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Exploring the Factors Behind

Low Female Labor Force Participation in Sri Lanka

Asian Development Bank · December 2025

Sri Lanka's Female LFP Rate

32%

2023 Female LFP Rate
vs. 49% Global Average

**+21% potential
GDP boost if gap closed**

The Sri Lanka Paradox

High educational attainment — yet among the lowest female labor force participation in Asia



Girls Outnumber Boys

Girls outnumber boys in secondary and tertiary education enrolment. Gender parity exists in primary school enrolment.



Low Female LFP

Only 32% of women participate in the labor force — just above South Asia's average and well below the global 49%.



Huge Economic Cost

Closing the gender gap could raise Sri Lanka's GDP by 21%. Inaction leaves enormous growth potential unrealized.

Study Design & Methodology

A mixed-methods approach combining literature review with original empirical analysis

Literature Review

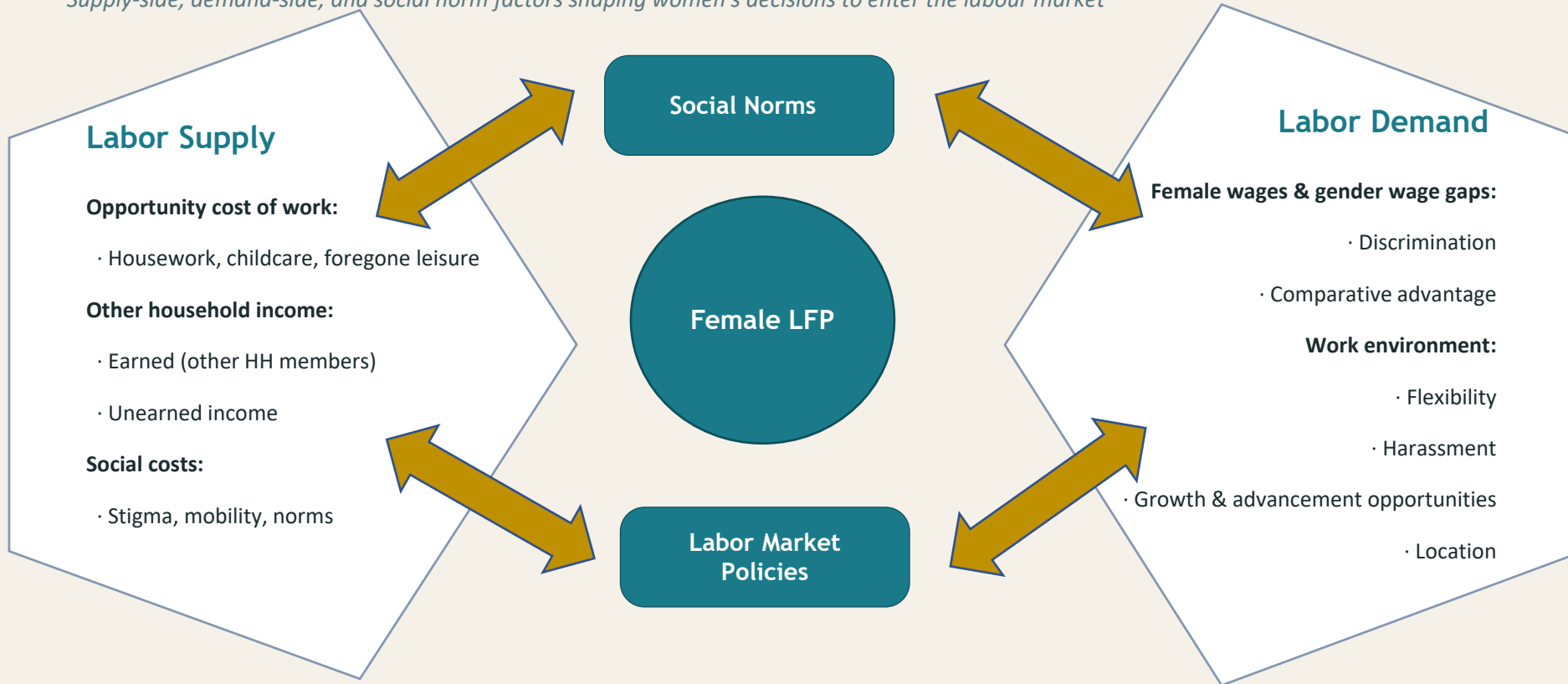
- Comprehensive review of existing literature on FLFP in Sri Lanka
- Historical trend analysis: 1946–2023
- Conceptual framework: supply-side, demand-side & social norms
- Identification of legislative gaps using Women, Business & Law Index
- International best practices for policy benchmarking

Empirical Analysis

- Primary dataset: Labour Force Survey (LFS) 2019 — n = 19,351 women
- Supplemented by HIES 2019 and DHS 2016 for district-level data
- Three analytical subgroups: ever-married women 25–64 (urban/rural), estate sector women, young women 15–24
- Multivariate regression with district fixed effects
- Pre-crisis 2019 baseline — unaffected by COVID-19 / 2022 economic crash

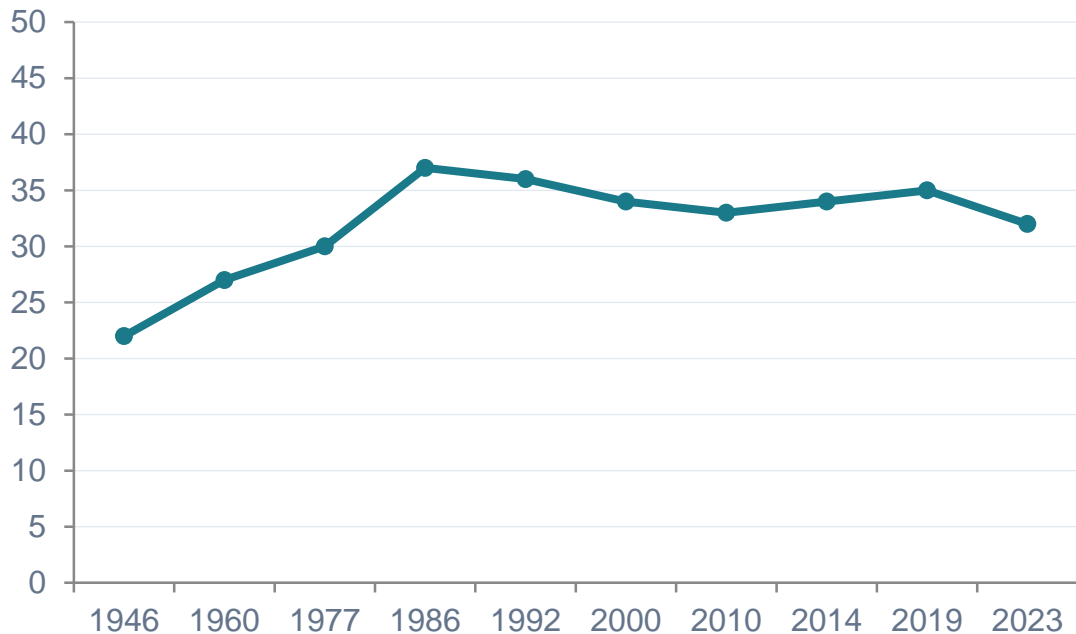
Conceptual Framework for Female LFP

Supply-side, demand-side, and social norm factors shaping women's decisions to enter the labour market



Trends in Female Labor Force Participation

Female LFP Rate 1946–2023 (%)



Source: World Bank WDI; DCS Sri Lanka; Kiribanda (1997); Verick (2023); Author's estimates

1945 Free Education Policy

Boosted female educational attainment; LFP grew through 1950s–1960s with the expansion of education and health services

1977 Economic Liberalization

Female LFP growth outpaced males in 1980s; garment boom

Post-1990 Stagnation

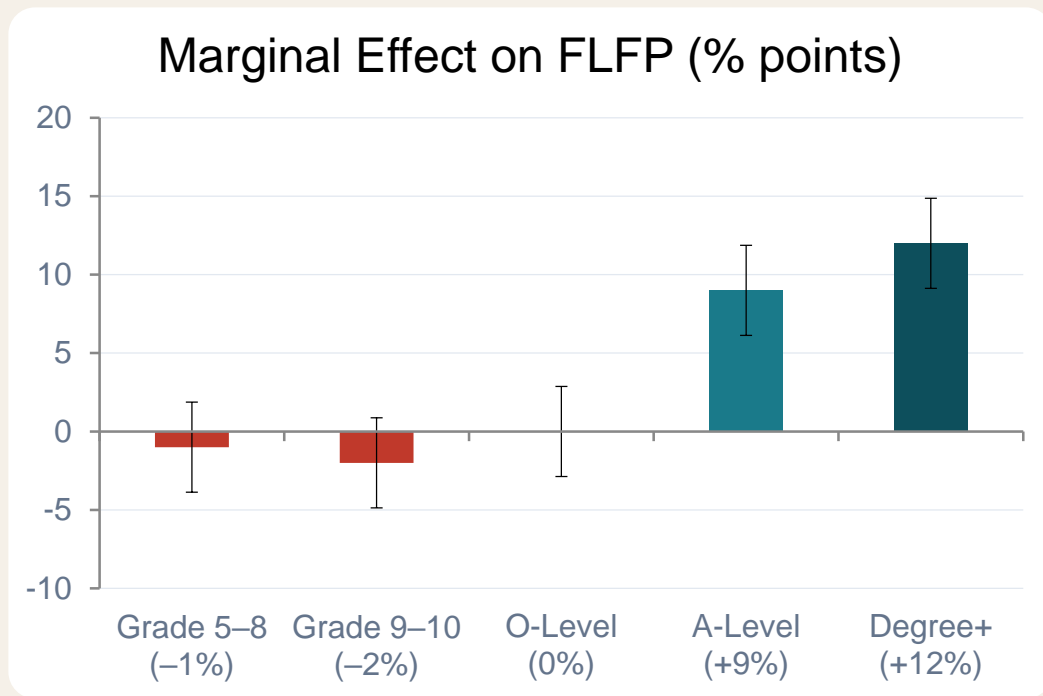
Rising household incomes → income effect; FLFP declined among educated married women

2022–2023 Crisis

FLFP fell to 32%; discouraged-worker effect dominated

Education: The Most Powerful Enabler

Advanced-level education dramatically raises both participation and access to decent work



+160%

More likely to enter government employment with A-Level vs. inactive

+45%

More likely in formal private employment with each year beyond A-Level

16-18%

Only 16-18% of women aged 25-64 have completed A-Levels

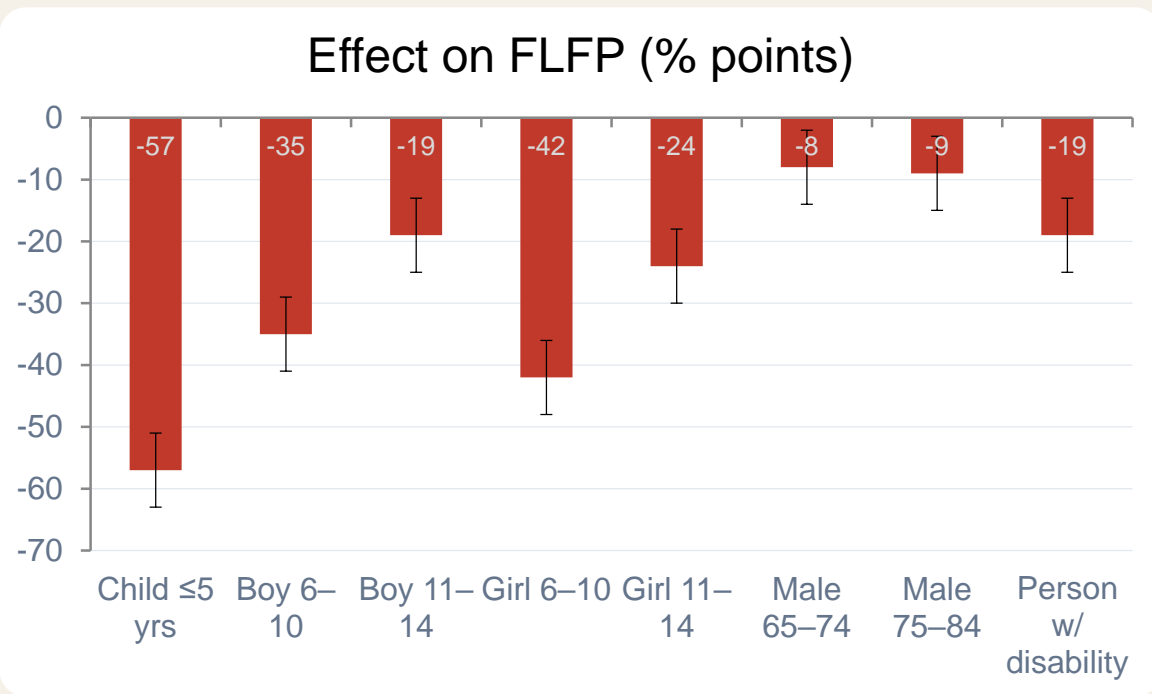
4-5%

Only 4-5% hold a degree or other tertiary qualification

Source: Author's estimates, LFS 2019. Estimates are marginal effects from multivariate model with district fixed effects. See Figure 11 in the report.

Caregiving: The Primary Constraint

Presence of young children, older adults, or persons with disabilities sharply reduces female LFP



57%

Reduction in LFP with a child under 6 in the household

-98%

Likelihood of formal private employment with child under 6

4.1h*

Time that women spend daily more than men on unpaid domestic activities and caregiving activities

14%

Estimated contribution of unpaid care work to Sri Lanka's GDP

Women spend the equivalent of

**62 more
days per year**

on unpaid care &
domestic work than men

4h 6min

more per day

1,496.5h

more per year

187 days

more working days per year

8.5 months

more working months per year

The Hidden Economy: Unpaid Care Work

Mean hours per day on unpaid domestic & caregiving activities — Sri Lanka, 2017

1.5 hrs



Men

VS

5.6 hrs



Women

12% of GDP

Estimated value of women's unpaid work in Sri Lanka (Gunewardena & Perera, 2023)

Source: DCS. 2020. Sri Lanka Time Use Survey Final Report – 2017, Figure 6.13 (population aged 10+, ICATUS 2016). *1,496.5h ÷ 8 = 187 working days; 187 ÷ 22 = 8.5 months.

Income Effects & Social Norms

Higher male earnings reduce female LFP; traditional gender roles reinforce the 'secondary worker' dynamic

Income Effect

- Higher male earnings → women less likely to enter formal/self-employment
- Educated spouses further reduce women's informal & family work
- Widowed or separated women are 26–29% MORE likely to participate — economic necessity overrides norms

Social Norms

- Marriage restricts employment to narrow occupational range, especially for less-educated women
- Higher adult male share in household lowers FLFP by 18–21 pp
- District domestic violence rate has small negative effect on participation

-21pp

Fall in LFP when adult male share in household rises

+26%

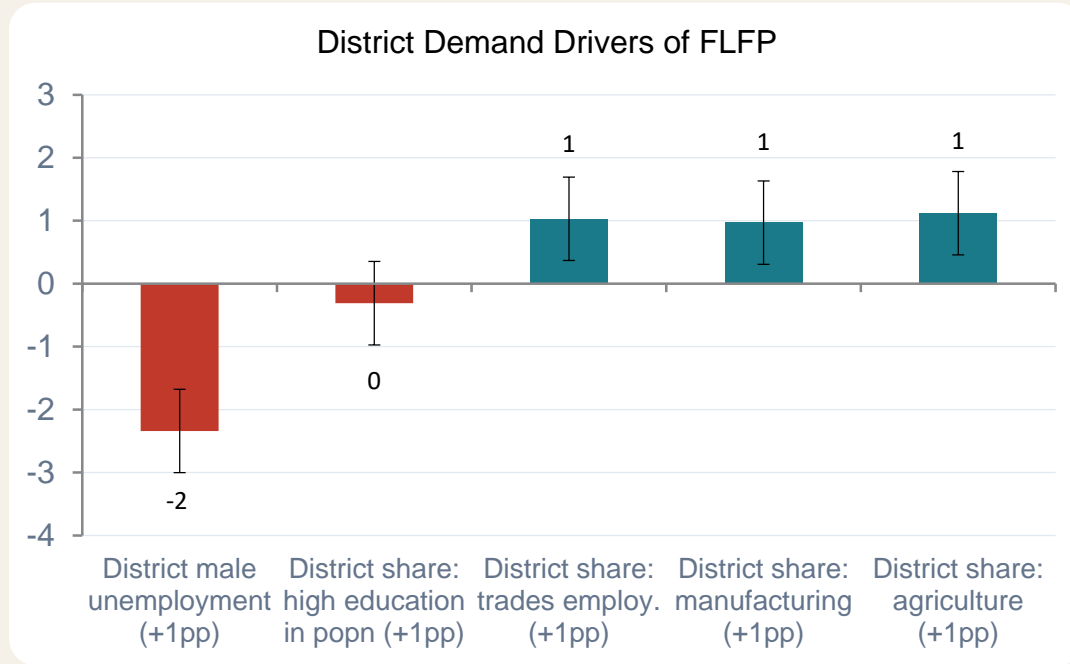
Higher LFP among divorced or separated women vs. currently married

~70%

Married women with a child <5 NOT participating in waged work (2010)

Labor Demand & Geographic Disparities

Women are 'discouraged workers' — district-level demand conditions strongly shape participation



- A 1pp rise in district male unemployment reduces female LFP probability by 198–234pp — strongest signal in the model
- Women compete poorly in crowded labour markets; employer gender bias may amplify the 'discouraged worker' effect
- Northern & Eastern Province districts show significantly lower FLFP even after controlling for individual & household characteristics
- Urban districts (Colombo, Gampaha) have lower FLFP than agricultural districts — fewer informal 'fallback' employment opportunities in cities
- Estate sector shows the highest FLFP (61–64%) but the narrowest occupational range — almost exclusively low-wage plantation work

The Estate Sector: High Participation, Deep Inequality

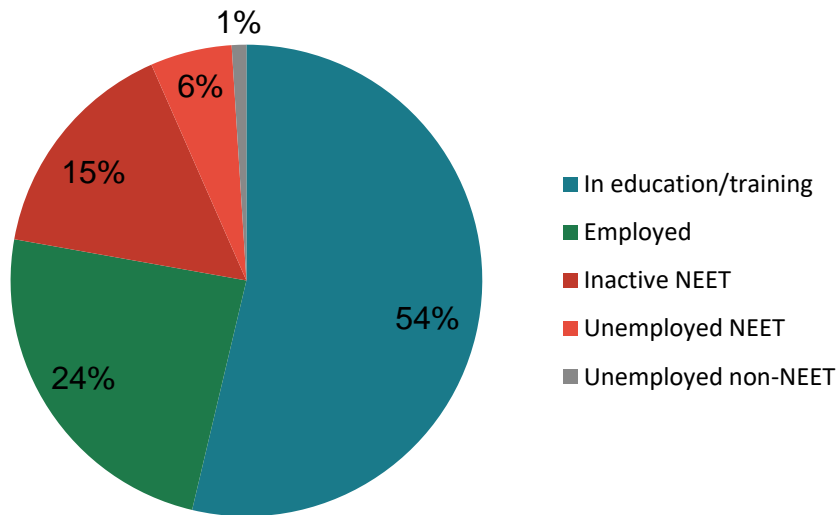
Women in tea and rubber plantations face extreme human capital gaps and structural poverty traps

Indicator	Urban/Rural	Estate
Female LFP Rate	40–41%	61–64%
A-Level completion	16–18%	~3–4%
Digital literacy	31–36%	10–13%
English literacy	19–21%	4–5%
Vocational training	7–8%	1–2%
Primary employer	Gov't / private	Plantation company
Dominant occupation	Mixed (incl. white-collar)	Agricultural labor

- Estate sector women work primarily in low-income formal agricultural employment with minimal flexibility
- Employer provision of some on-site childcare means caregiving has less impact on LFP — but older daughters substitute as caregivers
- Presence of a person with a major disability reduces private sector employment by 91–93%
- When men in the household are more educated, women escape the most arduous manual labour — but gains are very limited
- Female plantation workers earn ~SLRs 1,000/day (≈ \$3.50) — subject to weight-based deductions with no performance pay for women who outperform quotas

Young Women Aged 15-24: Education or Employment?

Distribution of Youth (15–24), 2019



Source: LFS 2019; DCS Annual Labour Force Survey 2019 Report; Author's calculations

22% LFP Rate

Low because 54% are still in education — this is a positive sign, not a failure

29% NEET Rate

Among women compared to 13% among men. Marriage & childbirth account for much of this gap — excluding ever-married women drops NEET to 18%

30% Unemployment

Among those in the labour force, 30% are unemployed — educated women wait longest for suitable formal jobs

Digital access = jobs

+24–26% employment likelihood with digital device access — the single strongest lever for this age group

Crises Widened the Gender Gap

COVID-19, the 2022 economic crash, and multiple shocks disproportionately affected women workers

2019

Easter Sunday Attacks

Tourism & hospitality — female-heavy sectors — lost revenues immediately

2020-21

COVID-19 Pandemic

School closures added care burden; women were twice as likely as men to cite household duties as affecting productivity

2022

Economic Crisis & Default

GDP -7.8%; textile manufacturing contracted 18.4%; SME sector shrank ~22% — all sectors with high female concentration

2022-23

Brain Drain & Migration

535,000+ Sri Lankans emigrated; skills shortages concentrated in female-dominated manufacturing & services

Policy Implications

Four Pillars of Reform

1

Upskilling Women & Girls

2

Enhancing Workforce
Participation

3

Fostering Inclusive Policies

4

Shifting Social Norms

Pillar 1: Upskilling Women & Girls

Education and skills are the strongest positive drivers of FLFP and decent work access

Extend Compulsory Schooling to A-Level Completion

Mandatory school leaving age was raised to 16 (O-Level) in 2016. Raising to A-Level completion would be transformative: each A-Level year raises LFP by 9pp and formal employment probabilities by 160%.

Key action: Strategic plan for the final 2 years of secondary school focused on learning quality, English, and digital skills.

Expand & Strengthen Vocational Training (NVQ 1-4)

NVQ training raises LFP by 10–11% and complements rather than replaces A-Level education. Barriers include financial constraints and low institutional awareness.

Key action: Public–private partnerships; targeted scholarships for estate sector and poor districts; align curricula to high-growth sectors (tech, manufacturing, renewables).

Improve Digital Literacy & English

Digital literacy raises LFP by 5–9pp; English proficiency boosts formal sector employment. Yet only 31% of women 25–64 are digitally literate, and only 40% of A-Level English students pass.

Key action: Gender-responsive budgeting for digital access; resolve debate on English-medium instruction vs. high-quality English-as-additional-language teaching.

Promote Women in STEM

Female STEM enrollment declines sharply after secondary school. Women are underrepresented in tech/engineering, limiting competitiveness.

Key action: Scholarships linked to mentorship; role-model programs; industry co-development of curricula; address regional STEM infrastructure gaps.

Pillar 2: Care Infrastructure – The Critical Missing Piece

Affordable childcare, elder care, and care for persons with disabilities are prerequisites for women's sustained participation

Childcare

Challenge: A child <5 reduces LFP by 57%; only 1.5% of small employers provide childcare per law – unenforced

State Actions:

- Fund subsidized community/home-based childcare for low-income households
- Enforce & expand 1993 Maternity Benefits Ordinance childcare mandate
- Pass National Child Day Care Policy with clear standards

Employer Actions:

- On-site or partnered childcare facilities
- Subsidized childcare benefits
- Caregiver leave & Employee Assistance Programs

Elder Care

Challenge: Presence of elderly male 65–84 reduces LFP by 8–10pp; Sri Lanka's population is aging rapidly

State Actions:

- Subsidize home-based & adult day care services, especially in rural areas
- Expand public health midwife network to include elder-care training
- Coordinate between health and social service systems

Employer Actions:

- Flexible hours & compressed workweeks for carers
- Paid caregiver leave
- Workplace wellness programs with eldercare resources

Disability Care

Challenge: Person with major disability in household reduces LFP by 18–20pp; private employment down 69–93%

State Actions:

- Direct stipends for family caregivers
- Assistive technology subsidies for low-income households
- Inclusive education & vocational transition programs

Employer Actions:

- Workplace accessibility audits
- Flexible & remote work for disability carers
- EAPs with disability-care referrals

Pillar 2: Regulatory Reform for a Safer, Fairer Workplace

Sri Lanka's WBL 2.0 score is 45/100 — below both the South Asian (45.9) and global (64.2) averages

Maternity Costs → State, Not Employer HIGH

Shifting maternity leave benefits (MLBs) to state funding costs only 0.25% of tax revenue annually, yet 41% of employers cite maternity costs as a hiring factor. A 2019 budget proposal was never implemented.

Introduce Mandatory Paternity Leave HIGH

No statutory paternity leave exists. Only large corporations offer voluntary paternity leave (some up to 100 days). Legislating paternity leave redistributes caregiving burdens and signals shared responsibility.

Strengthen Anti-Harassment Enforcement URGENT

68% of employees report workplace violence or harassment; 90% of women have experienced harassment on public transport. Judicial processes exceed 10 years. A 2024 Supreme Court ruling set a precedent — but enforcement remains weak.

Prohibit Discriminatory Hiring Practices HIGH

No provisions currently prohibit discrimination based on marital status, parental status, or age in job advertisements or recruitment. Establish a specialized gender-discrimination complaints body.

Legalize & Regulate Flexible Work / WFH MEDIUM

COVID-19 showed WFH potential for urban educated women, but lacks legal framework. Proposed Employment Act 2023 includes 5-day week, flexible hours, and WFH rights. Fast-track passage.

Reform Pension & Gratuity Rules MEDIUM

The EPF/ETF law incentivizes women to exit the labour force within 3 months of marriage. Remove gender-based age differences; account for childcare absences in benefit calculations.

Pillar 3: Fostering Inclusive Policies & Decent Work

Creating an economic environment where women's labour is demanded, fairly rewarded, and formally recognized

1

Increase Aggregate Demand

Target foreign direct investment into high-growth sectors (tech, renewables, advanced manufacturing). More district-level demand directly increases FLFP — a 1pp rise in manufacturing share raises female LFP by ~1pp.

2

Wage Subsidies & Minimum Wage

Introduce targeted wage subsidies for employers hiring/retaining women — linked to gender balance requirements. Regularly update the national minimum wage to boost economic incentives for low-income women.

3

Formalize Informal Employment

Most contributing family workers and own-account workers are women in unprotected jobs. Incentivize registration and benefit provision. Include domestic work under labour law (proposed Employment Act).

Employer & Workplace Actions

- Gender audits and equal pay reviews in large firms
- Placement programs targeting female labour shortages (Employers' Federation model)
- Promote best practices in flexible work and gender equality — national awards scheme
- Mentoring and skills development for women in managerial roles
- Introduce gender quotas in leadership positions
- Job rotation to break occupational stereotypes
- Confidential harassment reporting channels and independent investigations
- Training for HR professionals on gender-sensitive recruitment and evaluation

Pillar 4: Shifting Social Norms

Deep-rooted gender norms constrain both supply of and demand for female labour — this is the hardest but most essential change

⚠ Challenge: Even women and their spouses acknowledge the gendered division of labour is unfair — yet it persists. Shifting norms requires coordinated action across households, workplaces, media, and government.

Government

- Fund community-based campaigns challenging traditional gender roles — engage men, boys, and local leaders
- Integrate gender equality into school curricula from primary level
- Adopt gender-responsive budgeting across all ministries
- Support women's leadership programs in politics, public service, and community governance

Private Sector & Employers

- Introduce unconscious-bias training for hiring managers
- Publish gender pay gap data; set measurable targets
- Celebrate gender-equal employers through national recognition schemes
- Ensure female representation on corporate boards and executive teams

Civil Society & Development Partners

- Advocate for family-friendly workplace policies and paid parental leave reform
- Partner with ADB, UN Women, ILO on norm-change programs with evidence-based measurement
- Support women's organizations and networks in the North/East where LFP is lowest
- Document and publicize stories of women who have overcome barriers — create visible role models

Special Focus: Lifting Up Estate Sector Women

Despite the highest FLFP, estate women face the worst working conditions, lowest human capital, and deepest poverty traps

Close the Education Gap

Targeted scholarships and school retention programs specifically for Nuwara Eliya and Badulla districts. NVQ 1–4 training access is critical — currently only 1–2% of estate women have any vocational training.

Digital Inclusion Program

Only 10–13% of estate women have digital skills (vs 31% nationally). Community digital literacy centres in plantation areas — mobile units where connectivity is limited.

Performance-Based Wages

Women who exceed daily picking quotas earn the same daily wage as men. Shift toward performance pay; enforce equal pay; investigate wage deduction practices.

Representation & Voice

Despite their role sustaining the tea industry, plantation women are largely invisible in policy discussions. Ensure representation in trade union boards; involve women's groups in CBA negotiations.

Disability Care Support

Presence of a person with a major disability reduces private employment by 91–93% — the highest penalty in the model. Prioritize disability care infrastructure in plantation areas.

Transport & Mobility

Travel time to nearest bus stop is higher in estate areas. Female workers in remote plantations may require male accompaniment for mobility. Improve transport links and road safety.

Who Needs to Act – and How

Increasing female LFP requires coordinated action across government, development partners, the private sector, and civil society

Parliament & National Ministries (Labour, Education, Health)	Provincial Councils & Local Government	Development Banks & Donors (ADB, World Bank, UN, ILO)	Private Sector & Employers	Civil Society Organizations
<ul style="list-style-type: none">• Pass Proposed Employment Act 2023• Legislate mandatory paternity leave• State funding of maternity leave benefits• Raise mandatory schooling age to A-Level• Establish gender discrimination complaints body	<ul style="list-style-type: none">• Allocate resources for community childcare, elder care, and disability care• Expand digital literacy infrastructure to rural/estate districts• Improve public transport safety and coverage	<ul style="list-style-type: none">• Fund care infrastructure as a gender investment• Support enforcement capacity for labour laws• Finance norm-change programs with rigorous M&E• Technical assistance on WBL reform implementation	<ul style="list-style-type: none">• Publish gender pay gap data; set targets• Introduce flexible work, WFH policies• Provide or subsidize childcare• Anti-harassment training and confidential reporting	<ul style="list-style-type: none">• Advocate for family-friendly labour laws• Community-level norm change with men and boys• Support women's networks in Northern/Eastern provinces• Document and amplify women workers' voices

Conclusion & Call to Action

+21%

GDP potential if gender gap in LFP is closed

4 Pillars

of reform: Education · Care · Inclusive Policy · Social Norms

Now

Political will and multi-stakeholder coordination are needed urgently

Data

Regular time-use surveys needed to capture women's full economic contribution

Sri Lanka cannot afford to leave half its population behind. Unlocking women's economic potential is not just a matter of equity — it is essential for sustainable growth, resilience, and the country's recovery.