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Social Safety Net Reform in Sri Lanka

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#REFORMNOW Conference
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Millions thrown into poverty due to local economic mismanagement & global crises

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2019

3M people living in poverty

COVID-19 : Slowdown of key industries including tourism, leading to job losses

Fertilizer ban:
Lower crop yields, leading to lower income

Fuel shortages: Inability to travel to work for employment

Lower income

Global inflation

LKR depreciation:
Imports more expensive overnight

Fertilizer ban, fuel & gas shortages:
Disrupted supply leading to higher prices

Higher costs

5.7M people need humanitarian assistance

2022

Sources: Department of Census and Statistics – HIES 2019 (2022), United Nations Office for the Coordination of Humanitarian Affairs (2022)

Over 30 social protection programmes in Sri Lanka, with government playing key role

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Social protection programmes

Social insurance programmes

Social Protection for Public Sector Workers

- Public Sector Pension Scheme
- Widows, Widowers and Orphans Pension Scheme

Social Insurance for Private Sector Workers

- EPF
- ETF

Social Insurance for Informal Sector Workers

- Farmer & Fishermen pension schemes
- Samurdhi Social Security

Private/ contributory schemes

Social assistance programmes

Assistance for Low-Income Families

- Samurdhi Monthly Cash Transfers

Assistance for Vulnerable Groups

- Public Assistance Monthly Allowance
- PWDs, Kidney, Cancer Assistance

Assistance for Children

- Assistance for Gr. 5 Scholarship Recipients, Thriposha

Health Assistance

- Free Public Healthcare

Emergency Assistance

- Rs. 5000 cash transfer during COVID

Labour market programmes

Livelihood Development

- Samurdhi Livelihood Development Programme

Labour Market Programmes for Vulnerable Groups

- Vocational Training for PWDs

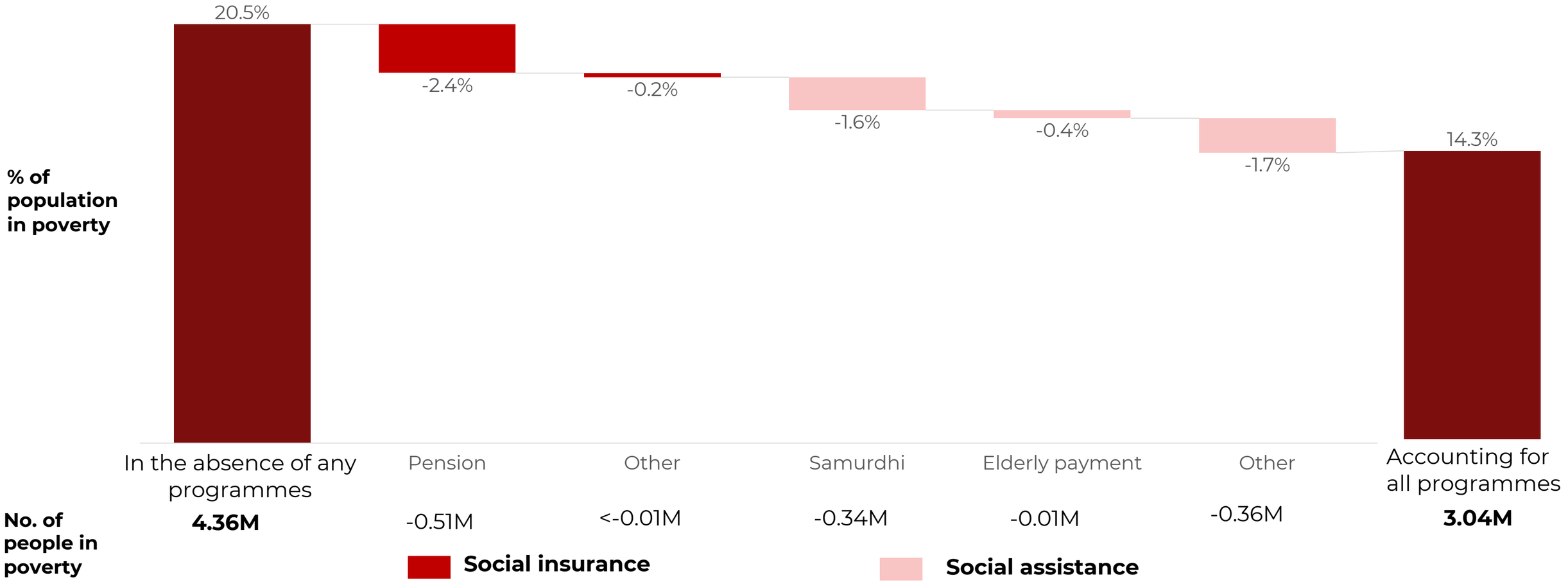
ILO Social Protection Framework

- Social Protection for Older Persons
- Social Protection for Persons of Active Age
- Social Protection for Children
- Essential Healthcare for All

* Schemes documented are illustrative; not exhaustive

Efficacy of poverty reduction programmes subpar

Impact of existing social protection programmes on population living in poverty – 2019



Source: LIRNEasia based on Department of Census and Statistics (2022)

Reform necessary in many areas, to respond to both emergency & long term needs

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Coverage/ Targeting	Adequacy of benefits	Type of benefit (cash vs in kind)
Ease of access/delivery	Administrative processes	Fiscal sustainability
Depoliticization	Efficacy	Graduation

- Important to balance between competing needs (e.g.: adequacy of funds & coverage vs. reducing financial & administrative burdens)
- Some areas more crucial in the short term given economic crisis (e.g.: coverage, adequacy of benefits & ease of access)
- Solutions that address deep seeded issues (depoliticization, efficacy of programmes & need for graduation) should not be ignored

Coverage/ Targeting	Adequacy of benefits	Type of benefit (cash vs in kind)
Ease of access/delivery	**Administrative processes**	Fiscal sustainability
Depoliticization	Efficacy	Graduation

Over 5 ministries & 12 agencies overseeing provision of targeted welfare schemes

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- Ministry of Finance, Economic Stabilization and National Policies
- Ministry of Women, Child Affairs and Social Empowerment
- Ministry of Public Admin, Home Affairs, Provincial Councils and Local Government
- Ministry of Education
- Ministry of Health

- Some similarities in scope of work for different agencies,
  - Duplication of work?
  - Unnecessary administrative burdens?
  - Higher transaction costs?
- Coordination between multiple agencies lacking
- World Bank attempting to design and implement Unified Beneficiary Database

Targeted welfare: Not included informal pension schemes under Ministry of Agriculture, private pension schemes under Ministry of Labour etc.
Source: Extraordinary Gazette 2289/43 of 22 July 2022

Coverage/ Targeting	Adequacy of benefits	Type of benefit (cash vs in kind)
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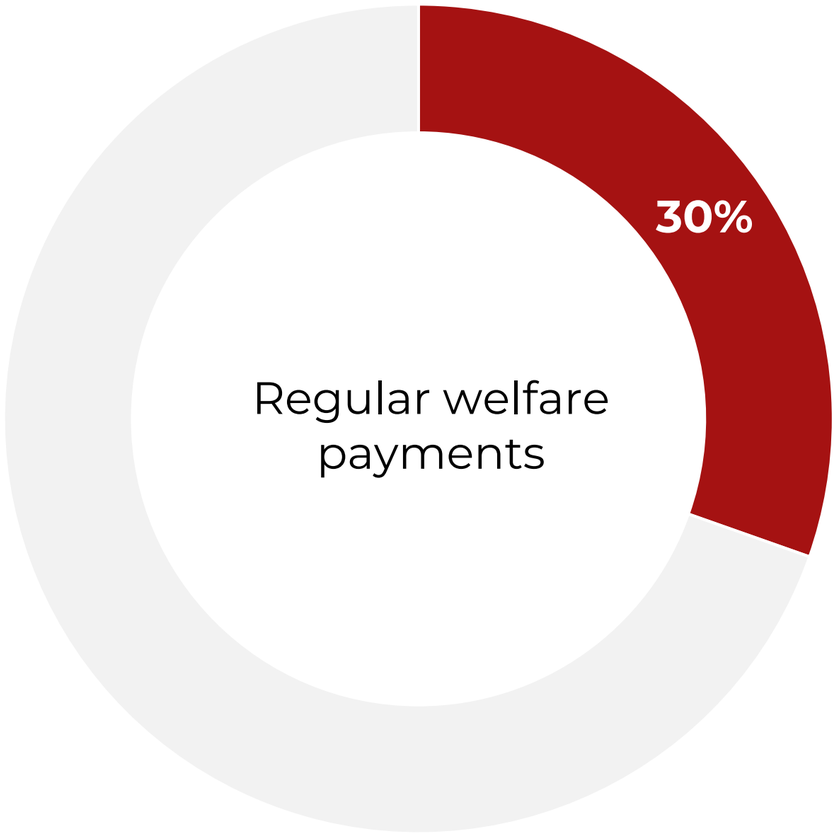
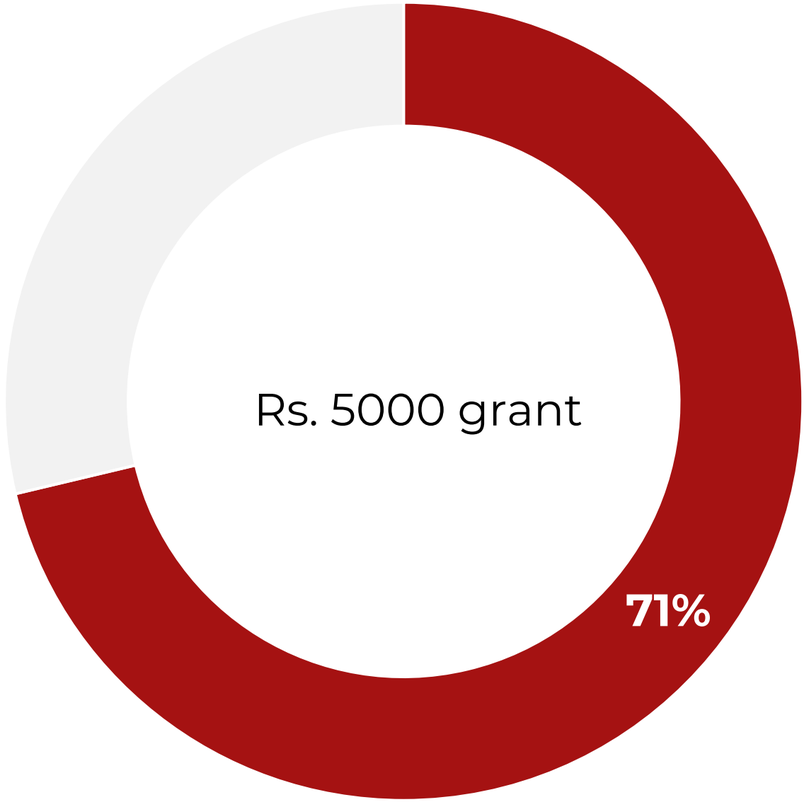
30% of households received regular welfare payments in 2021; 71% received Rs. 5000 grant

Households that received regular social grants or benefits from the state (% of households)



Receipt of Rs. 5,000 grant from government during the lockdown (% of households)

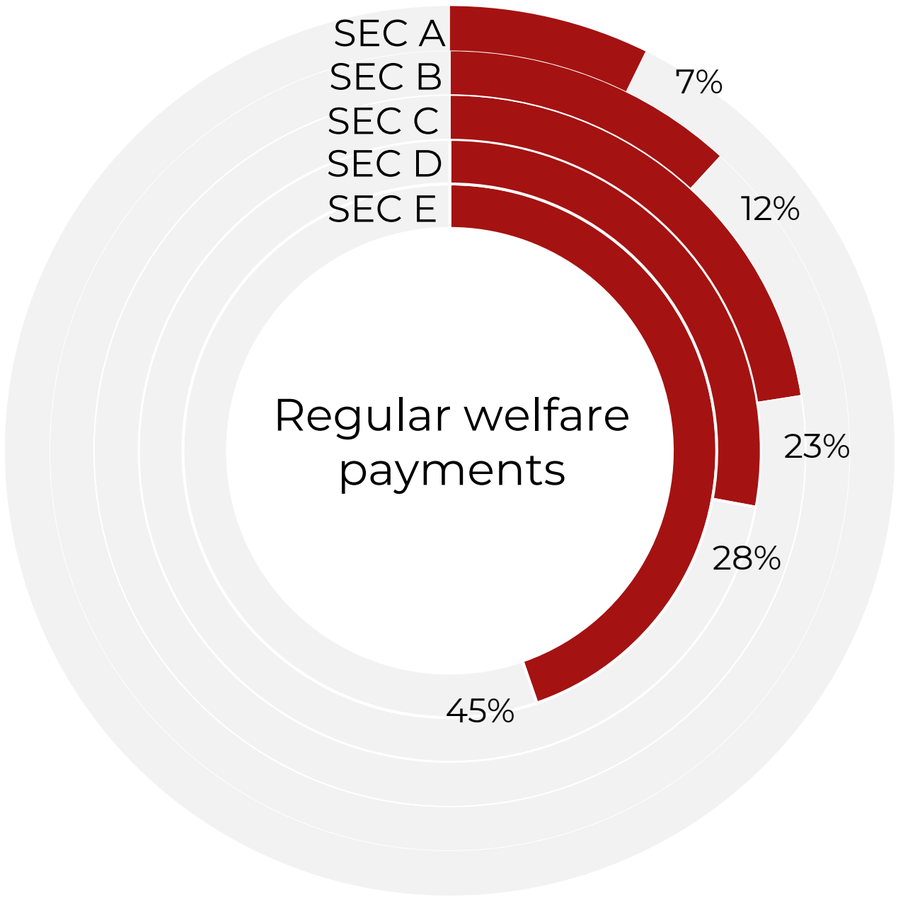


Source: LIRNEasia COVID impact survey, 2021. Representative of all households and age 15 and above population in Sri Lanka with a +/- 2.8% margin of error at 95% confidence interval. N = 2,501)

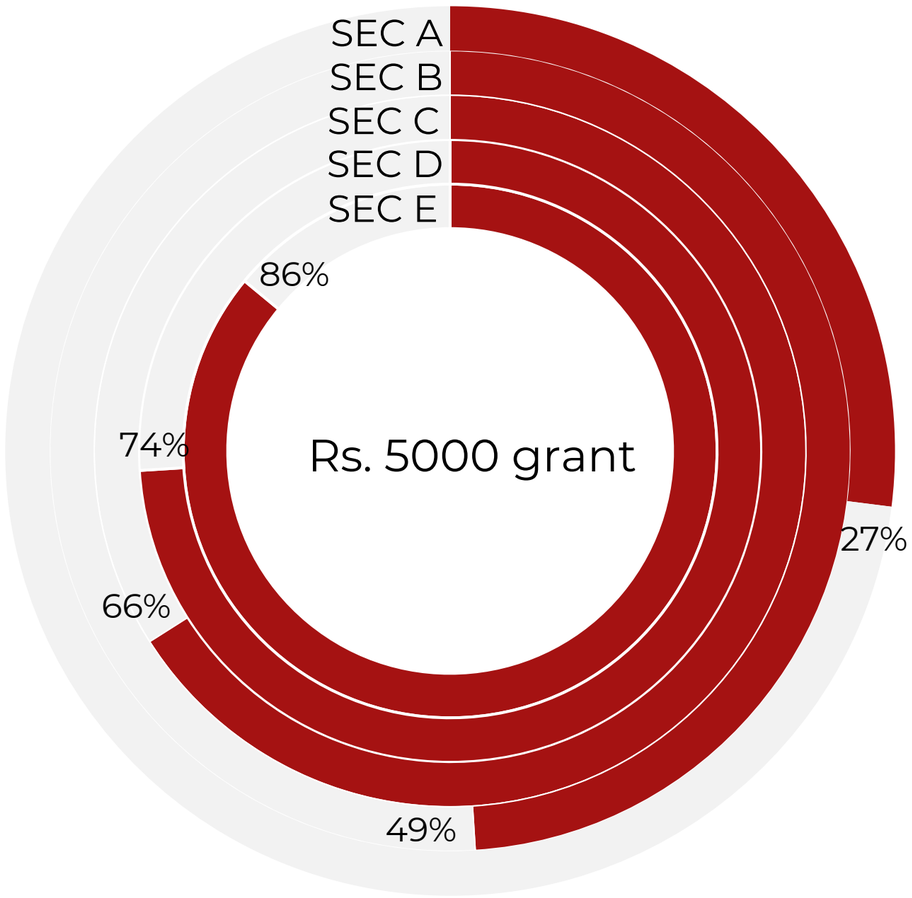
Q: How many people in this household receive regular social grants or benefit (welfare) from the state (eg. disability, unemployment, veteran, child support, scholarship, Samurdhi)? Q: Did any member of this household receive the Rs. 5,000 grants from the government during the COVID-19 lockdown?

Poor targeting evident, with many inclusion & exclusion errors

Receipt of regular social grants or benefits from the state (% of households)



Receipt of Rs.5,000 grant from government during the lockdown (% of households)



* Socio economic classification is a proxy for household income based on the education and occupation of the household head.

Source: LIRNEasia COVID impact survey, 2021. Representative of all households and age 15 and above population in Sri Lanka with a +/- 2.8% margin of error at 95% confidence interval. (n = 2,501)

Q: How many people in this household receive regular social grants or benefit (welfare) from the state (eg. disability, unemployment, veteran, child support, scholarship, Samurdhi)? Q: Did any member of this household receive the Rs. 5,000 grants from the government during the COVID-19 lockdown?

New data streams to identify newly poor promising

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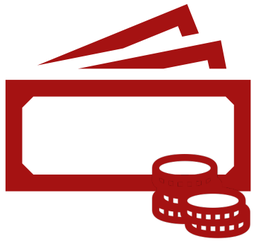
Current

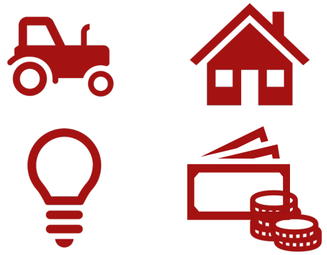
E.g.: Samurdhi



Last update: Households those earning less than Rs. 6000 eligible (means testing)

Proposed

Extr. Gazette 2128/24 of 2019 under Welfare Benefits Act No. 24 of 2002



Asset ownership, household characteristics, income & expenditure considered (means + proxy means testing)

More options?

Explore new data streams
- identify geographical areas that need most assistance
- to identify newly poor households
(CDR, satellite imagery)

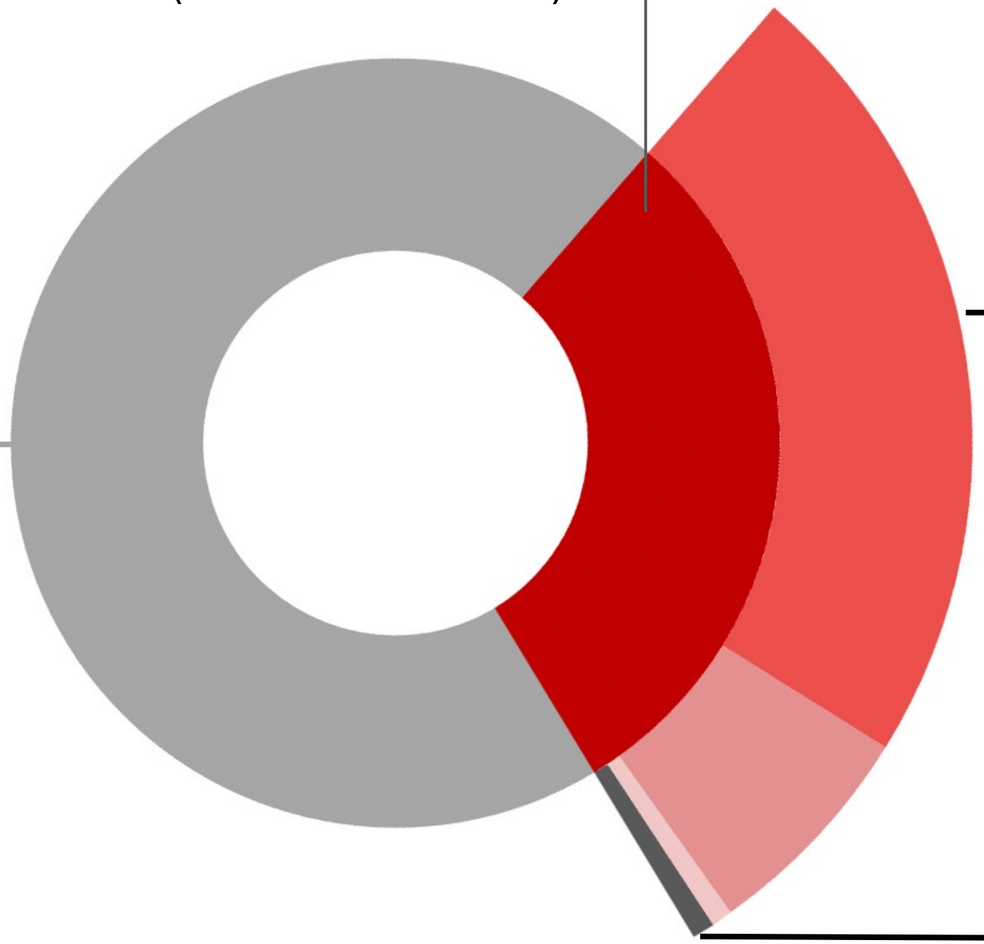
Sources: Key Informant Interviews with Samurdhi officials and beneficiaries, Ministry of Finance (2019)

Coverage/ Targeting	Adequacy of benefits	Type of benefit (cash vs in kind)
Ease of access/delivery	Administrative processes	Fiscal sustainability
Depoliticization	Efficacy	Graduation

Transfer payments to mobile money accounts & banks

Households that received social grants or benefits from the state

(% of households)



30% of households received regular grants from the government

75% **of households that received regular grants from the government had access to both a bank account and a mobile phone**

70% of households did not receive regular grants from the government

2% **of households that received regular grants from the government did not have access to a bank account or a mobile phone**

- Did not receive benefits
- Received benefits
- Owned bank account and mobile phone
- Owned mobile phone only
- Owned bank account only
- Did not own bank account or mobile phone

Base: All households (n=2,501)

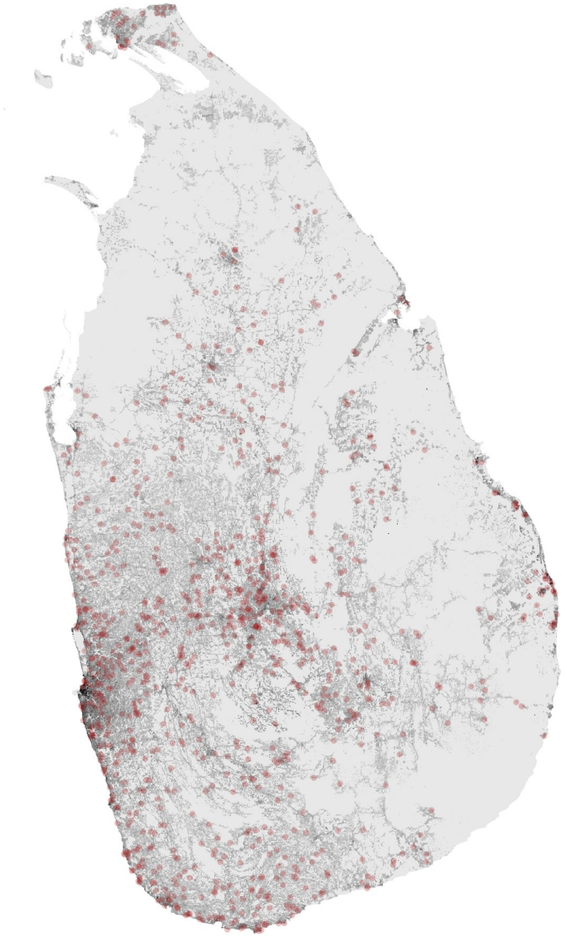
Q: How many people in this household receive regular social grants or benefit (welfare) from the state (eg. disability, unemployment, veteran, child support, scholarship, Samurdhi)?

Source: LIRNEasia COVID impact survey, 2021. Representative of all households and age 15 and above population in Sri Lanka with a +/- 2.8% margin of error at 95% confidence interval.

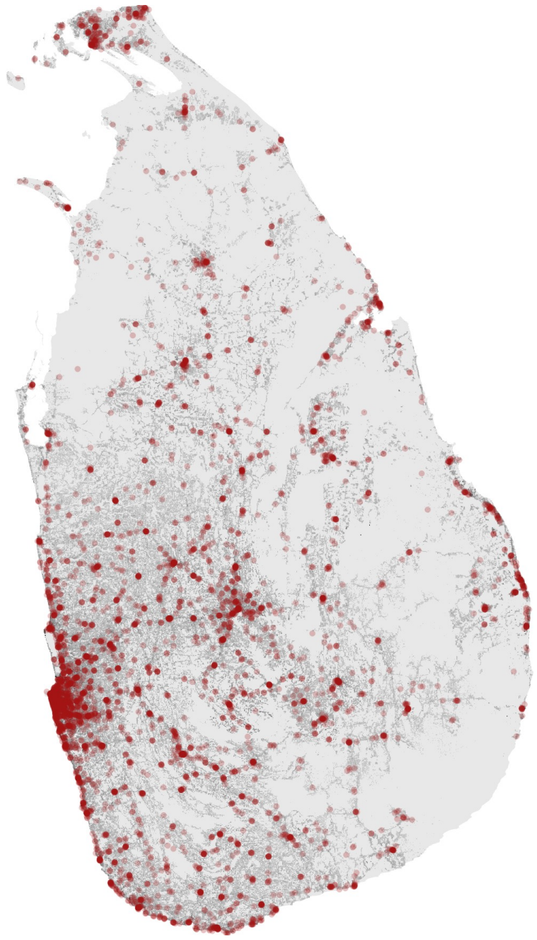
Allow cash out at all ATM branches & mobile money outlets

Transfers to Samurdhi Banks		Bank and mobile transfers with ATM & mobile money cash out	
Samurdhi Bank	1,050	Dialog service points, Mobitel Touch Points & Communications	2767
		ATMs	2,675
		Sampath Bank	*249*
		Commercial Bank	*266*
		Bank of Ceylon	*516*
		Cargills Bank	*25*
		DFCC Bank	*162*
		Hatton National Bank	*167*
		National Development Bank	*155*
		Nations Trust Bank	*133*
		People's Bank	*806*
		Seylan Bank	*196*
Total	**1,050**	**Total**	**5,442**
Note: • *Only 932 locations could be extracted for our analysis* • *Each location is only accurate to its DSD* • *The exact locations within each DSD were simulated based on the population distribution**		*Note:* • *Only 4,745 locations could be extracted for our analysis* • *Mobile money cash out is only allowed at Sampath Bank and Commercial Bank at present*	

Source: LIRNEasia estimates



Samurdhi Bank Branches



All ATMs, Dialog service points, Mobitel touch points & Communications

Recipients will incur lesser transaction cost (travel cost and time etc.)

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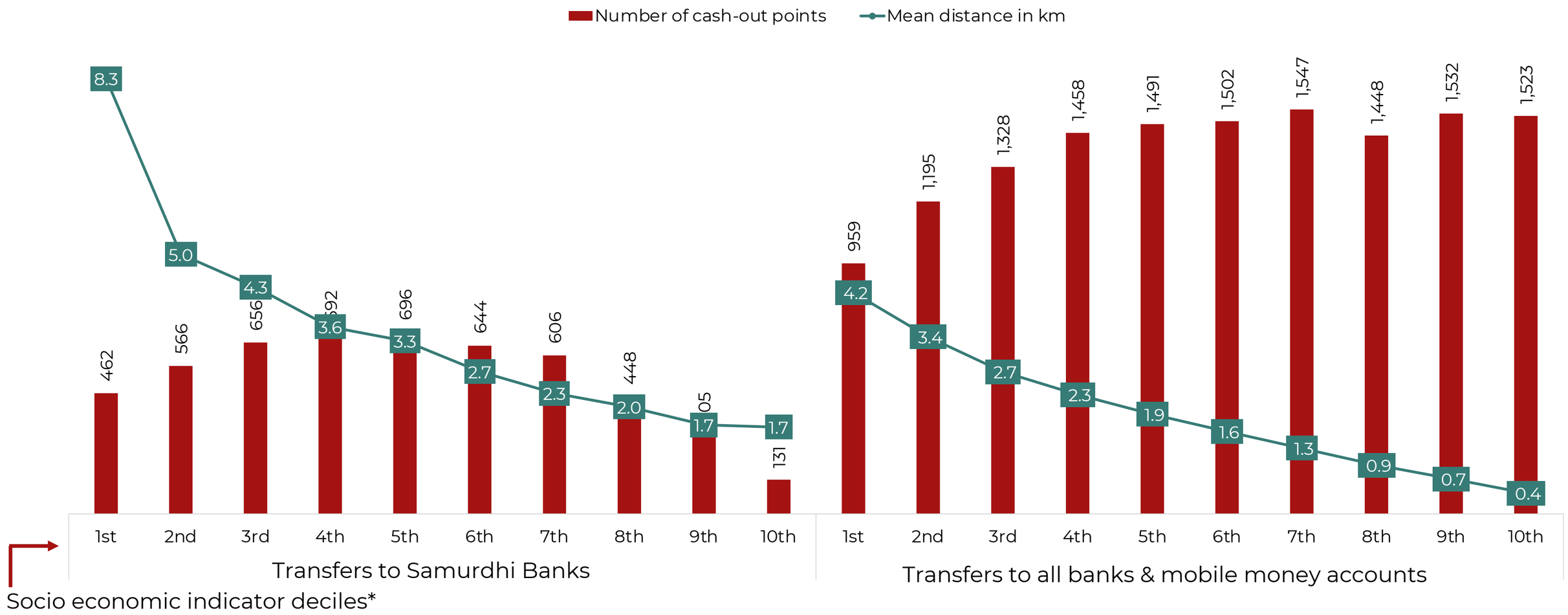
Number of cash-out points and distance needed to travel by socioeconomic deciles



* Methodology: 1. Developed a socioeconomic index based on 2011/2012 census data (https://lirneasia.net/2020/01/mapping-poverty-and-wealth-an-alternative-socioeconomic-index-for-sri-lanka/); 2. Split the population into deciles based on the socioeconomic index, where the 1st decile represents the poorest and the 10th decile represents the richest; 3. Obtained high-resolution (30 m) population density maps (https://dataforgood.facebook.com/dfg/tools/high-resolution-population-density-maps); 4. Determined the nearest cash-out point based on Euclidean distance for each 30 m x 30 m tile

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Thank you

For more information
https://lirneasia.net/category/themes/social-safety-nets/
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