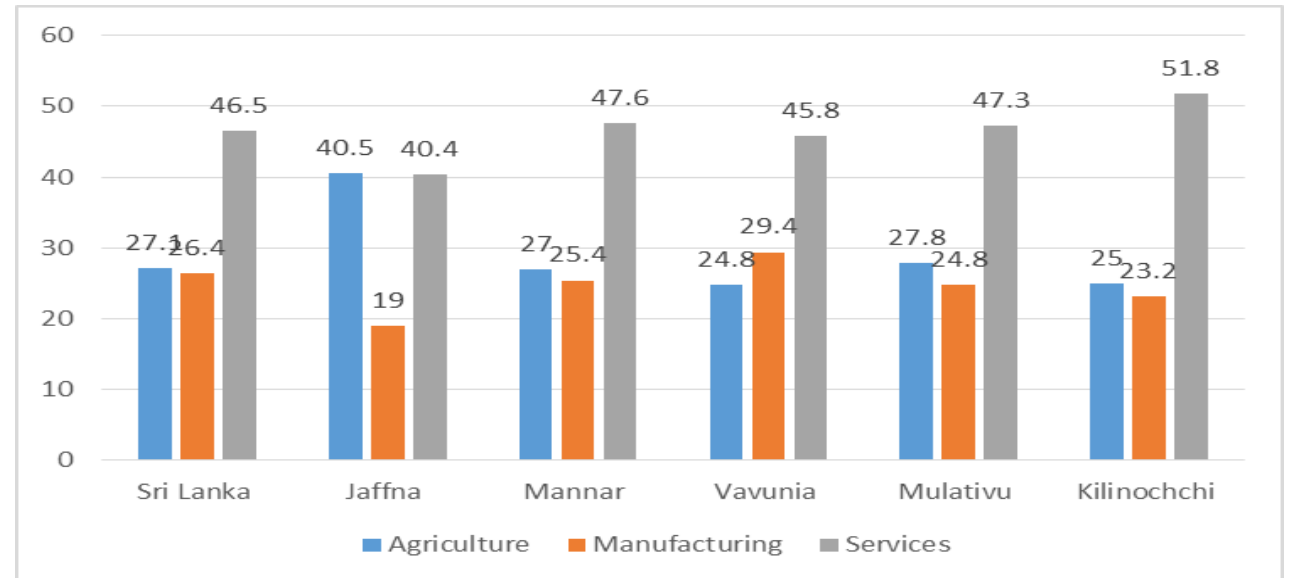
Connecting Jaffna farmers to global value chains

- Sri Lankan firms are increasing exports of fruits & vegetables but are experiencing difficulties
 - In getting adequate supplies
 - In ensuring quality, including adherence to Good Agricultural Practices (GAP)
 - As a result, containers are being rejected
- LIRNEasia is working with the Department of Agriculture on solutions based on smartphones
 - Information as needed in the field
 - Ability to transmit photos of diseased plants to 1920 (agri information call center)
 - If funding is obtained, we will be in Jaffna soon to introduce this information/communication mode

2014 (1)	information for attention	22/09/2014	2014.1308	Germany	serious	chlorpyrifos (0.53 mg/kg - ppm) and unauthorised substance carbofuran (0.25 mg/kg - ppm) in spinach leaves from Sri Lanka
2014 (2)	information for attention	10/7/2014	2014.0945	Switzerland	serious	unauthorised substances methamidophos (0.07 mg/kg - ppm) and acephate (0.83 mg/kg - ppm) in bitter melon (<i>Momordica charantia</i>) from Sri Lanka
2014 (3)	border rejection	6/6/2014	2014.AXO	Italy	undecided	quinalphos (0.165 mg/kg - ppm) in peppers from Sri Lanka
2014 (4)	information for attention	15/01/2014	2014.0058	Sweden	serious	chlorothalonil (1.5 mg/kg - ppm) and tebuconazole (0.28 mg/kg - ppm) and unauthorised substances carbofuran (0.95 mg/kg - ppm), dithiocarbamates (8.9 mg/kg - ppm) and chlorfluazuron (0.19 mg/kg - ppm) in mukunuwenna (<i>Alternanthera sessilis</i>) from Sri Lanka
2014 (5)	border rejection	13/01/2014	2014.ABS	Italy	undecided	tebuconazole (0.29 mg/kg - ppm) and unauthorised substance profenofos (9.0 mg/kg - ppm) in centella (<i>Centella asiatica</i>) from Sri Lanka

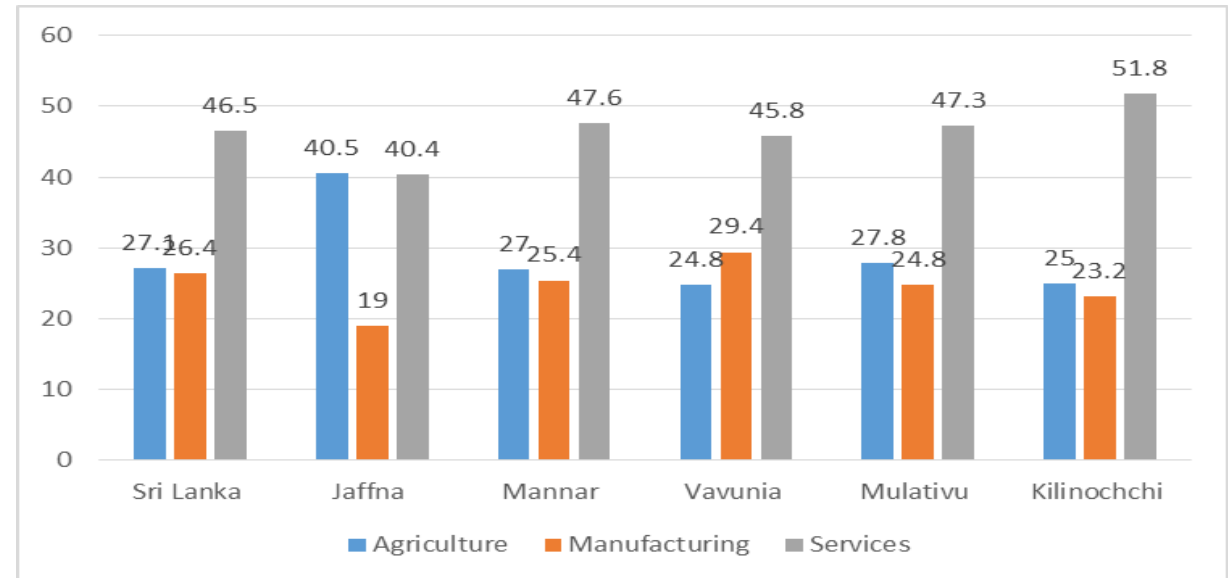
How to create the right kinds of jobs: Is manufacturing an option?

- We missed manufacturing bus because of investment going instead to Thailand and Indonesia in 1983
- Then, high energy costs & high labor costs prevented growth
- Only option is high-value manufacturing associated with global production networks
 - Trade agreements
 - Investors/entrepreneurs
 - Good transportation links, etc.



How to create the right kinds of jobs: Is services the answer?

- Services is a heterogeneous, residual category, including
 - Modern, well-paying employment such as in software
 - Pre-modern retail jobs, etc.
- Service employment will increase; the challenge is that of increasing proportion of good service jobs
- Good-quality services employment is likely to attract women currently sitting out the job market



Some software firms have established operations in the North; but more are needed



An example: Online freelancing
as a gateway

Buyers and sellers connected at lower transaction cost

Online freelancers with various offerings



- Students
- Those with day jobs
- Few others

**Register with a
online platform**



**Clients
looking for various
services**



- Companies
- Professionals
- Individuals



Findings of multi-pronged research conducted in Sri Lanka in 2016

Quantitative component

- Nationally representative survey of 16-40 year population (n=5,377)
- Survey of potential freelancers (n=160)
- Survey of current freelancers (n=85)

Qualitative component

- Focus group discussions with freelancers, potential workers (youth & young mothers)

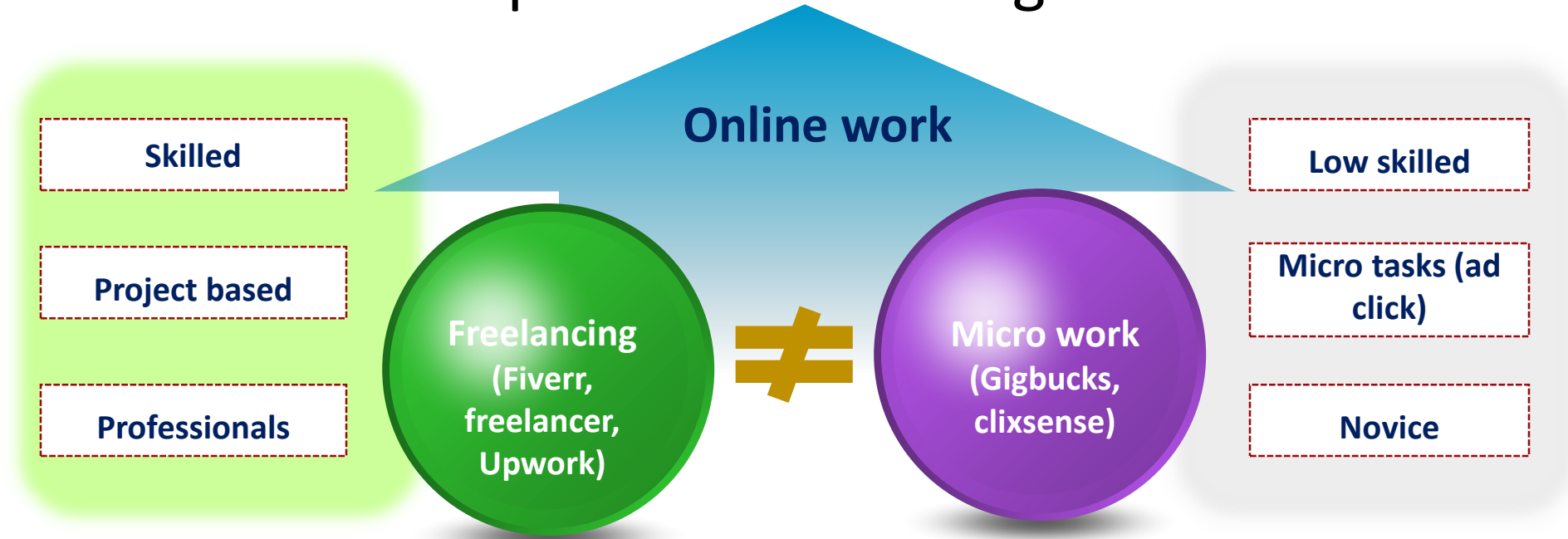


Focus group discussions in Jaffna



Focus group discussions in Colombo

Freelancing differs from microwork; majority prefers freelancing



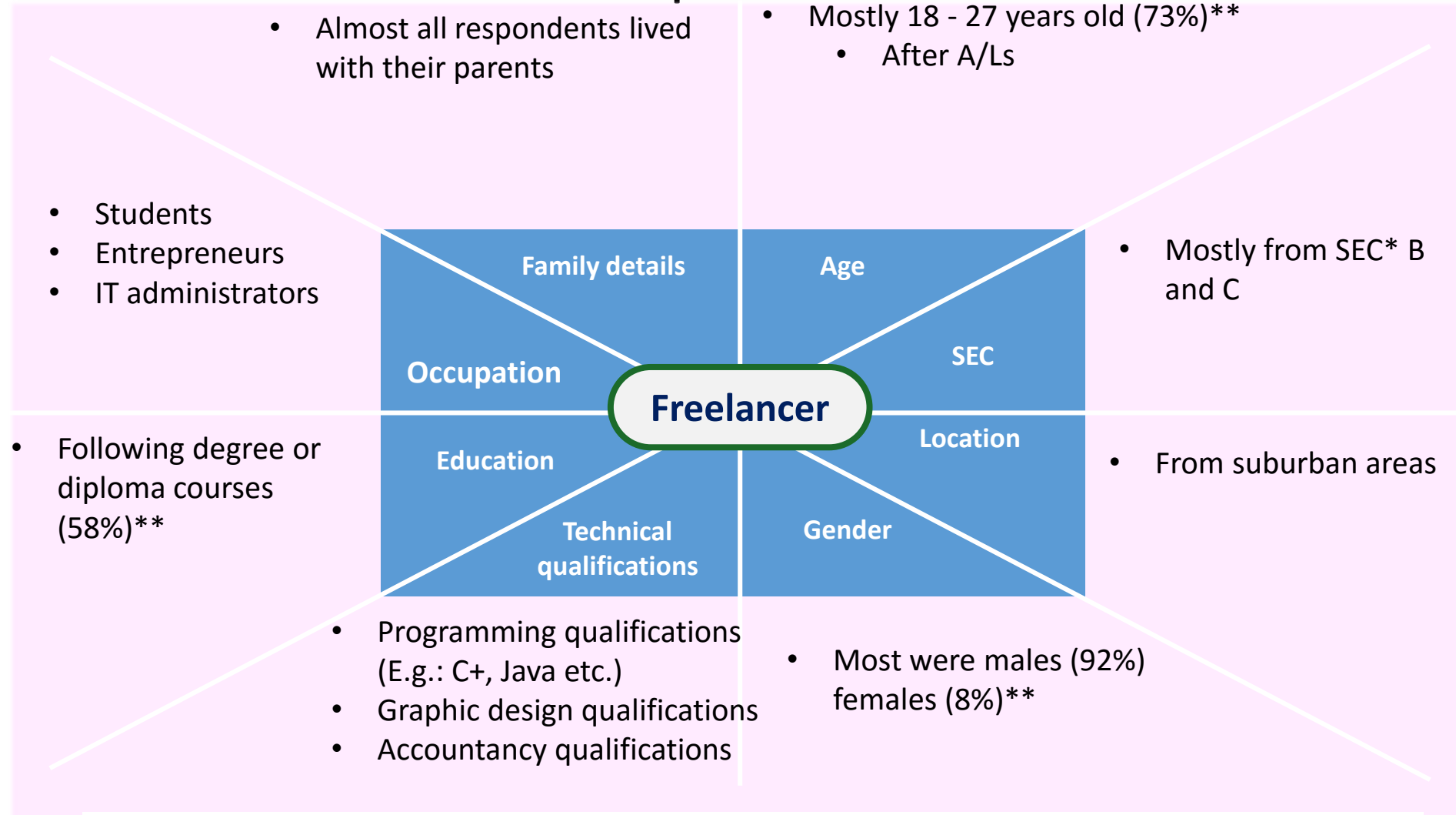
Advantages

- Value commensurate for time spent
- Skills necessary
- No issues with payments

Disadvantages

- Not worth the time spent
- Difficult to get payments
- Takes time to fulfill minimum requirement
- Some freelancers start with micro work but migrated to freelancing

Most respondents between 20-28 yrs and lived with parents



*SEC – Socio Economic Class, measured through occupation and education of chief wage earner of the household

** Survey with Freelancers (n = 84)

Scoping the online freelancing industry in Sri Lanka

We estimate 17,000 - 22,000 online freelancers in Sri Lanka

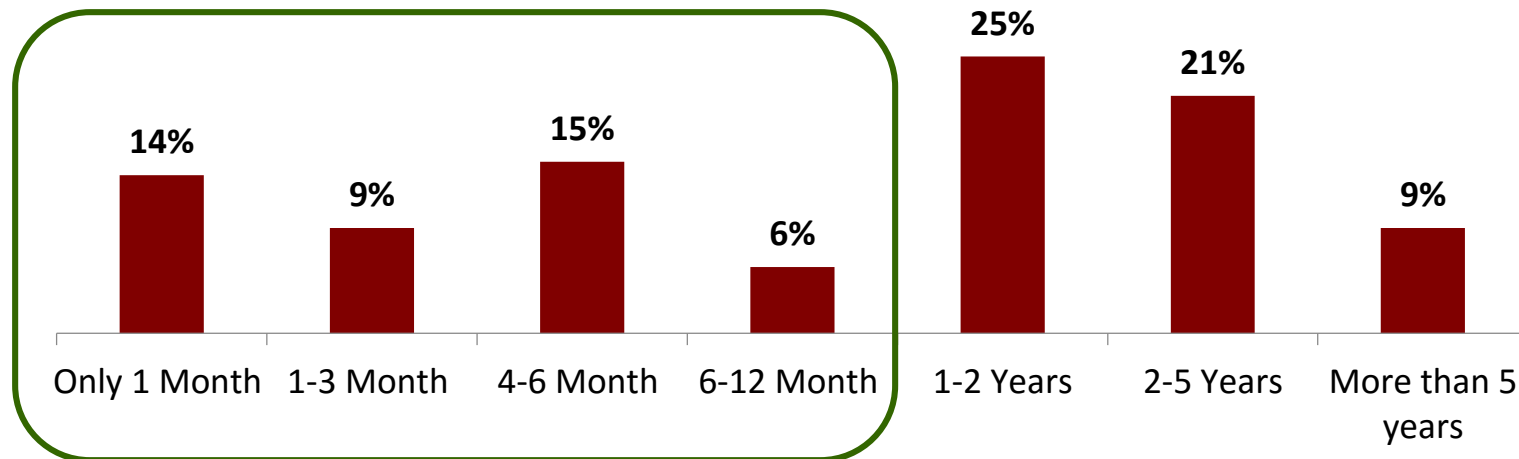
22,000

Freelancers based on nationally representative survey

17,000

Freelancers based on counting platform registration + estimation

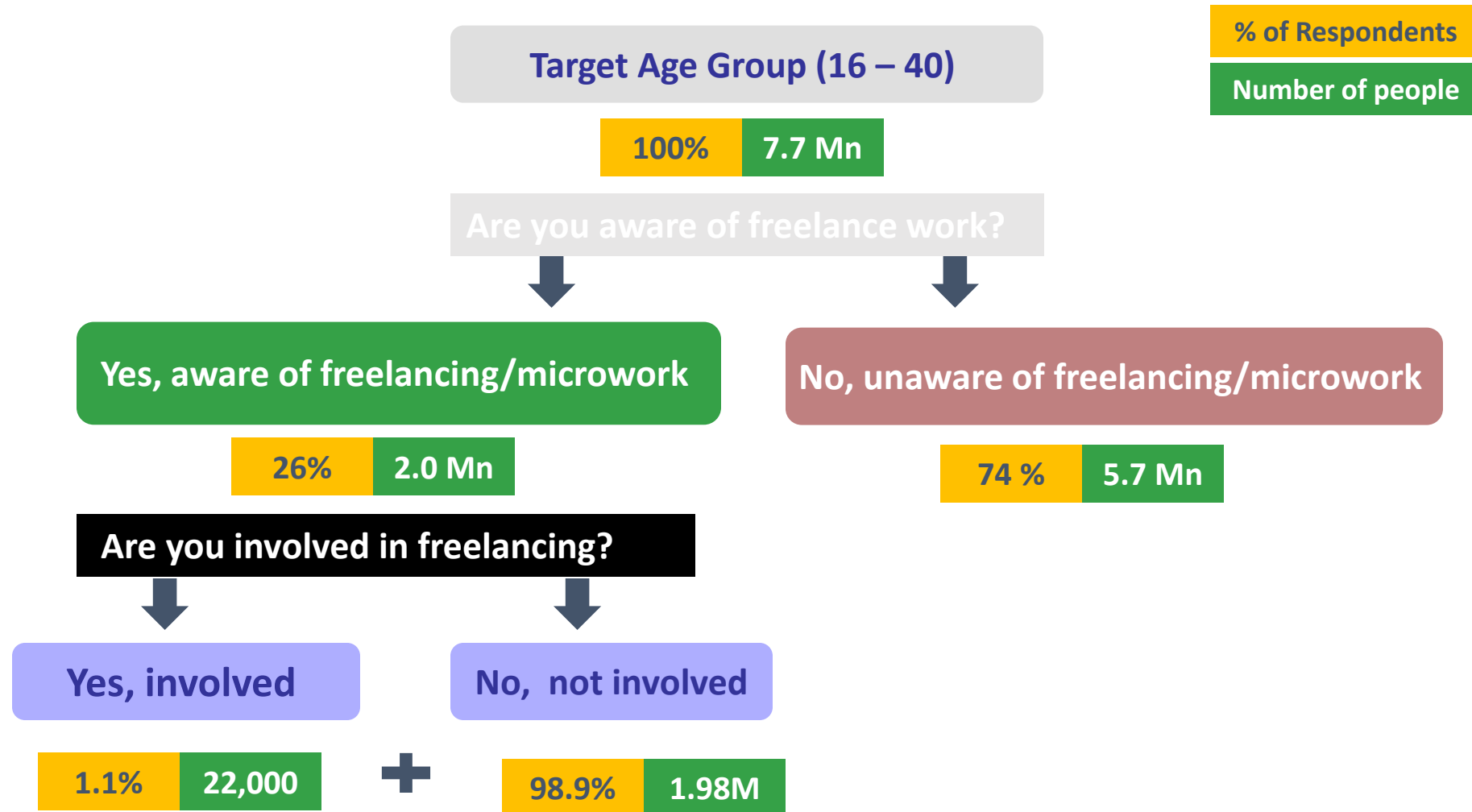
Duration as freelancers, based on non-representative survey



Growing at a rate of 44% per year

Base: Freelancer Survey
All Respondents (86)

Based on representative survey, we estimate 22,000 freelancers



Out of which 7,700 registered within last 6 months. Further validate the annual growth of 44%

Estimated 17,000 freelancers registered in platforms with 1.5 accounts per person

Freelancing /Microwork Platform	% of Respondents	Number of Freelancers	Alexa Ranks (2015 – 2016)
Fiverr	60%	10,020**	64 →32
Freelancer	33%	5,511 *	289 → 257
Upwork	29%	4,910 *	264 →235
Adsense	13%	2,154	
Peopleperhour	6%	985	
Click Sense	6%	985	
Neobuxs	4%	585	
Total Freelancer accounts	151%	25,150	
No. of unique freelancers	Ave of 1.5 accounts per person	App. 17,000	

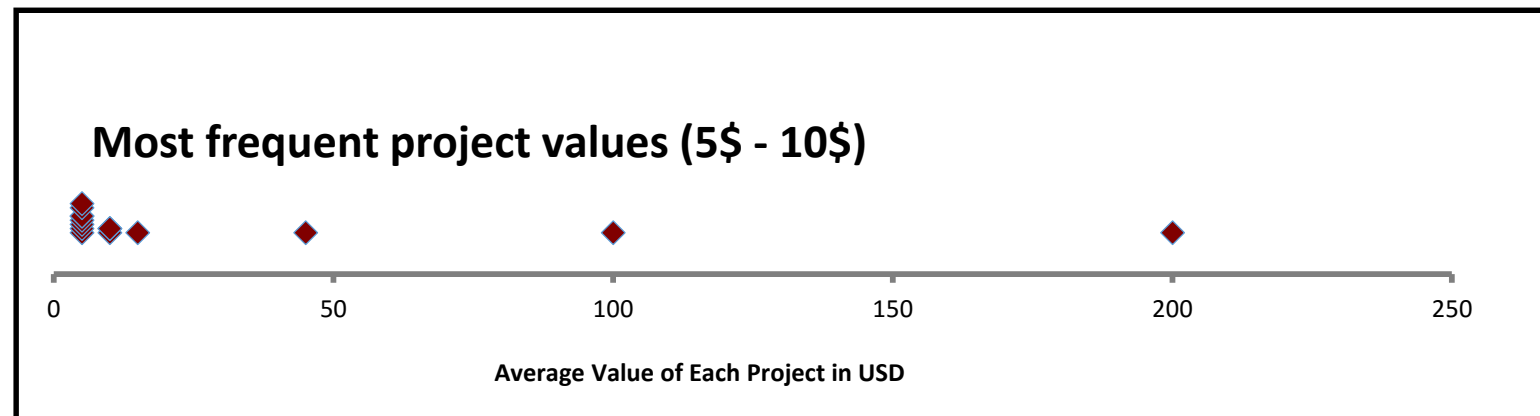
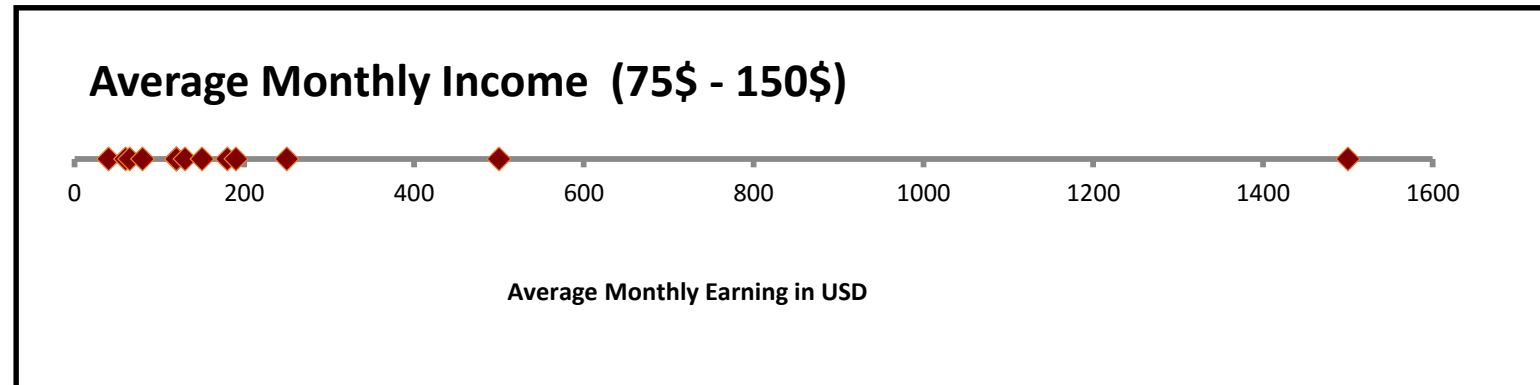
* Physically counted number of Sri Lankans registered

**Fiverr does not report registered sellers by country. Number of Fiverr users estimated based on other platform numbers

Base: All Respondents (86)

Benefits from freelancing

By working 2-3 hrs/day can even earn LKR 20,000(USD 140);
close to LKR 50,000 (USD 350) if full time



Source : Survey with Freelancers (n = 84), Focus group discussions (n=28)

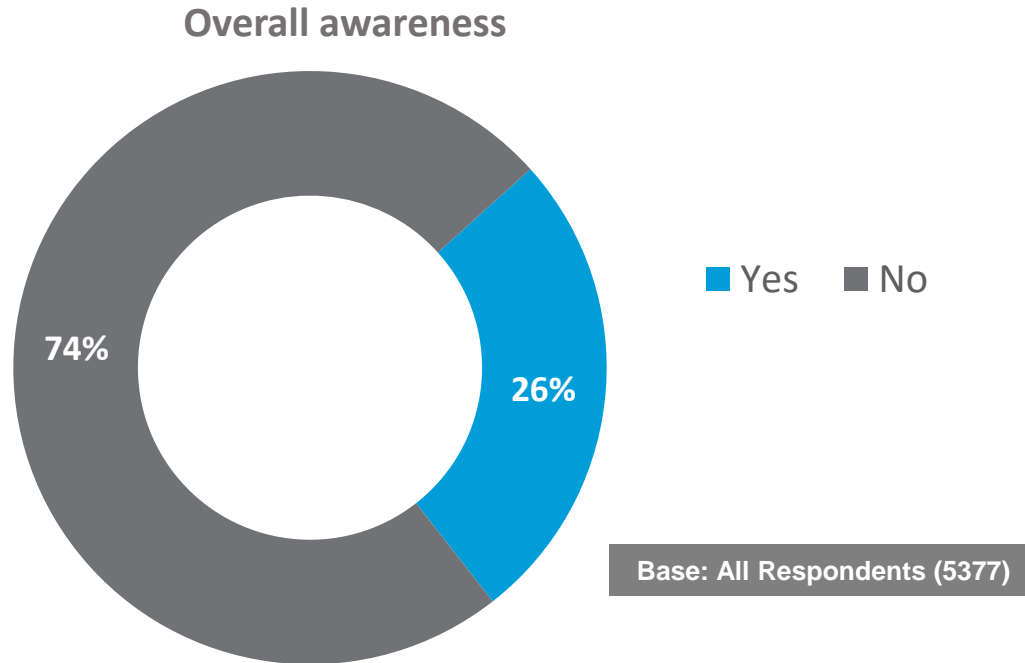
Online freelancing is a gateway to service-sector jobs and start ups

- Improvement in soft skills
 - Learning to manage clients (local and international)
 - Meeting deadlines
 - Communicating effectively with clients
 - Negotiating a deal
 - Managing client expectations
- Opportunity to master specific skills (e.g., logo design, translation, programming)
- Freelancers gradually move away from platforms and become entrepreneurs
 - Rajika : Freelancer → Entrepreneur
 - Formed startup with an Australian Partner to provide graphic design services mainly for European and Australian clients

Awareness of and willingness to engage in
freelancing

26% of 16-40 age group aware of online freelancing

At national level, within 16-40 age group only 26% were aware of freelancing/microwork



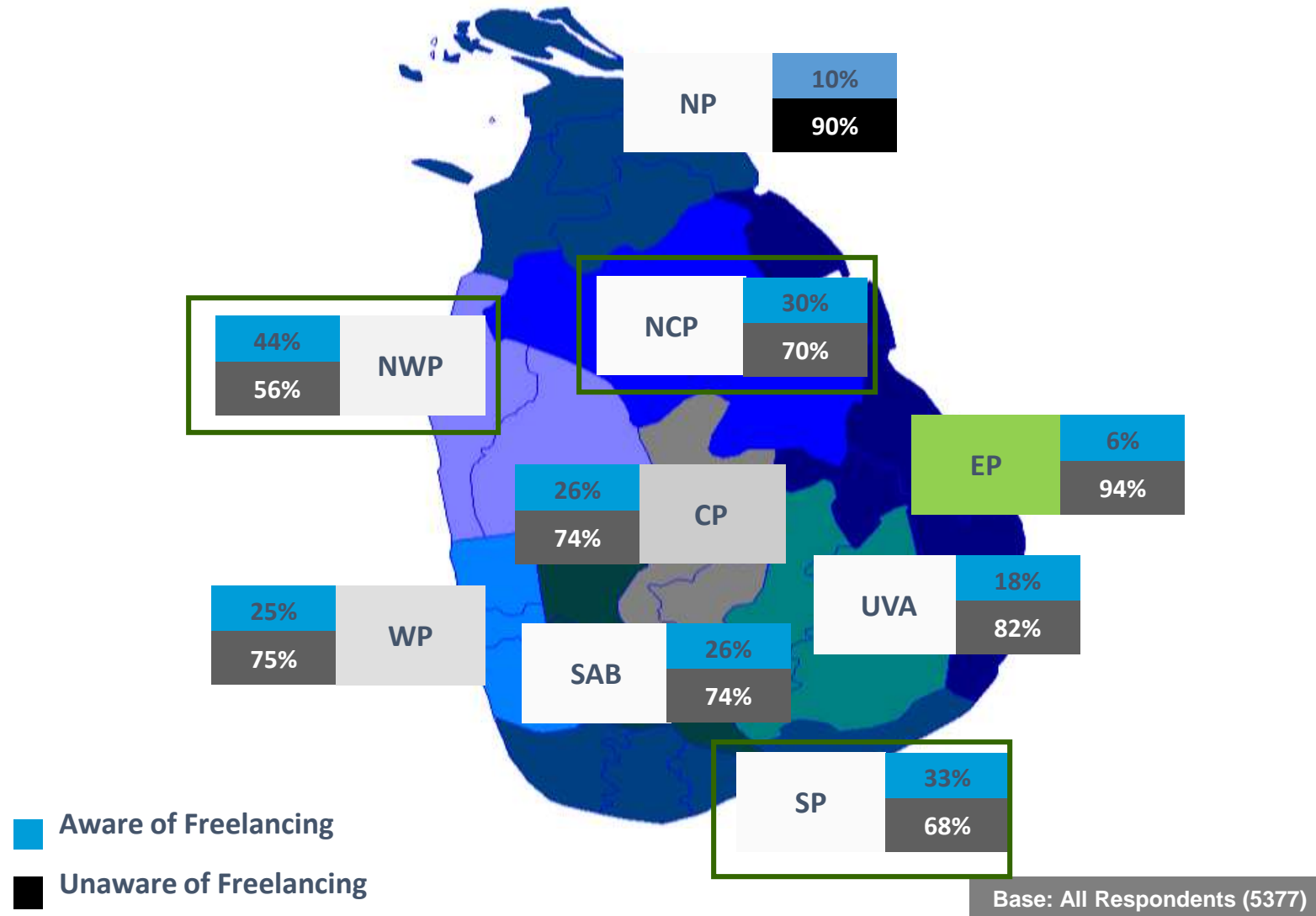
Q: Are you aware of freelance work / money earning jobs through online platforms?

Description of Freelancing

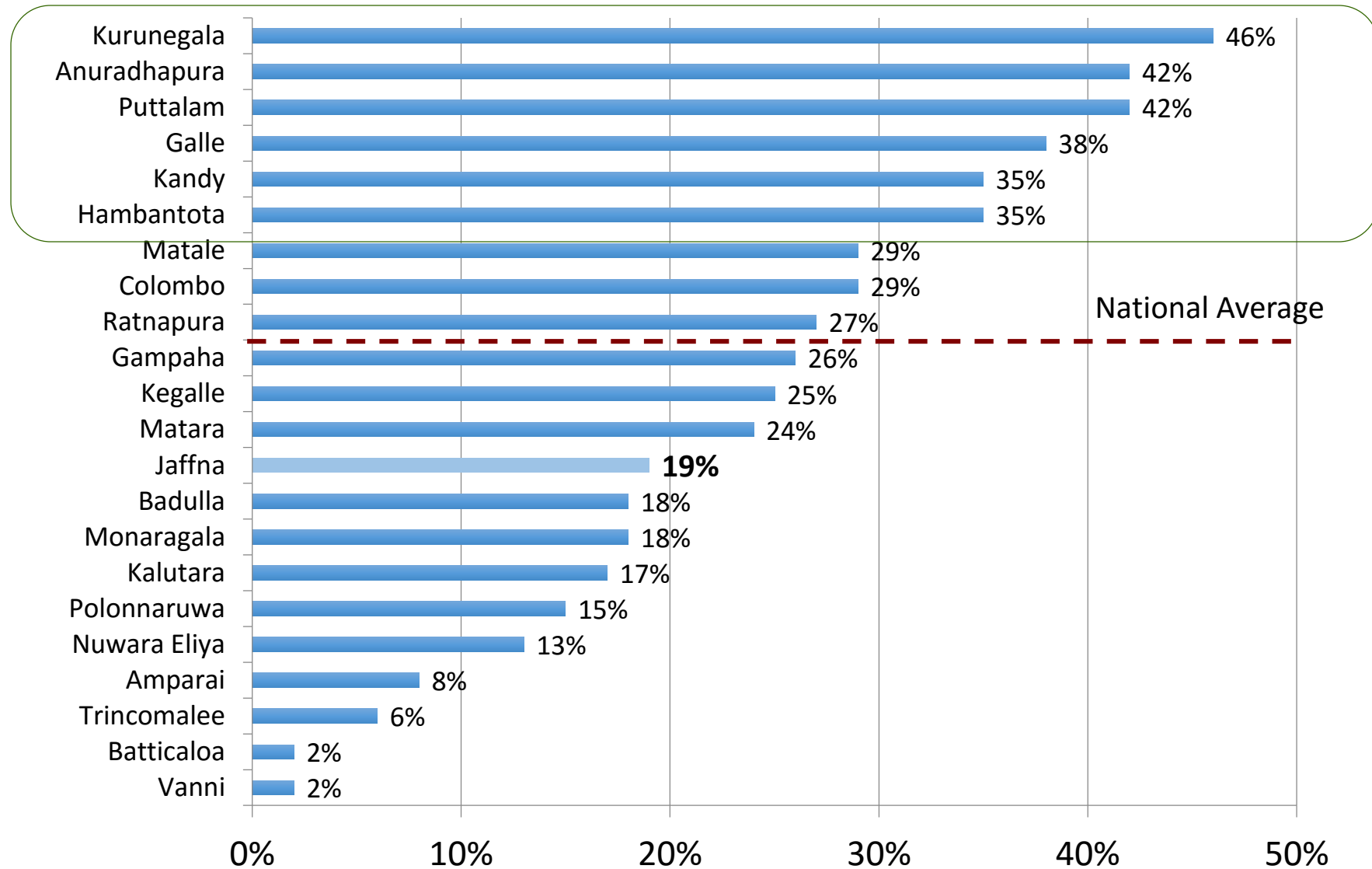
By freelance work we refer to situations where a person is usually self-employed, works for different companies or individuals on assignments, and usually gets paid per assignment. Work usually includes web designing, logo design, creative writing, and accounting. The freelancer usually works from home or another location that is unconnected to the firm/individual who is paying for the job.

Awareness higher in NWP, SP, NCP, CP & SAB than in WP

Awareness of Freelancing

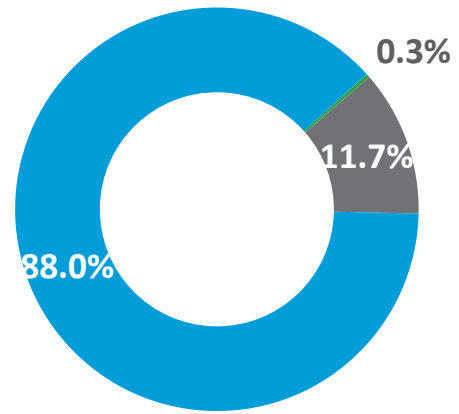


Kurunegala, Anuradhapura & Puttalam Districts have highest awareness; Gampaha below national average



12% of 16-40 age group willing to freelance but face barriers

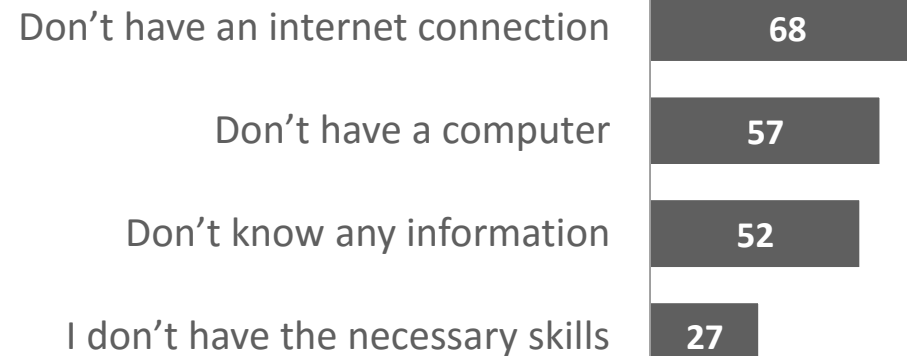
Willingness to work
Total Population (16-40)



- Currently working
- Willing to work
- Not willing to work

Base: All Respondents (5377)

Willing to work, but face barriers



Base : Those who are willing to work

Problems associated with online freelancing

Reported negatives

Inability to maintain work life balance/ Difficult to do with day job

Low job security

Platform takes cut and favours the buyer

Highly competitive and price sensitive

Low trust among freelancers on payment methods

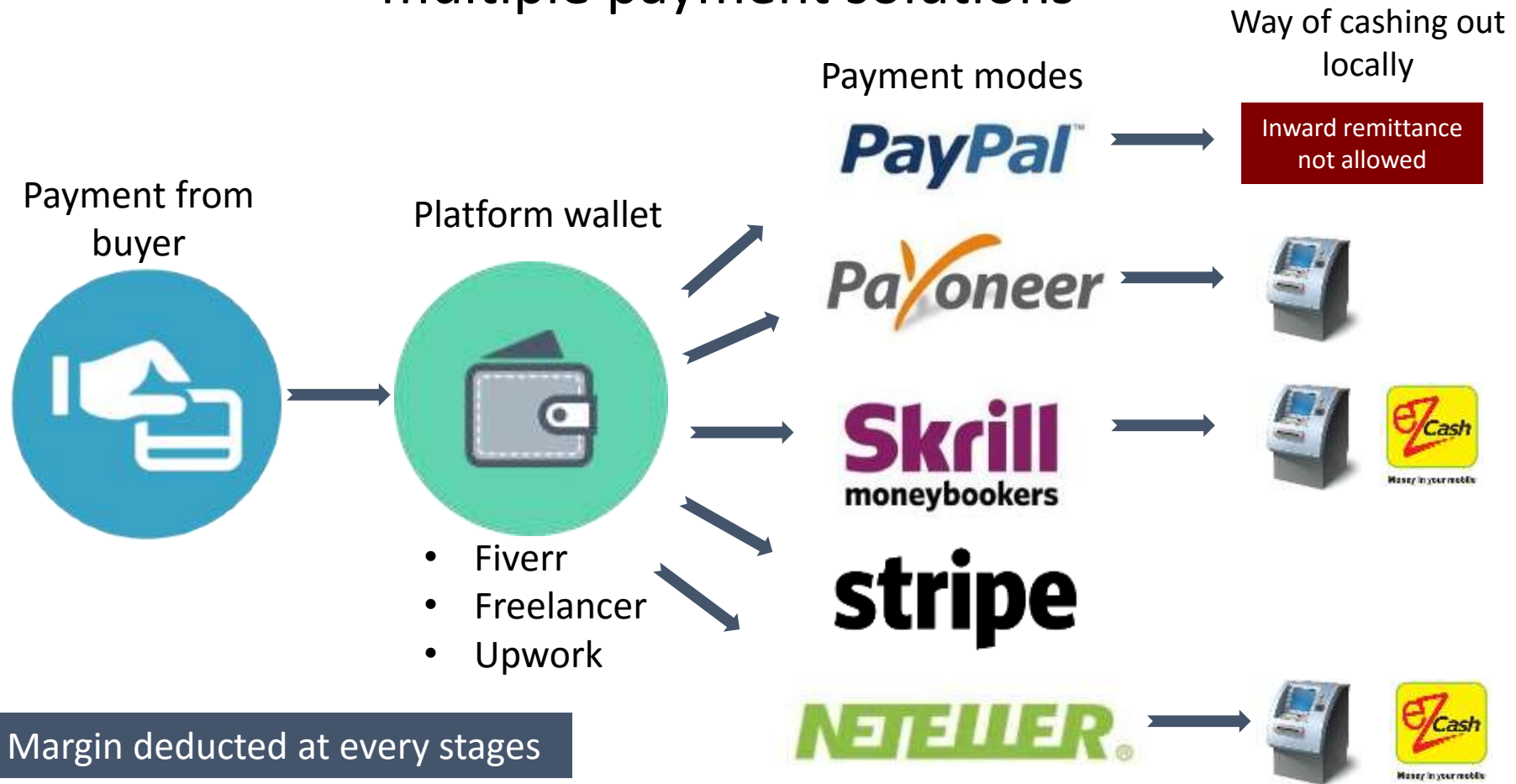
Buyer has more bargaining power and platforms are biased toward the buyer

Low uploading speed of broadband

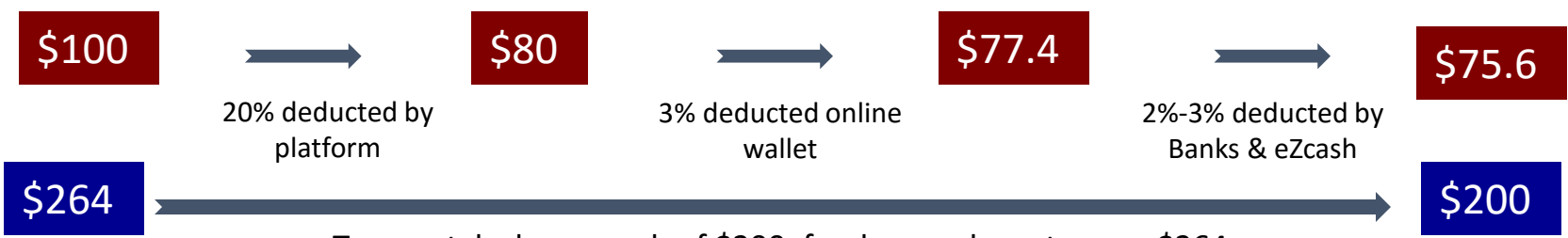
Managing perception of family and society → working from home

Online payment modes and inward remittance

Paypal still a problem, but freelancers work with multiple payment solutions



Margin deducted at every stages



\$264 → \$200

To earn take home cash of \$200, freelancers have to earn \$264

Solutions for freelancers

What online freelancers need

Better inward-
payment
mechanisms

Insurance solutions
to reduce earning
volatility

Ways to
demonstrate
creditworthiness

Improve social
perception and
image

Summary

- Online freelancing is a new ICT-based employment opportunity, gaining popularity among Sri Lankan youth
 - Estimated 17,000-22,000 online freelancers in Sri Lanka in 2016, growing rapidly
 - Youth earning attractive incomes through freelancing
 - Freelancing is a gateway to service sector jobs and entrepreneurship
- Freelancers are service exporters who bring significant income to the country
- Better inward-payment mechanisms, insurance, proof of creditworthiness and improved perceptions within society can help