



Social Safety Nets and the State of Poverty in Sri Lanka

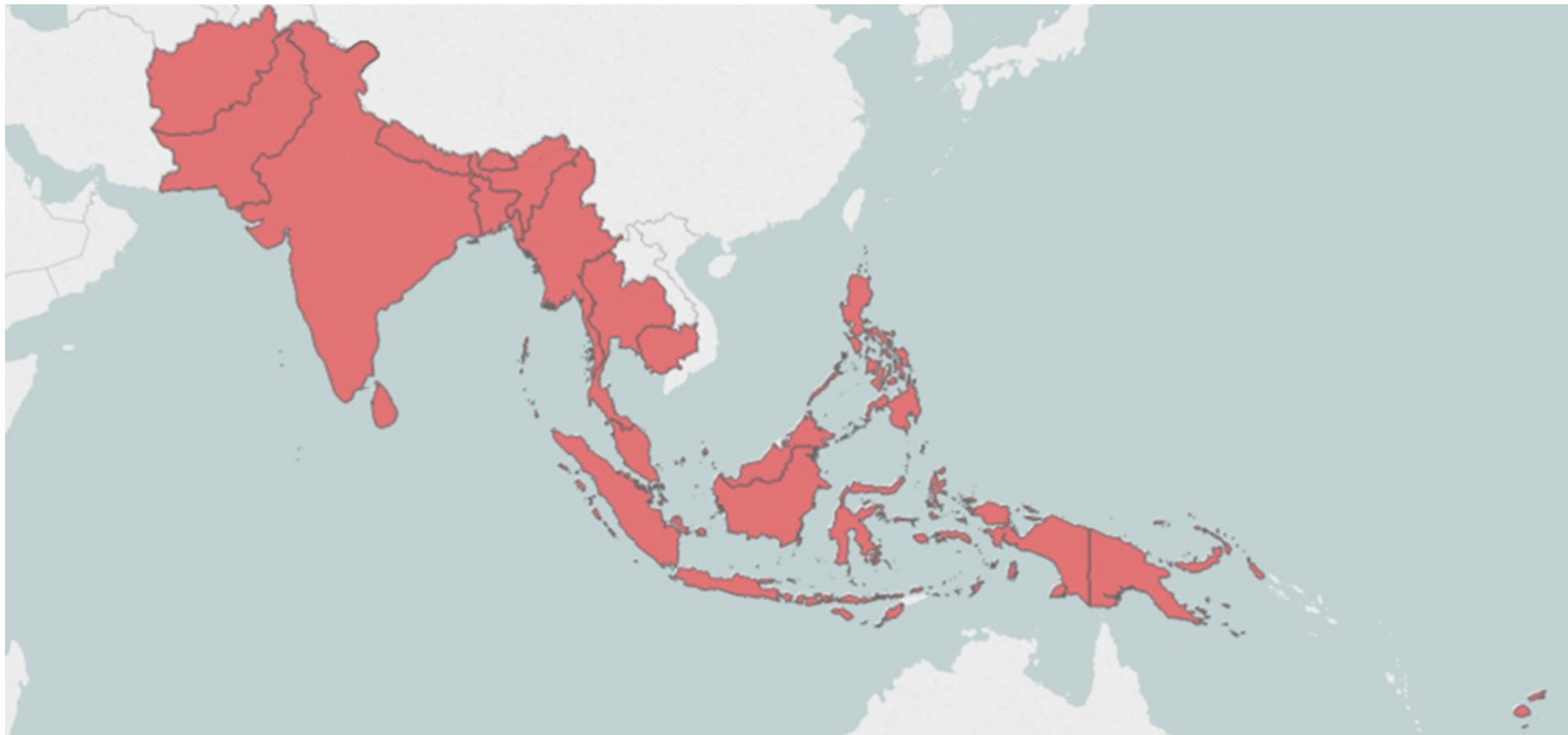
7 June 2023



Canada

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LIRNEasia: a regional pro-poor, pro-market think tank

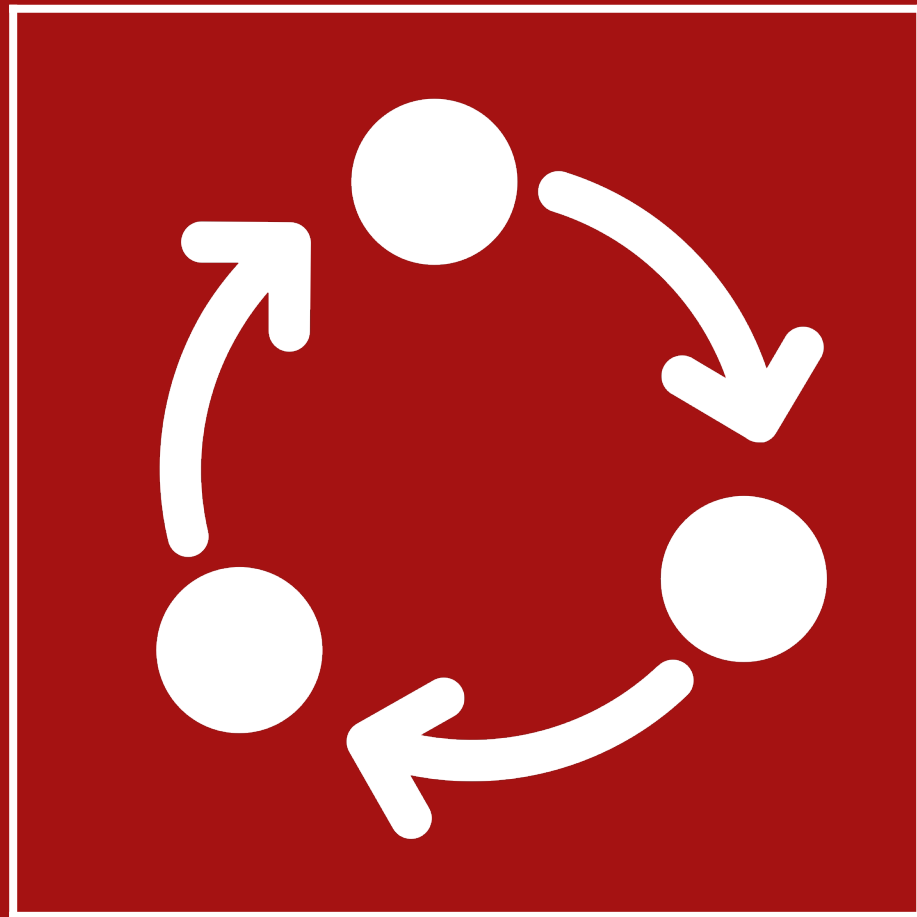


Our Mission:

“Catalyzing policy change and solutions through research to improve the lives of people in the Asia and Pacific using knowledge, information and technology”

In this study we explore...

- What is the status of poverty in Sri Lanka today? Who has fallen into poverty since 2019?
- Who received social assistance under programmes such as Samurdhi? Did the right people receive assistance (how large are the inclusion and exclusion errors)? Was it adequate?
- What are the challenges and barriers to efficiency of current social assistance programmes? How can disbursement be made more efficient?
- To what extent will the new 'Aswesuma' programme address these challenges?



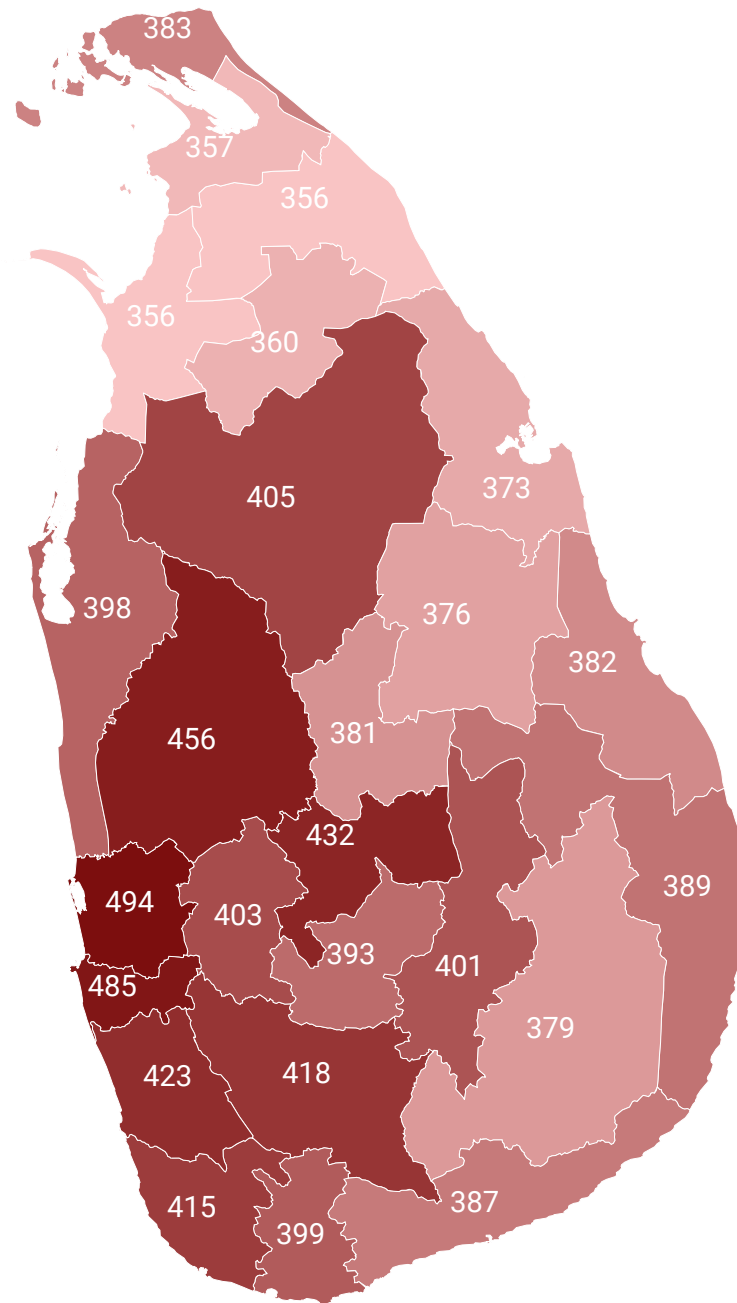
Methodology

Survey representative of all households and population in Sri Lanka

(95% confidence interval; +/-1.4% margin of error)

Nationally representative sample

District level sample sizes




10,000

Households



400

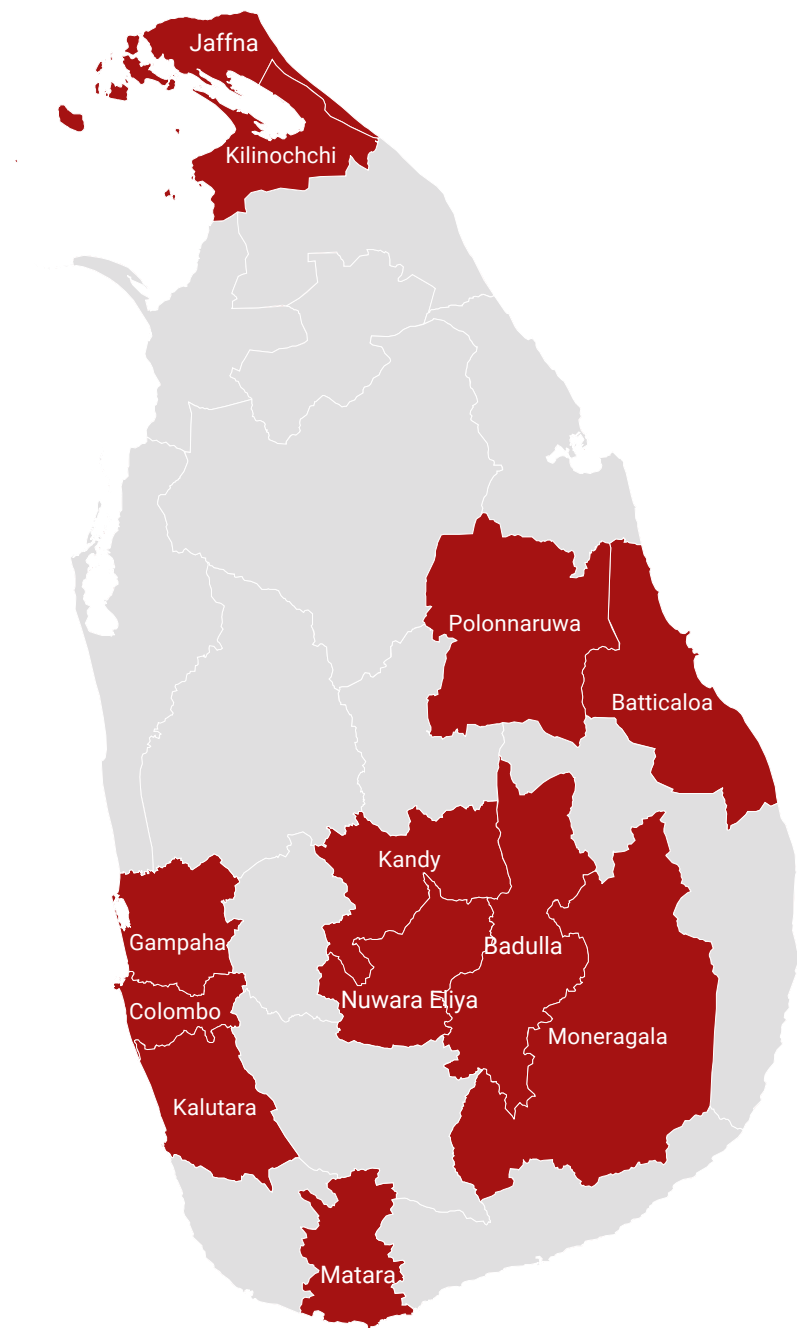
GN divisions

Sample designed to be representative households and population at:

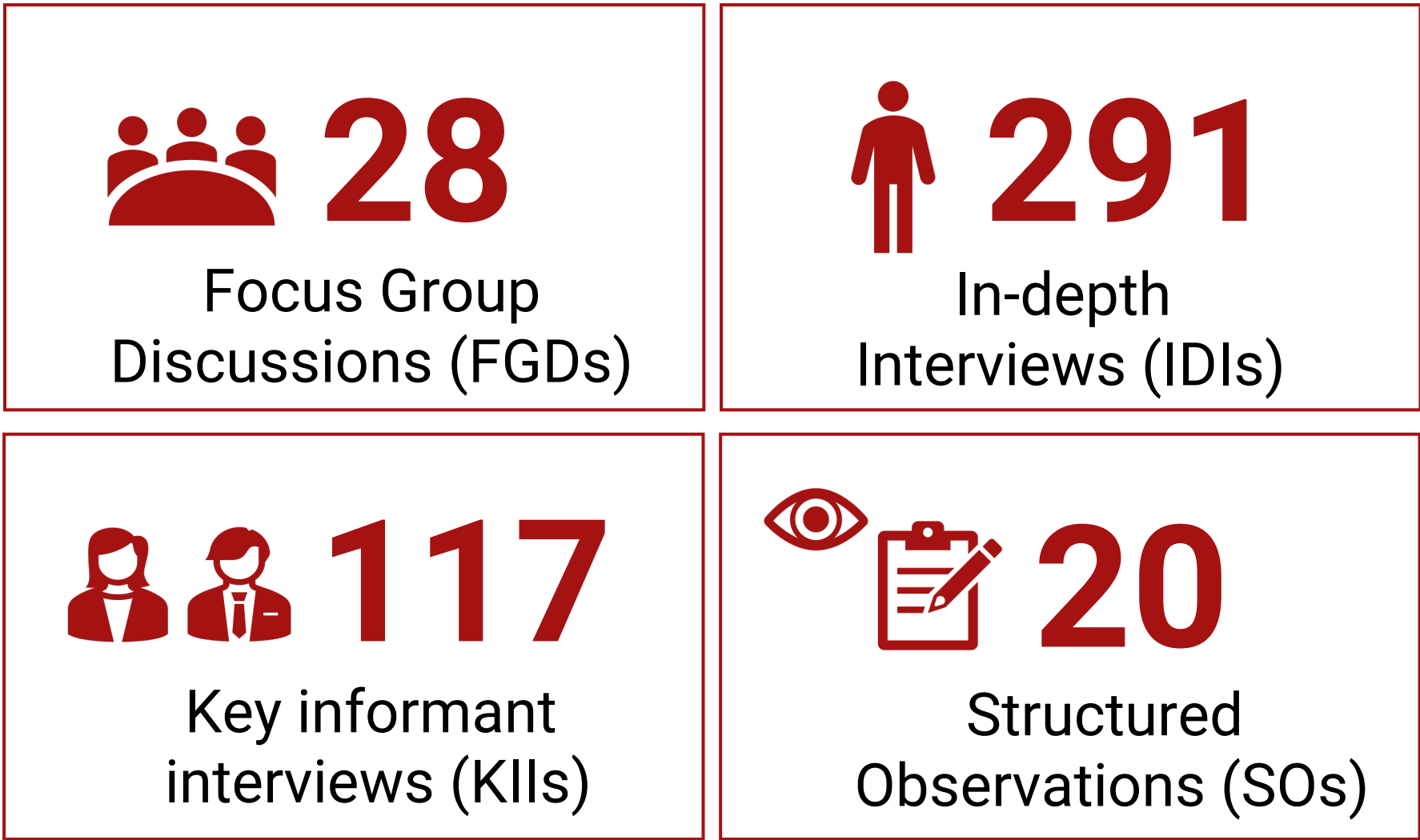
- National level
- Urban, rural and estate level
- Province level
- District level
- Men vs. women
- SEC (socio-economic classification, a proxy for income)
- Age

Qualitative research across 13 districts with ~400 individuals

District level coverage

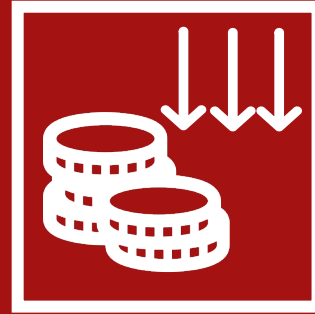


Data collection tools & research participants



Fieldwork time period: 10-October -2022 to 12-May-2023
 Fieldwork conducted by **Sparkwinn Research Private Limited**.

Our focus



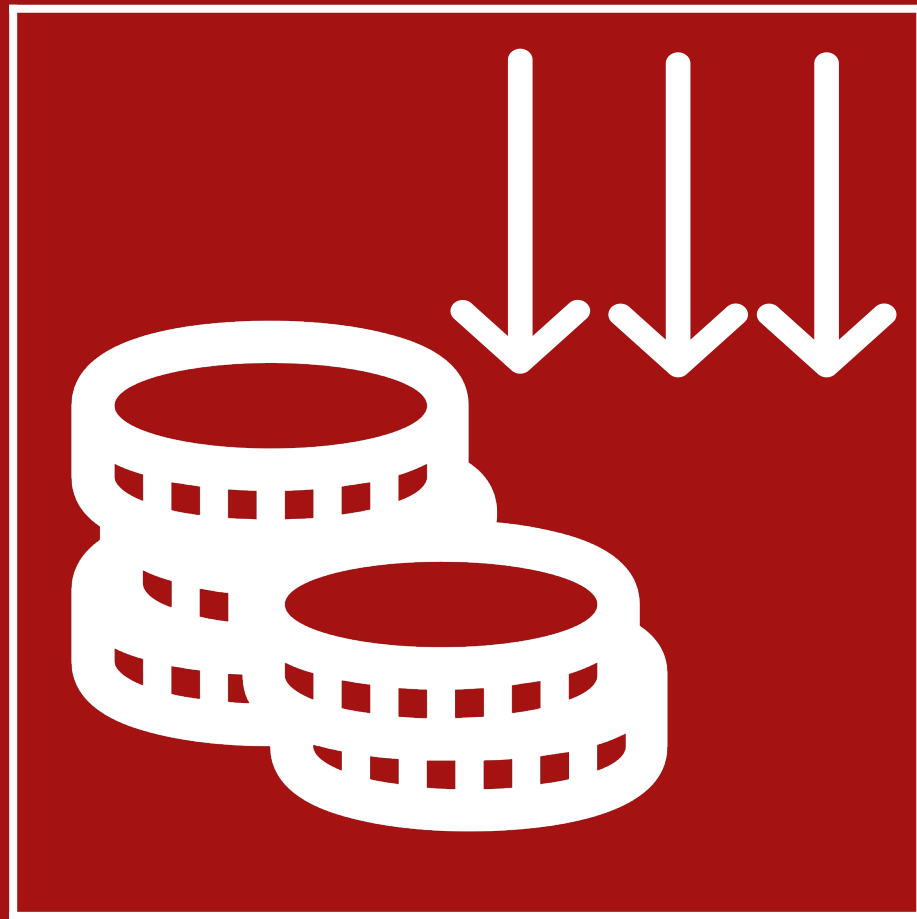
1. Poverty in Sri Lanka



2. State of social safety nets prior to reform



3. New reform agenda & policy recommendations



1. Poverty in Sri Lanka

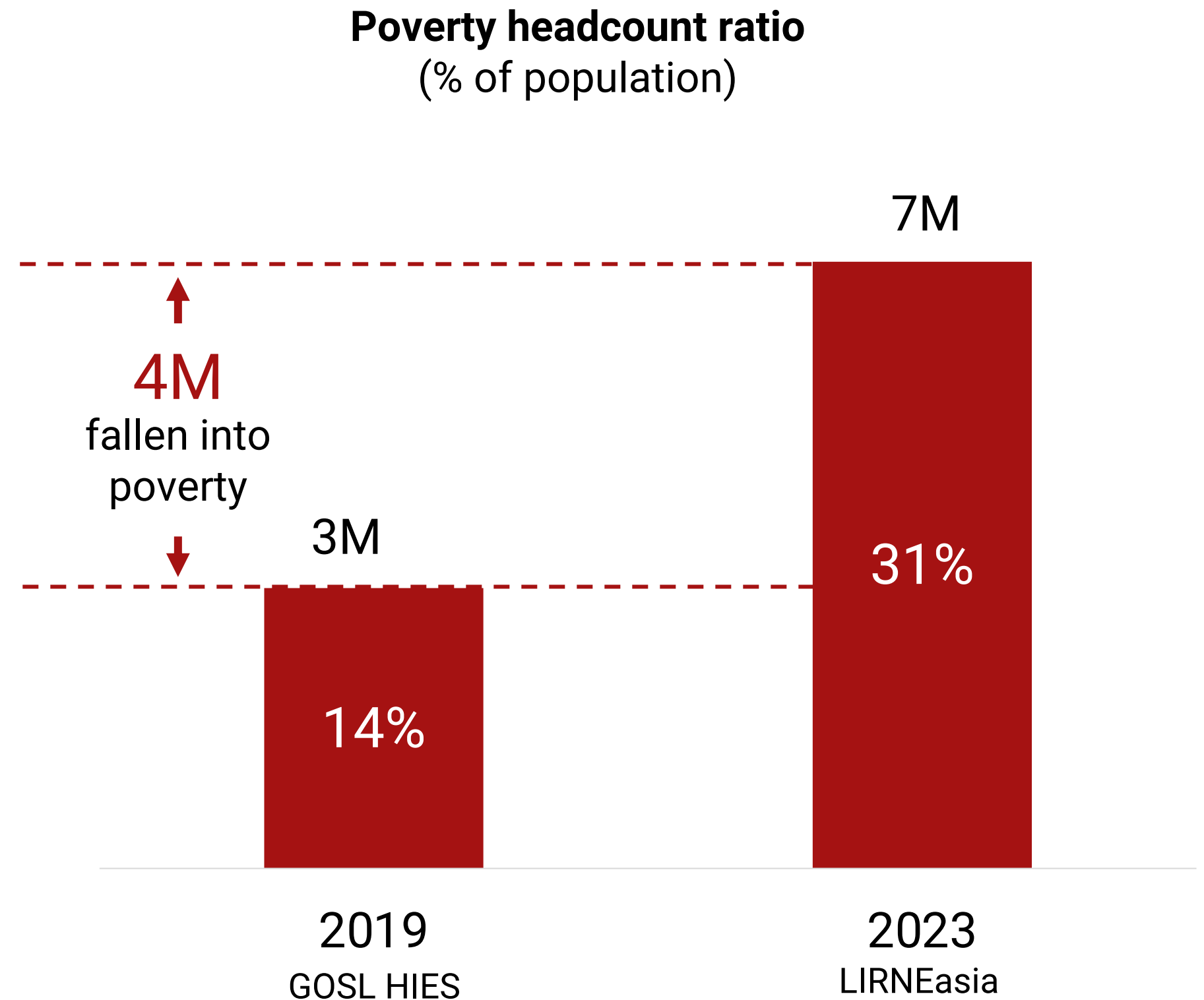


31%
of population

7 million

**Sri Lankans
are living in poverty**
as per the national poverty line
(2 million families)

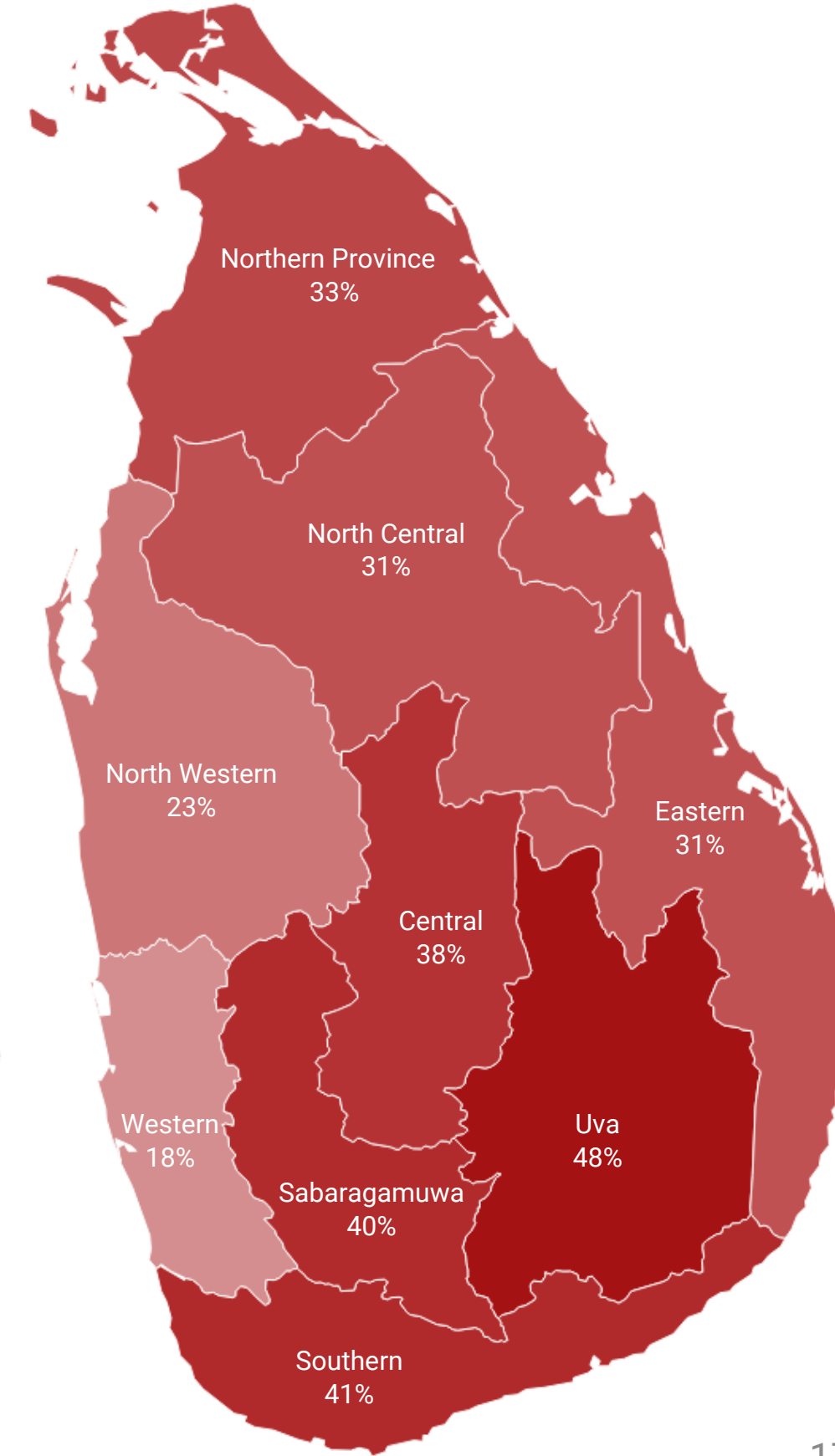
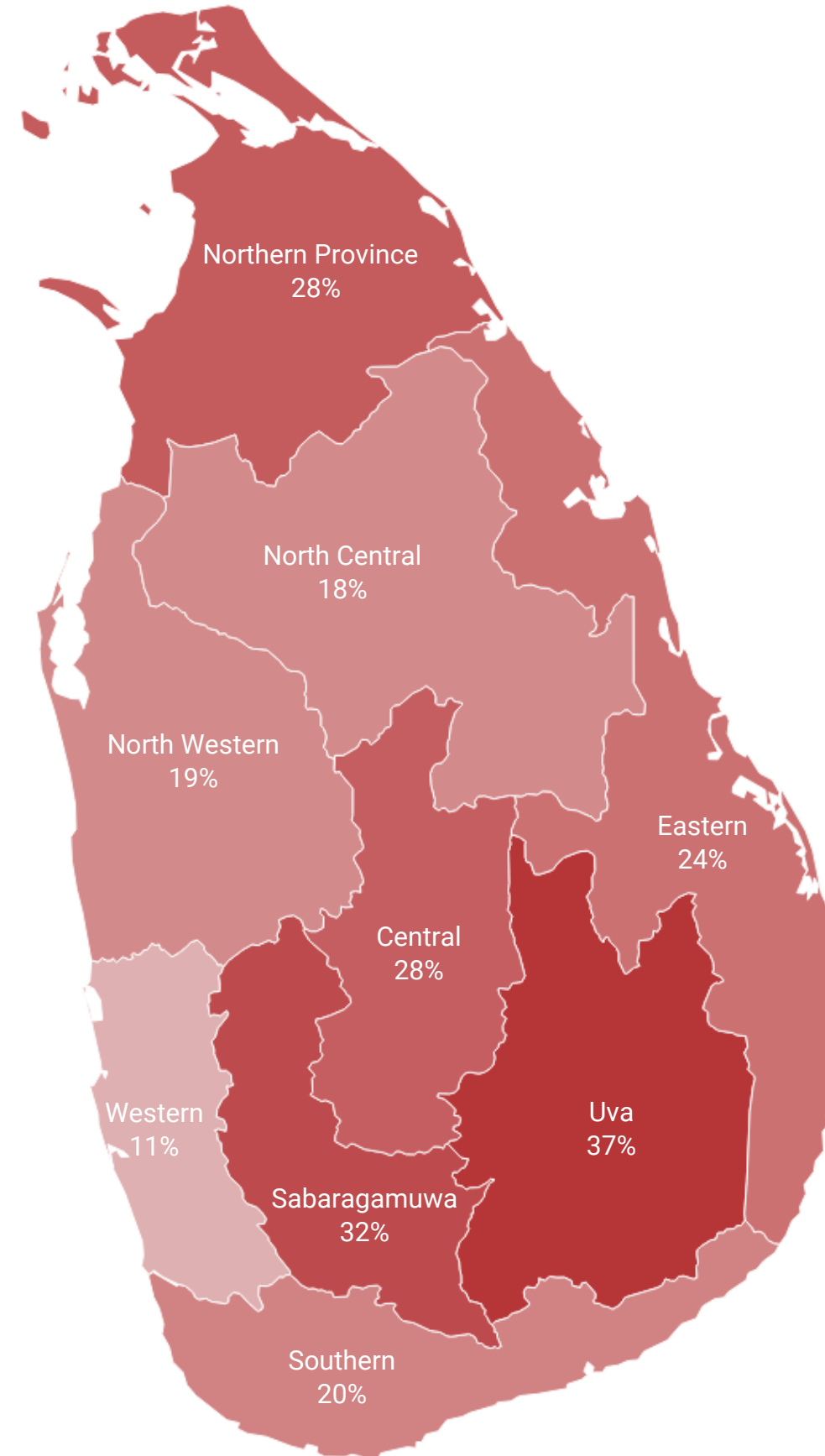
4 million
Sri Lankans
(17% of population)
have fallen into poverty
since 2019



Poverty headcount ratio by province (% of population)

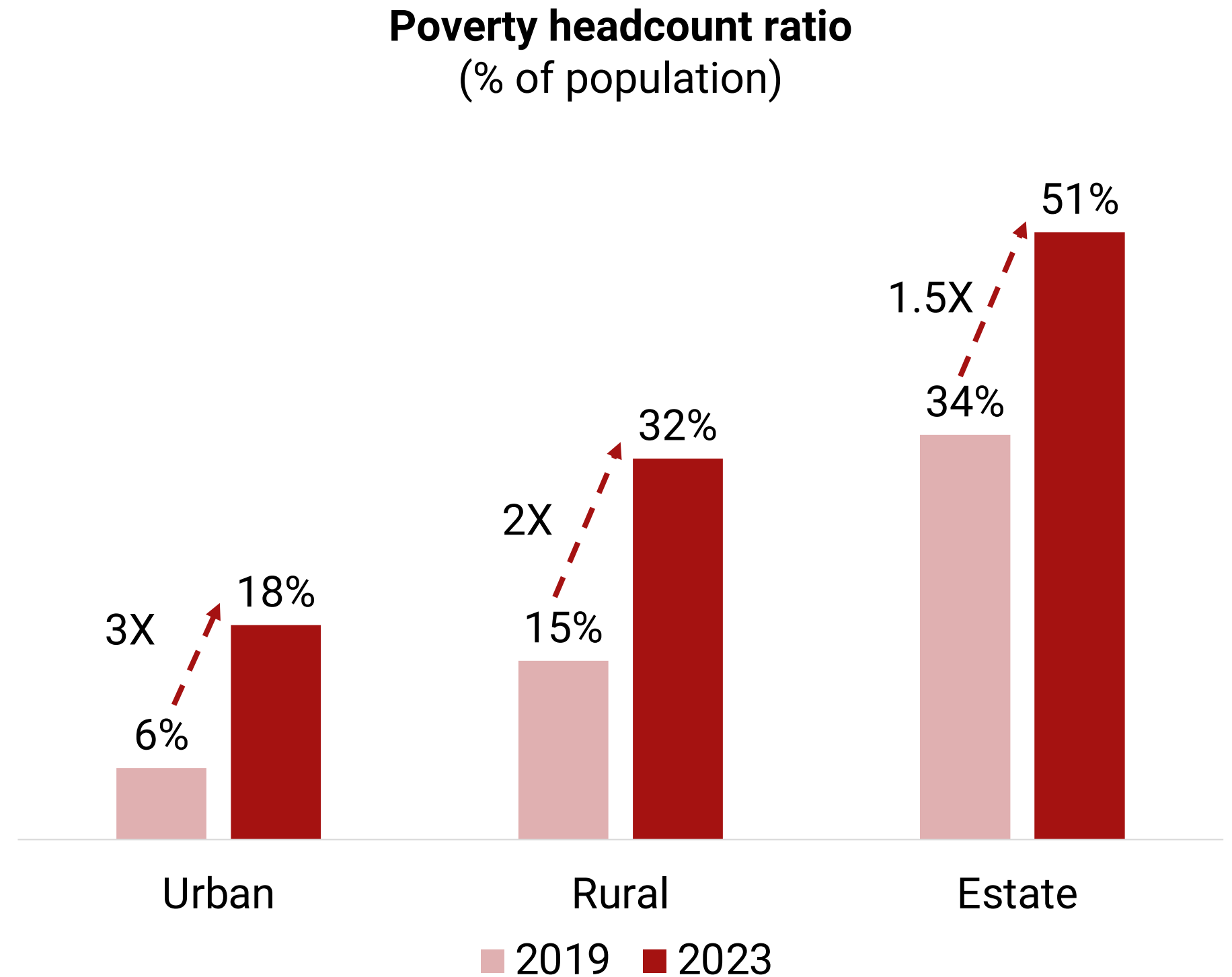
2019 HIES GOSL

2023 LIRNEasia



**Poverty
increased
across all nine
provinces**

Estate communities continue to be the worst off (51% living in poverty) although poverty has increased across all sectors



Many households reduced their food consumption due to the economic crisis

47%

of limited their portion sizes at mealtimes

“I used to buy all the food she [4-year-old baby] needed, but now I can’t even buy half of what I used to. Even a bun... She used to eat baby rusks. It used to be Rs. 30.00 and now it’s about Rs. 140 ”

Fazeena, 31 years, SEC E, Kandy*

33%

ate fewer meals a day

“It was nice and sunny two days ago, but my husband couldn’t find work. He travelled all over [the town looking for work] but returned home in the evening with very little money. We made some food for the children with that money. **I went hungry. Like that I have gone hungry for several days.** I don’t show my family that I don’t eat.”

Dharshini, 37 years, SEC E, Nuwara Eliya*

27%

restricted adults’ food consumption to allow children to eat

* name changed

Q. During the last 7 days, were there days (and, if so, how many) when your household had to employ one of the following strategies?

Base: All households (n=10,062)

Some sold their household assets and spent savings to meet their day-to-day needs

32%

sold their household assets

50%

spent their savings

“We used to have a refrigerator, but we sold it recently. It was because of the economic crisis. We weren’t using it, so there was no point of keeping it. We sold it for between Rs. 6000 and Rs. 7000”.

Farzana, 36 years, SEC E, Jaffna*

“Now people live because they have to live. We don’t even go out, even riding a bus costs a lot. So, unless there’s an absolute necessity we don’t go out. We had a motorcycle we sold it. Now we have a foot cycle and we use it for anywhere closer. If it’s somewhere far away, we travel by bus.”

Sahan, 42 years, SEC E, Matara*

“I pawned my jewellery when we didn’t have enough money to meet our monthly expenses”

Ranjini, 36 years, SEC D, Kandy*

* name changed

Q. During the past 30 days, did anyone in your household have to engage in any following activities?

Base: All households (n=10,062)

6%

**of households with children
aged 5-18
did not send a child to school**
in the 30 days prior to survey implementation

**At least 203,000
children were not in school**
(at least for one day in last 30 days due to
economic difficulties)

“About half the boys [in the nearby estate] have dropped out of school. They take on odd jobs in the area. They can earn about Rs. 200 if someone calls them [to do some work].”

Sivaratnam, Community leader, Badulla*

* name changed

Q. During the past 30 days, did anyone in your household have to engage in any following activities? (Withdrew children from school or not send them to school)

Base: All households (n=10,062)



2. State of social safety nets prior to reform

Sri Lanka has over 25 social assistance programmes to provide citizens a safety net in times of hardship

We focus on 4 key programmes, and identify 3 major challenges across these

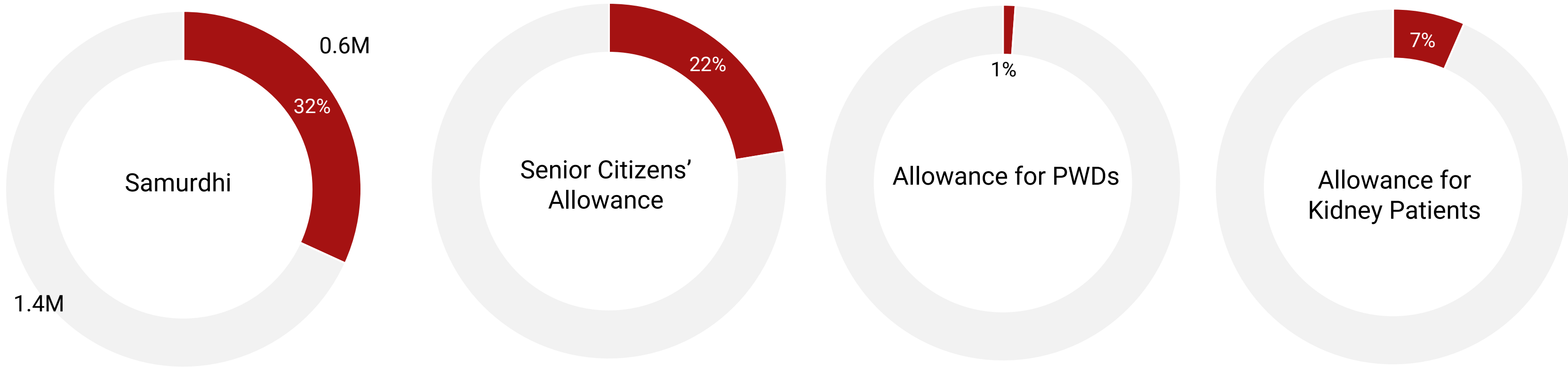
Emergency cash assistance during the COVID crisis	Emergency cash assistance during the current economic crisis	Emergency cash assistance for food insecure families	Samurdhi monthly cash transfer
PAMA (PinPadi)	Assistance for thalassemia patients	Allowance for Persons with Disabilities (PWDs)	Thriposha Program
Assistance for cancer patients	Mahapola	Assistance for tuberculosis patients	President's Fund
Saubagya Village Programme	Grade 5 Scholarship	GCE A/L Technology Scholarship	Sujatha Diyani Scholarship
Saubhaga Scholarship	President's Fund Scholarship	Kepakaru Deguru Sponsorship	Allowance for Senior Citizens
Nutrition Package for expectant mothers	School Textbook Program	School Uniform Program	Subsidised Transport Program
Allowance for kidney patients	Morning Meal for Preschool Children	Fresh Milk for School Children	Midday Meal Program



Challenge 1: Poor
coverage and targeting

Coverage is low across all 4 programmes; many of those eligible are excluded

Welfare benefit recipients by programme (% of eligible population)



Key eligibility criteria

- Families below poverty line (2M)
- Persons above age 70, who receives PAMA or Samurdhi
- Household income < Rs.6000/= (57K)
- Persons with disabilities
- Household income < Rs. 6000/= (183K)
- Persons with Chronic Kidney Disease
- Household income < Rs. 6000/= (19K)

1.7 million

families received monthly
Samurdhi cash transfers...

... but only **40%**

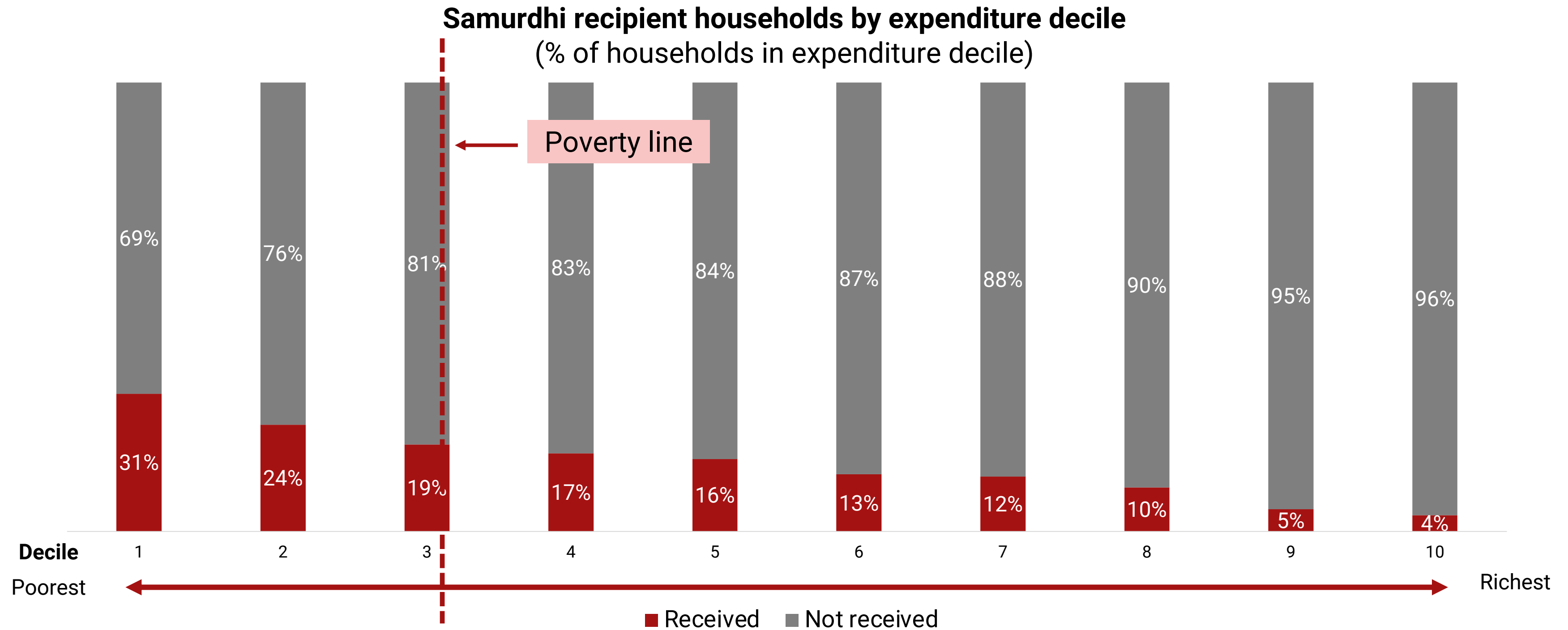
were poor
as per the national poverty line

Note: Department of Samurdhi reported number beneficiaries in April 2022: 1.7 million

Q. Tell me which household members are currently receiving benefits from these Social Welfare programmes?

Base: All households (n=10,062)

Only 31% of the poorest 10% of households received Samurdhi; 4% of the richest 10% of households did



Difficulties in verifying eligibility criteria led to programmes being co-opted for political gain

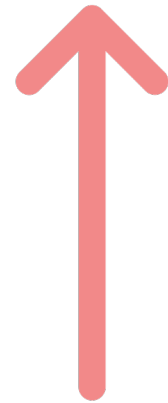
- Eligibility criteria for many schemes have included monthly income/expenditure, which is difficult to verify in many poor households
- Officials exercise high levels of discretion when determining eligibility
- Programmes co-opted for political gain

“I didn’t get Samurdhi until I began working for the ruling political party [at the time]. There was a key person who works with Ministers during elections.... The Samurdhi officer would go to him to see who needs to be given Samurdhi. [He would keep track of those who helped with elections]. **Only the people who attended political meetings got Samurdhi.** Initially, I applied for benefits, but didn’t go for election meetings. But I didn’t receive Samurdhi. [Meanwhile, others in the village who went for meetings, did]. **I then started going for elections meetings. Then they put me on the Samurdhi list,** [and I began receiving benefits].”

Amaraweera, 49 years, SEC D, Polonnaruwa*

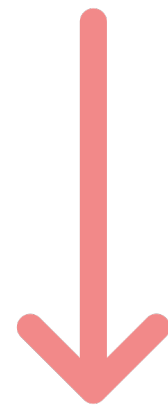
* name changed

28 years



**3 years &
9 months**

average **waiting years** for
Samurdhi recipients



**Less than one
year**

“The [Samurdhi Officers] keep postponing my registration. Now it has been four years since I settled in this village, but I am still unregistered. I can’t go there and beg all the time”

Fathima, 32 years, SEC E, Jaffna*

The Samurdhi official said [it will be] difficult to get the Samurdhi ‘Card’ made, since their quota is full. **No one has left the programme, so we cannot receive benefits.** Since they had registered for this programme a long time ago, the officers cannot cut their names from the list, then there will be many unnecessary issues. So, the official at the Samurdhi asked us to wait until a spot opens up, and that he will fill it in with our names.”

Lalitha, 48 years, SEC C, Monaragala*

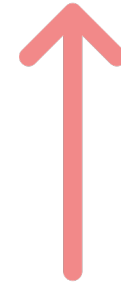
* name changed

Q. Please tell me when did the household member apply for the program?
 Base: Families in Samurdhi waiting list (n=2,356)



Challenge 2: Low exit rates

28 years



Those on Samurdhi receive monthly
cash transfers for

**10 years
and 3 months**

on average



Less than one
year

Limited and opaque pathways to exit Samurdhi in practice



Migration

“My mother had Samurdhi, but since I was abroad, they took her off the list. But then my mother fell ill, I went several times [to the Samurdhi office] and somehow managed to convince and add the name in to the beneficiary list.”

Kalpana, 59 years, SEC C, Polonnaruwa*



Obtaining government employment

“It has been a year since my oldest child joined the army. Then they removed me from Samurdhi. I asked them not to remove it since I was sick, but they removed it.”

Kumari, 53 years, SEC C, Polonnaruwa*

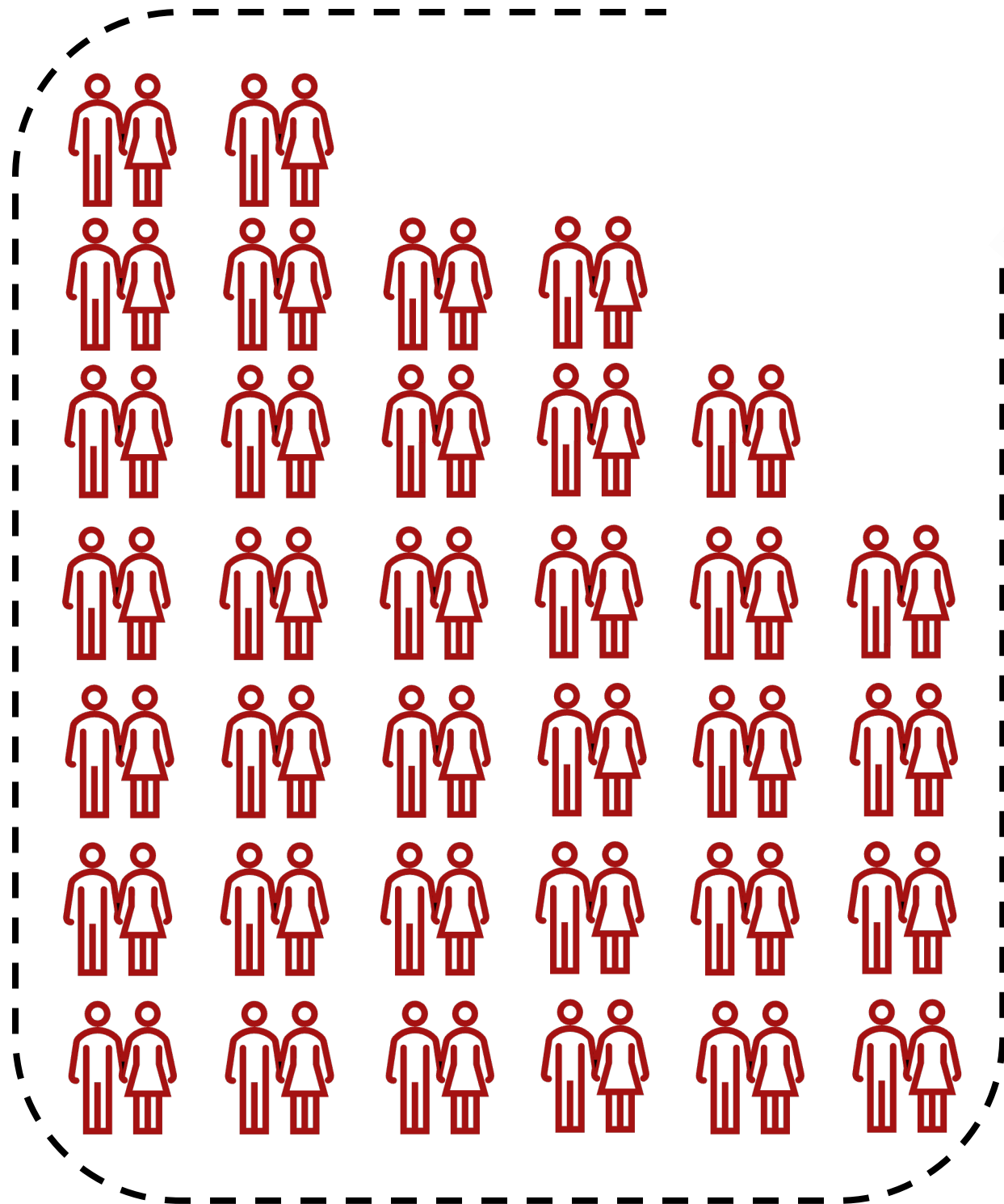


Ad hoc criteria imposed by government officials

“I used to get the Samurdhi benefit but the Samurdhi Officer struck my name off since I owned a tractor. Now I don’t get that benefit.”

Kiribanda, 88 years, SEC D, Monaragala*

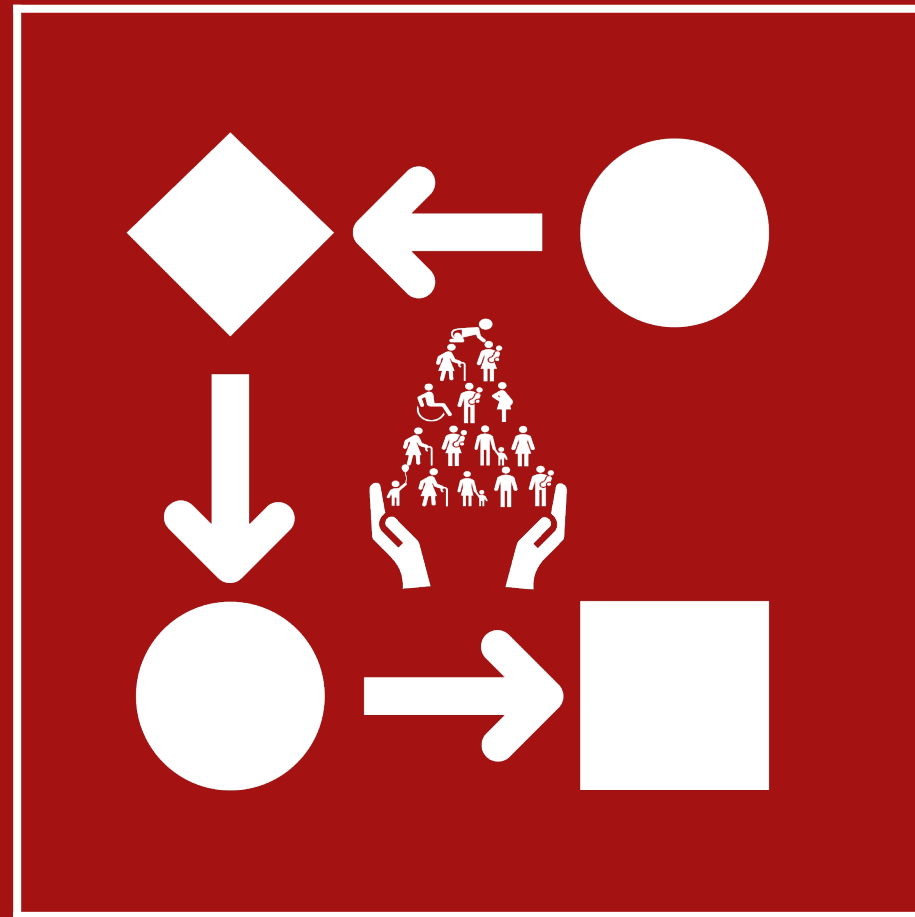
* name changed



**Only 17% of those
who have received
Samurdhi benefits
have exited the
programme**

Q. Please look at this card and tell me which household members received benefits in the past but no longer receiving benefits from these Social Welfare programs?

Base: All Samurdhi beneficiaries (n=3,524)



Challenge 3: Inefficient
delivery mechanisms



Median time cost for Samurdhi recipients: 2 hours and 18 minutes

Q1. How long it does it take for this member to travel to the benefit collection point?
Q2. How long does it take this member to collect the benefit at the benefit collection point?
Base: All Samurdhi beneficiaries (n=3,524)

Long waiting hours and high traffic at Samurdhi Banks on 'collection days' attributed to

- **Poor communication**
- **Low digitalization**
- **Disengaged officers**

"[My officer usually asks me to come into the Samurdhi bank] to collect the cash between 9.30 and 10.30am. But the Samurdhi officer is in at different times. We try get our work done by 1.30pm so that we can pick up our children from school. But it often takes a lot of time. On some days the officer is not in at the Samurdhi Bank, so we return home empty handed."

Ramani, 42, SEC C, Colombo*

"One person checks if a loan has been taken. Another person checks if the loan has been repaid. Another person checks if there are arrears to be paid. So, there are a lot of ledgers."

Thilanka, 47, SEC D, Colombo*

"The staff there are very lethargic, that is the usual way. When they go for lunch, they take a long time to return to their desks. But we cannot complain. So, we must wait until the money is given to us."

Mohamed, 54, SEC D, Gampaha*



3. New reform agenda

National Transformation Roadmap identifies social protection as one of four key pillars

Fiscal and
Financial Reform

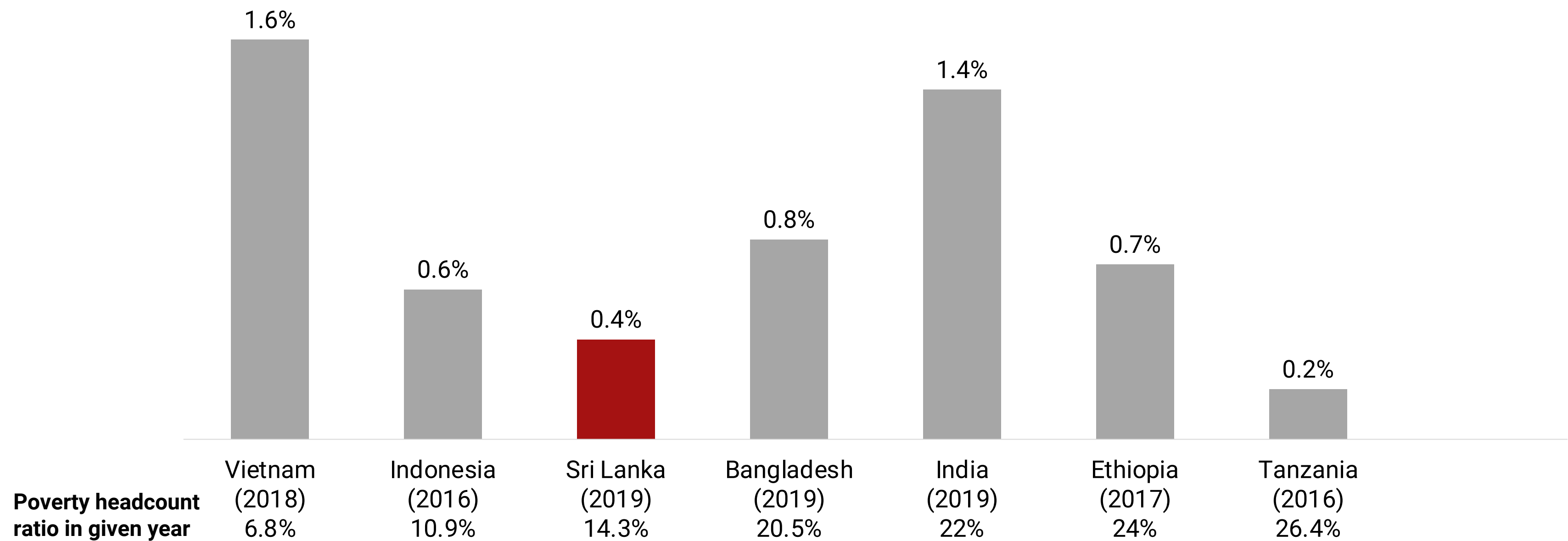
Investment
Drive

Social Protection
and Governance

State Owned
Enterprises
Reform

Pre-COVID and economic crisis, Sri Lanka spent less than 0.4% of GDP on social safety nets

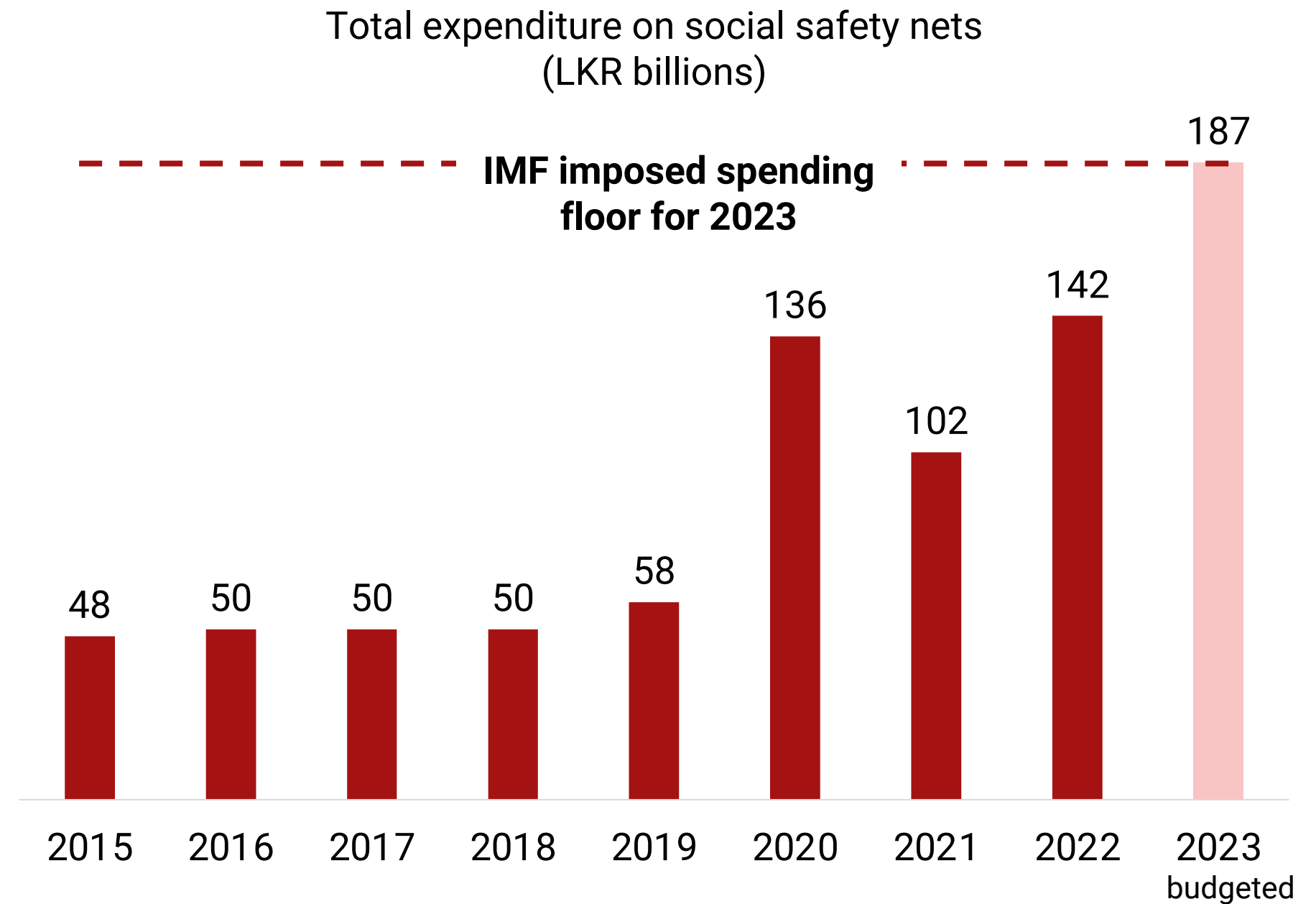
Spending on social safety nets – Sri Lanka vs peers
 (% of GDP)



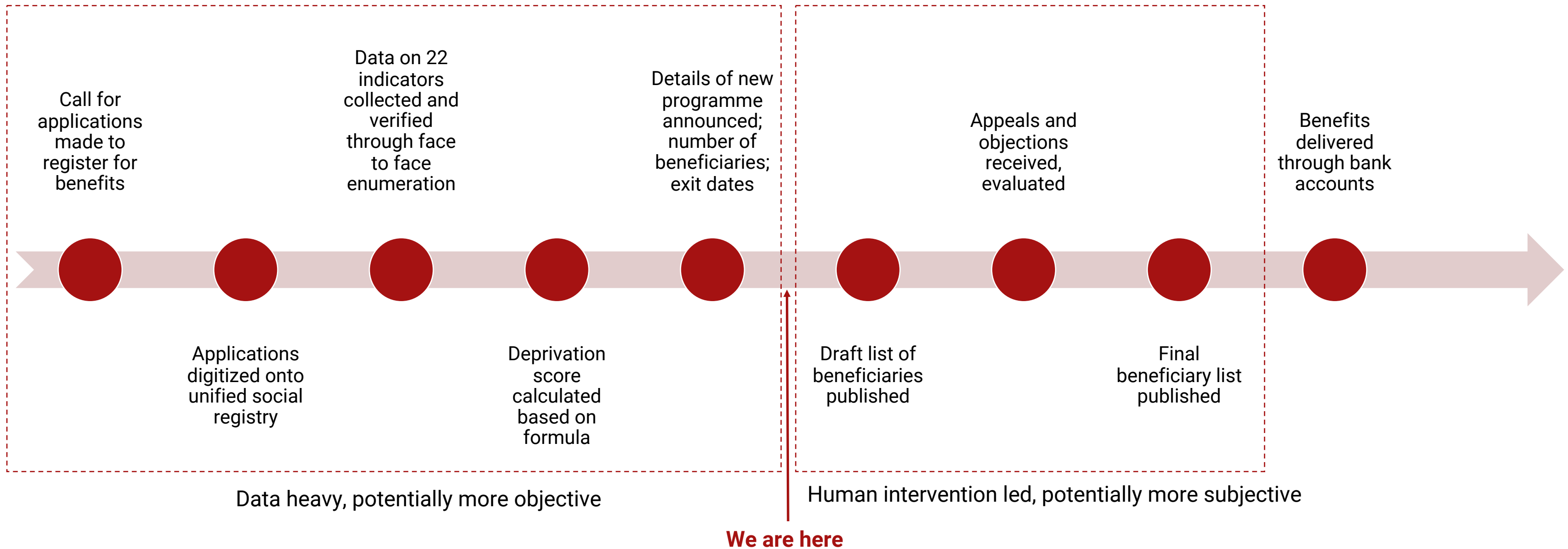
Source: World Bank (ASPIRE database) (latest year)

Social safety net expenditure increased since 2020; at least 0.6% - 0.7% of GDP to be spent from 2024

- Sri Lanka increased expenditure on social safety nets in recent years.
- IMF programme requires Rs.187 billion spending floor on social safety nets in 2023.
- At least 0.6%-0.7% of GDP to be spent on safety nets from 2024.



Aswesuma programme: identifies beneficiaries through a multi-stage process



We use our research to discuss this process

Aswesuma programme provides differentiated benefits based on level of vulnerability

Programme/target group		Number of welfare beneficiaries/ families	Proposed monthly allowance (Rs.)	Last day for receiving benefits*
Poor and vulnerable families	Transitional	400,000	2,500	31 December 2023
	Vulnerable	400,000	5,000	31 March 2024
	Poor	800,000	8,500	30 June 2026
	Severely poor	400,000	15,000	30 June 2026
	Total	2,000,000	-	-
Allowance for PWDs		72,000	5,000	30 June 2024
Allowance for Kidney Patients		39,150	5,000	30 June 2024
Senior Citizens' Allowance		416,667	2,000	30 June 2024

* Possibly under a single evaluation cycle
Source: [Extraordinary Gazette No. 2328/13](#)

Recommendation

Improve clarity on programme operations

- whether one can receive multiple benefits

(e.g.: Can one's family can receive a grant, while one also receives a senior citizens' allowance and a kidney allowance)

- plan for reevaluation & exit mechanisms

(e.g.: Will the transitional poor not be eligible for any cash handouts after 31 December? Will there be a reevaluation before December for these groups?)



Some didn't register for Aswesuma due to a lack of awareness; high reliance on social capital to gain knowledge on programmes

- **Lack of awareness** despite scheme being advertised via multiple channels (newspapers, TV, SMS, loudspeakers, government officials)
- **Misinformation** who can register
- **Lack of trust** given unsuccessful efforts to obtain benefits in the past

"The Secretary and other officials are from the [redacted] area. Therefore, we don't get this news to the estate...The leaders or the people with authority in the Samurdhi programme are all Sinhalese... It is first told to their people"

Akeash, 31 years, SEC D, Avissawella*

"I heard that some forms were being circulated and this had to be completed and submitted to the Grama Sevaka by 31 October [2022] but those who are employed on the estate are not eligible. [So I didn't register]"

Shanthi, 34 years, SEC D, Avissawella*

"I know that if it is sponsored by the government, we will never get it. Therefore, I don't bother"

Prasanna, 36 years, SEC E, Matara*

* name changed

Recommendation



Reopen & keep open
Aswesuma registration



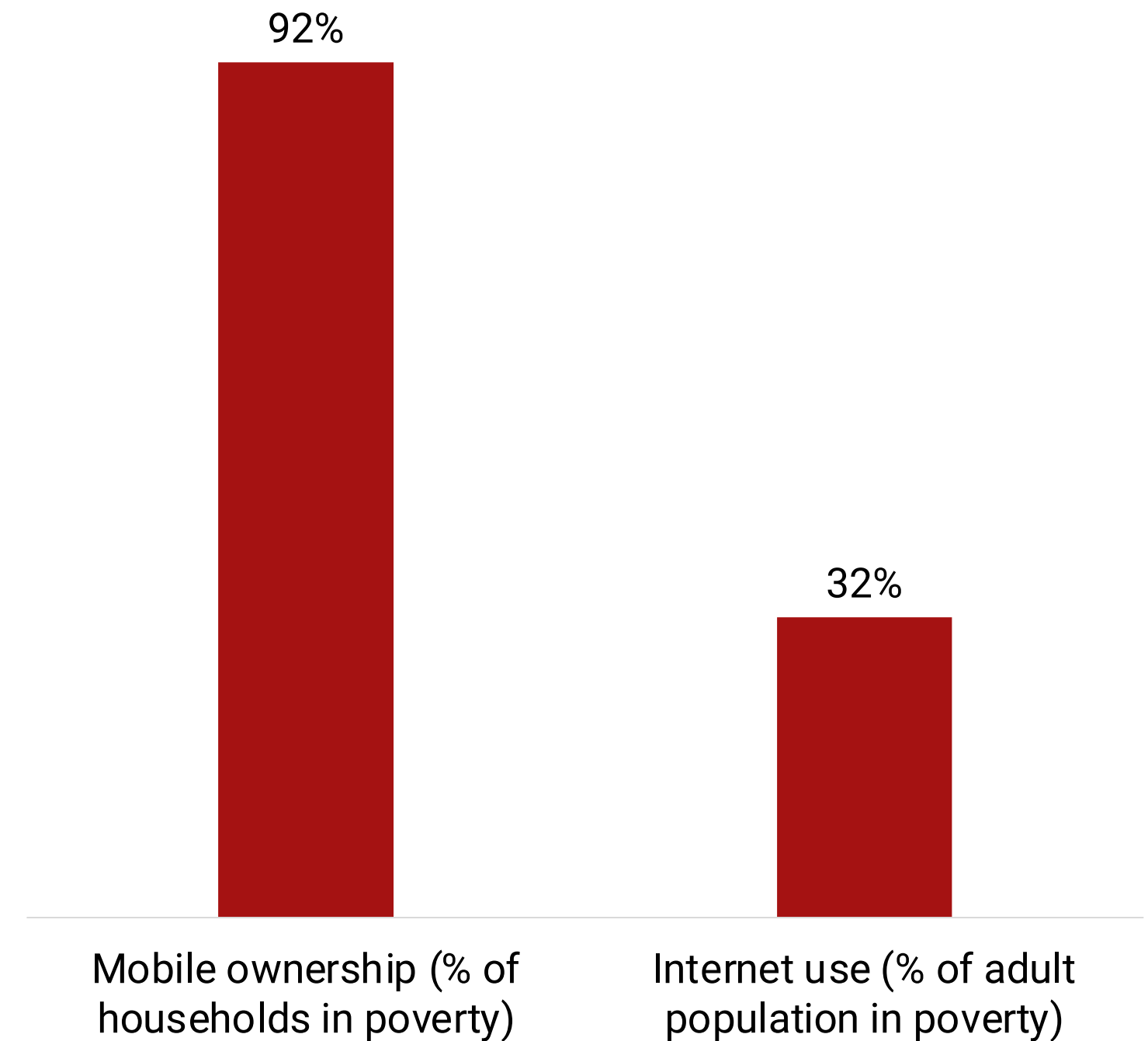
Further improve
communications on
registration

Incentivise officials to engage in
outreach beyond their circles
Highlight that all those who feel
they are in need can apply for
programme



Pen & paper used for registration, then entered into database

- Encountered instances where government officials collected registration forms, but chose not to further process it.
- Existing mechanism does not provide option for phone or internet-based registration options despite high of mobile ownership, and moderate internet use among the poor.



Q1. Item in working condition (exclusive for your household only)

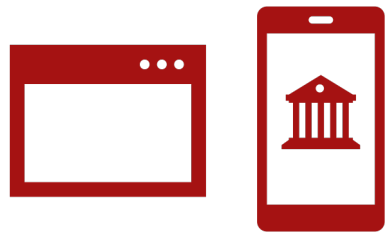
Q2. Has this member ever used the internet? (Websites and applications like Google, Facebook, WhatsApp, email, YouTube etc.)

Base: Households in poverty (n=2,863)

Recommendation

Provide digitally enabled registration options

- 32% of the adults in poverty are internet users
- Already implemented in many South Asian countries



Explore low tech options such as SMS based registration

- 92% of poor households own a mobile phone
- most common method of applying for benefits during COVID-19 in South Africa



Government uses 22 indicators to assess eligibility for programmes through a formula to calculate a 'deprivation score'



Highest Education Level



School attendance



Chronic diseases



Disability



Monthly per capita expenditure



Monthly per capita income



Ownership of land(+ resident's house)



Ownership of other houses and buildings



High lands ownership



Paddy lands ownership



Vehicle Ownership



Machine ownership



Livestock ownership



Nature of Housing unit



Raw materials - floor



Raw materials - walls



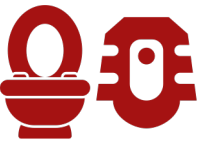
Raw materials - roof



Floor area



Drinking water source



Toilet facilities



Source of lighting



Electricity consumption



Dependency ratio



Single parent family

Face to face surveys used to collect data to calculate deprivation score

- Face to face surveys are used to collect data to calculate deprivation score.
- Resource intensive but allows for some level of data verification (vs. relying purely on disclosed information). But process is largely reliant on potential beneficiaries being truthful.
- Data collectors may be threatened or even assaulted

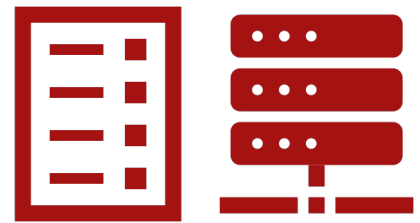
Excerpts from interview with data collector

“When I see a vehicle parked outside a house and ask if it’s theirs, they say no, it does not belong to them. They say it belongs to a neighbor but since they don’t have space to park it in their garden, they park it here. When I mentioned this to the Grama Niladhari, he confirmed that it belonged to that person.”

“Even when we tell them it’s illegal to hide such information or give false information, they don’t care. They continue to give false information.”

“At the time we were conducting the survey, one person in a household was intoxicated. He threatened to hit me with a pole if his family didn’t receive benefits.”

Recommendation



Integrate unified social registry with other digitized databases to verify accuracy of data collected. (e.g.: integrating with Department of Motor Traffic database to understand vehicle ownership)



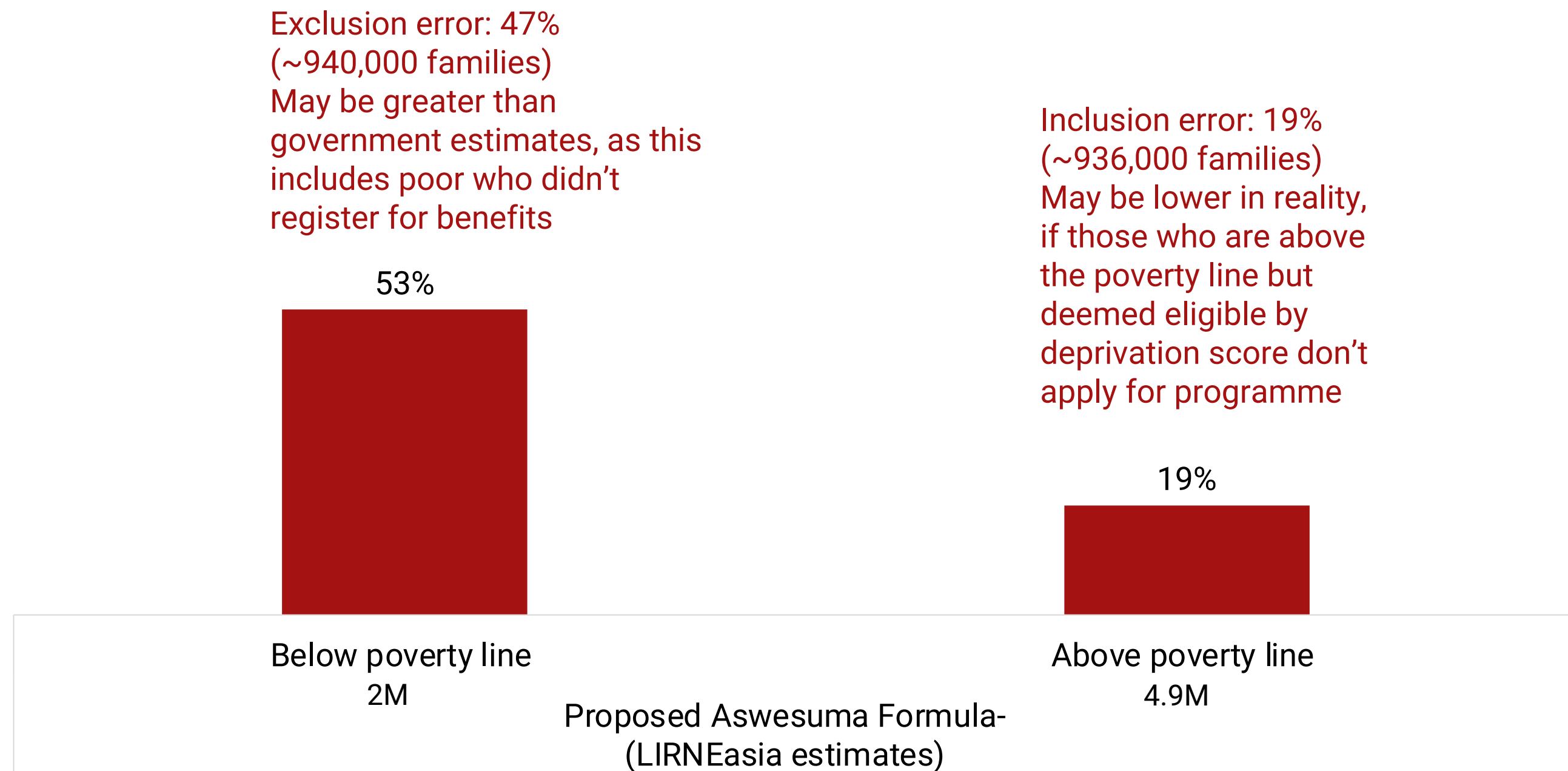
Government uses 22 indicators to assess eligibility for programmes through a formula to calculate a 'deprivation score'

We use data from our nationally representative survey to calculate deprivation score, and compare how the 2 million families with lowest scores fare on deprivation score vs. poverty line

				
Highest Education Level	School attendance	Chronic diseases	Disability	Monthly per capita expenditure
				
Monthly per capita income	Ownership of land(+ resident's house)	Ownership of other houses and buildings	High lands ownership	Paddy lands ownership
				
Vehicle Ownership	Machine ownership	Livestock ownership	Nature of Housing unit	Raw materials - floor
				
Raw materials - walls	Raw materials - roof	Floor area	Drinking water source	Toilet facilities
				
Source of lighting	Electricity consumption	Dependency ratio	Single parent family	

Aswesuma formula identifies only ~1.1 million of 2 million families below the poverty line in 2023

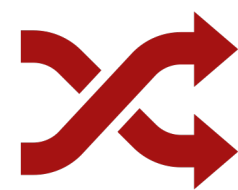
Aswesuma formula - coverage of families above and below poverty line (% of families above and below poverty line)



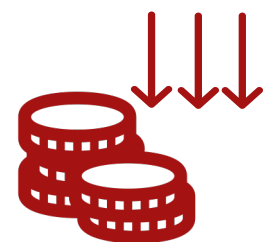
Recommendation



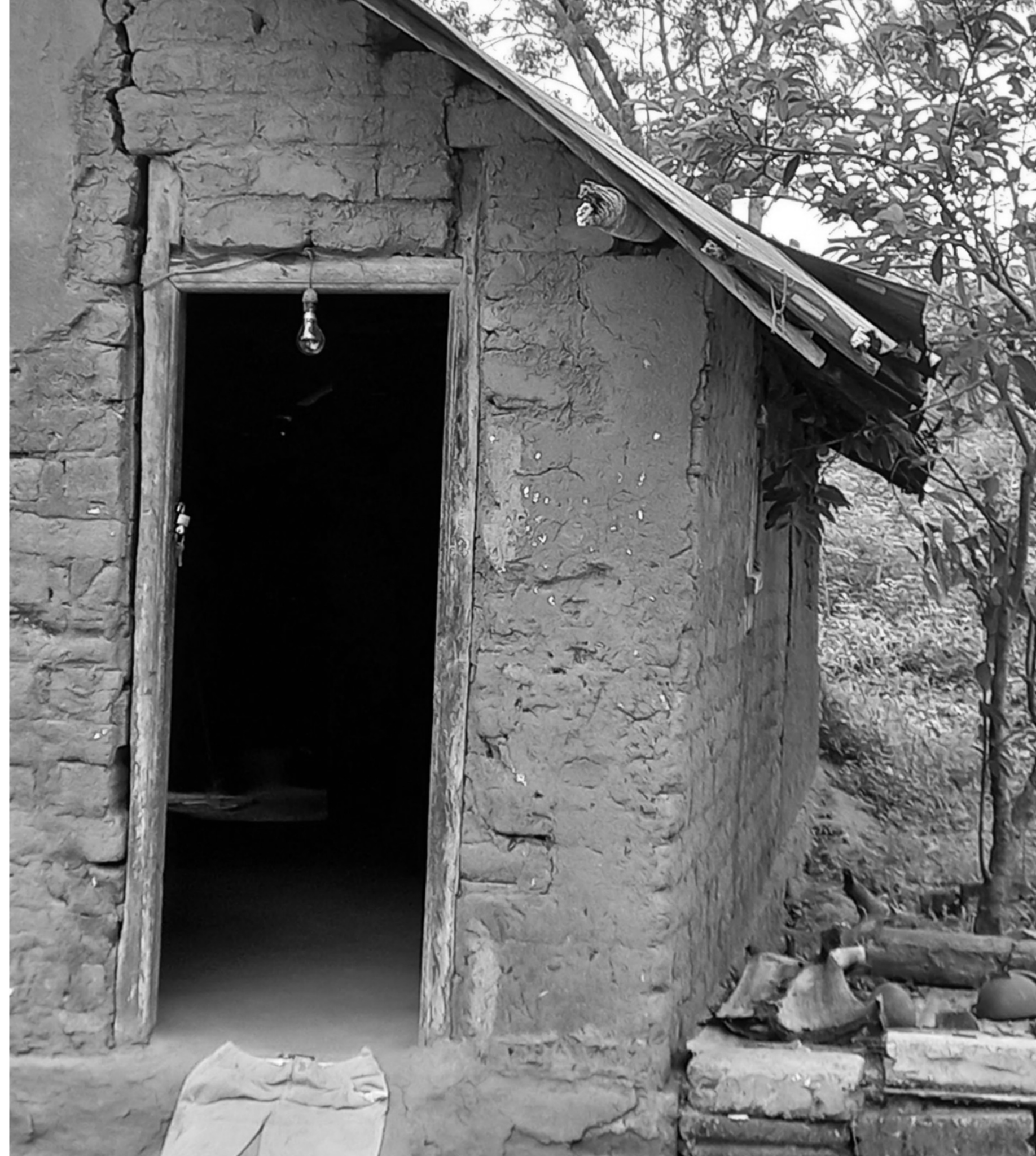
Ensure robust appeals & objections process, making basis for decisionmaking clear to the public



Integrate learnings from appeals & objections process to improve eligibility criteria

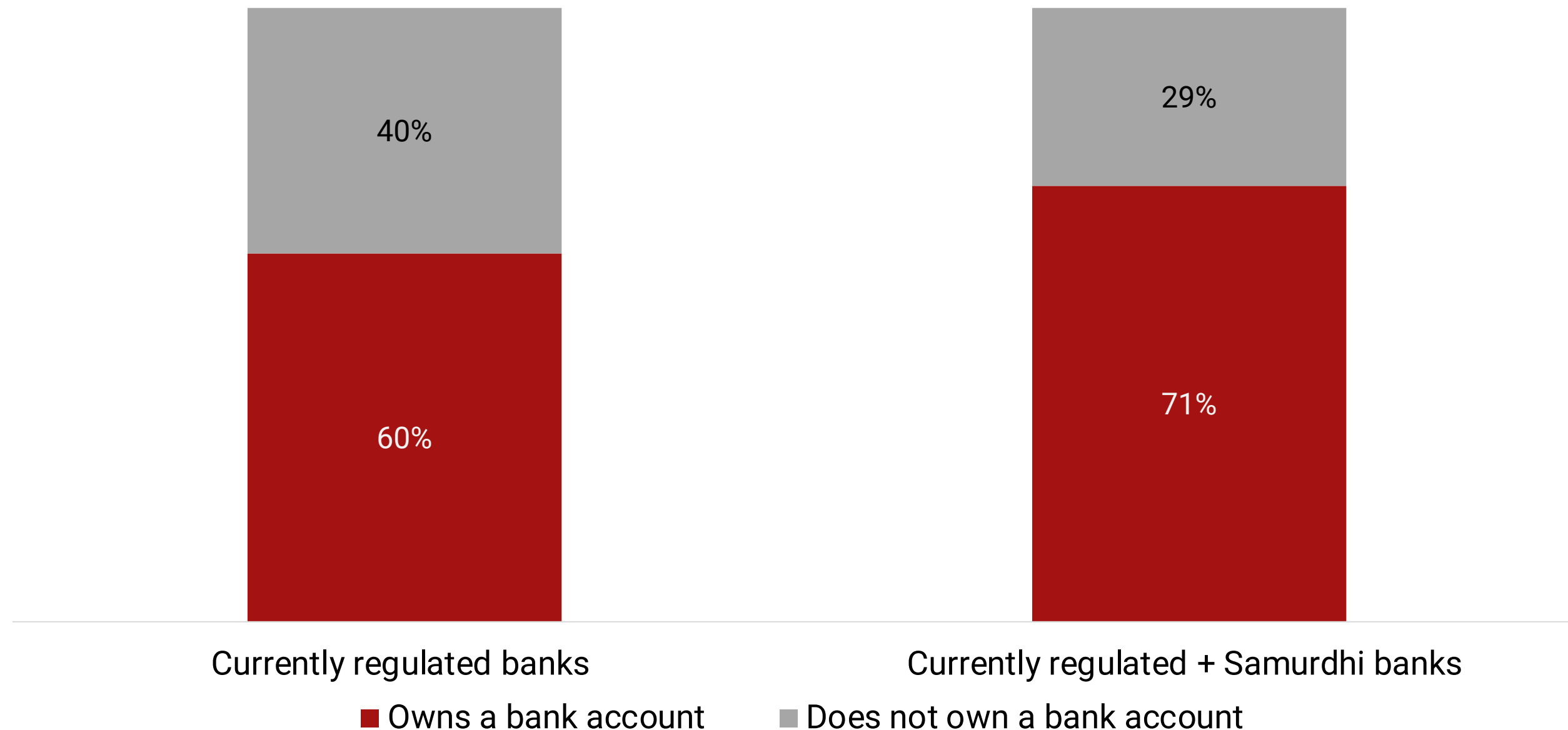


Reconsider definitions of poverty, with emphasis on capturing new poor



Efforts underway to regulate Samurdhi Banks, provide option to collect benefits at all banks

Bank account ownership among adult population living in poverty
(% of adult population living in poverty)

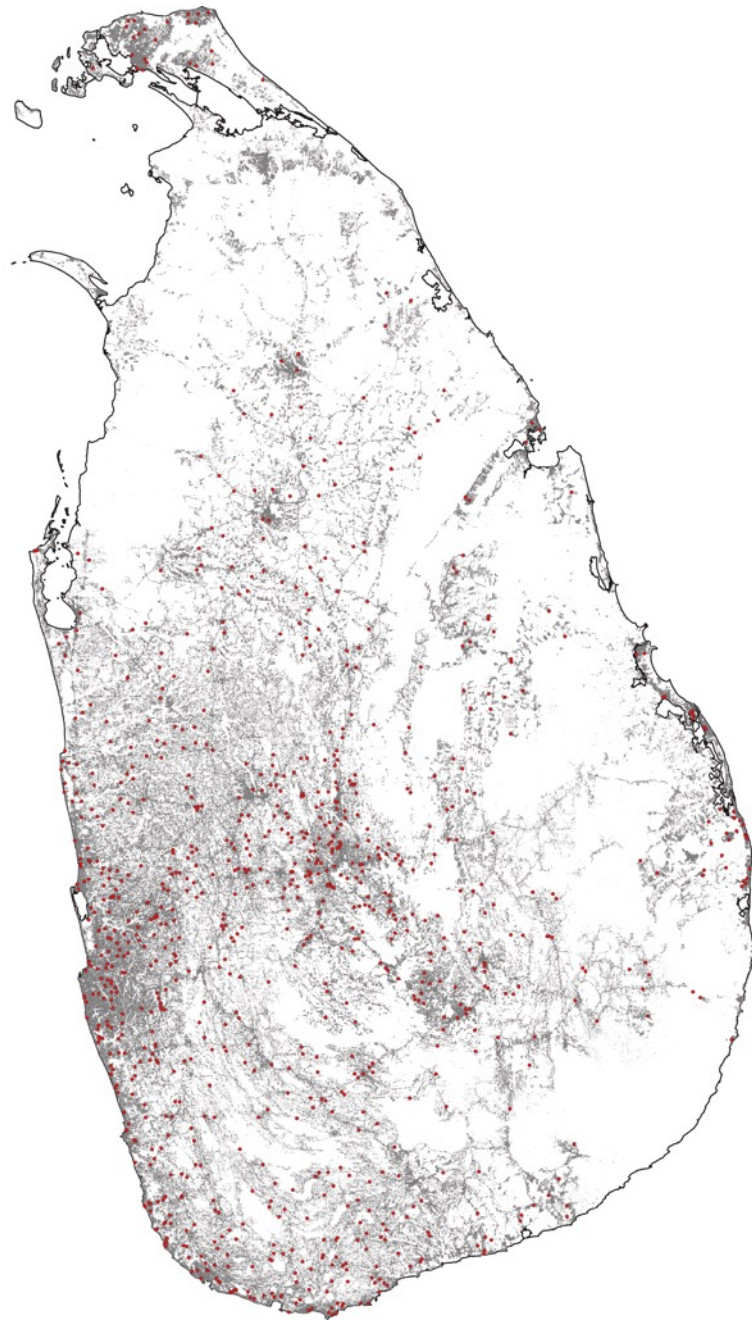


Q1. Tell me which household members are currently receiving benefits from these Social Welfare programmes?

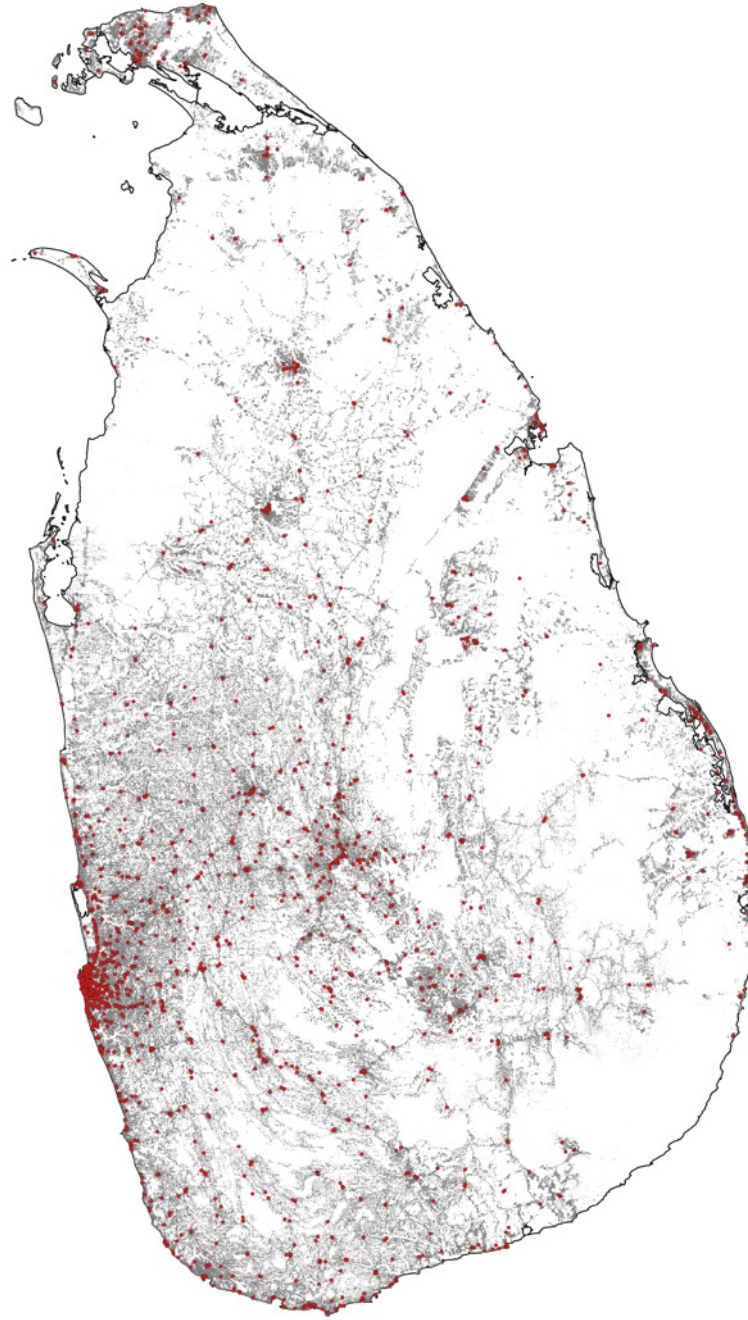
Q2. Does this household member have her/his own bank account?

Base: Poor households (n=2,863)

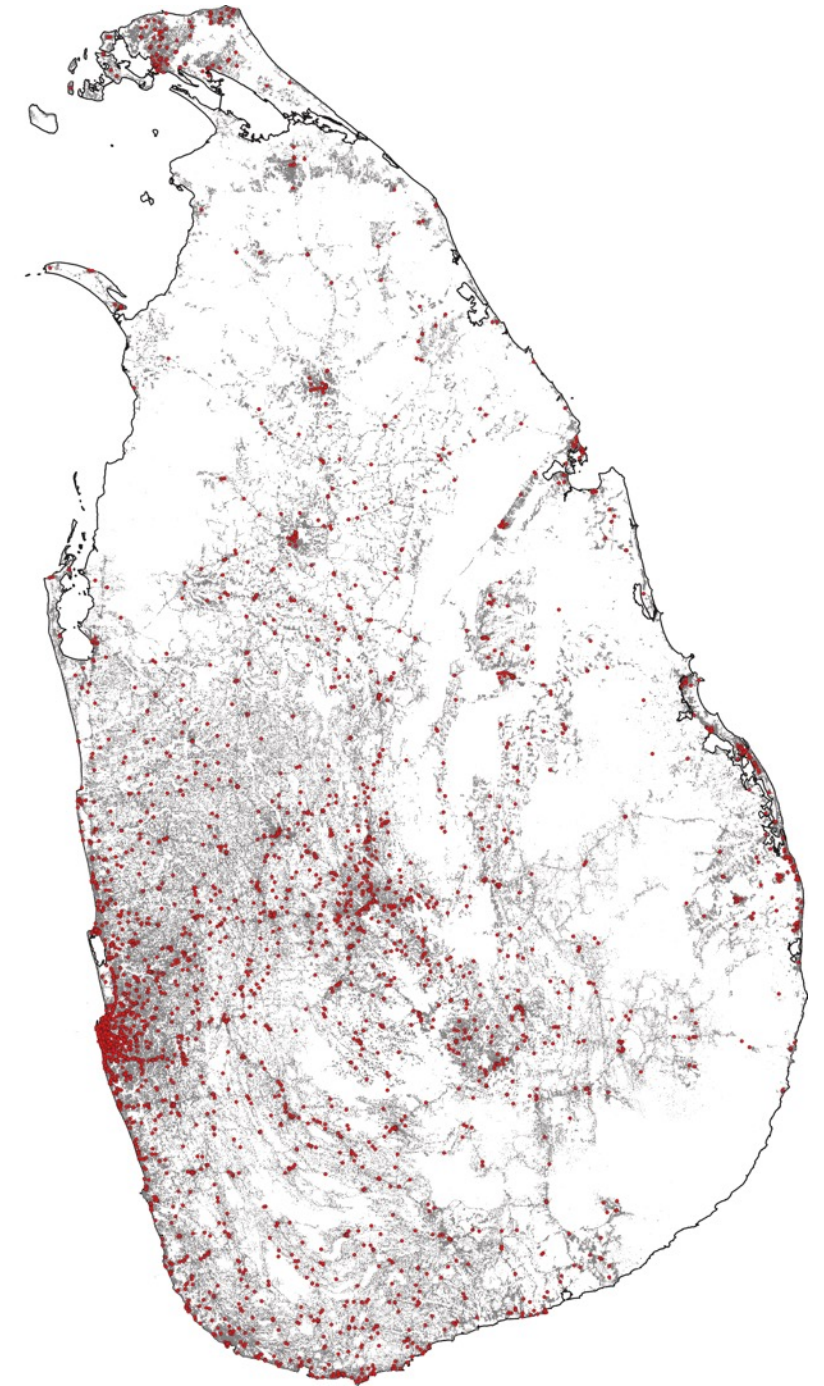
Delivering benefits through all banks should lower travel and waiting times



1050 Samurdhi Banks



**4000+ currently regulated
bank branches**

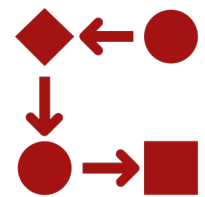


**5000+ Samurdhi Banks & currently
regulated bank branches**

Recommendation



Deliver benefits through regulated banks



Address underlying inefficiencies of Samurdhi Banks (poor communication, inefficient human resources, low digitalization)



New scheme signals that graduation from social assistance is a priority

Target group			
		Current – average (LIRNEasia survey)	Proposed (Ex Gazette 2328/13)
Poor and vulnerable families	Transitional	10 years and 3 months	6 months
	Vulnerable		9 months
	Poor		3 years
	Severely poor		3 years
Persons with disabilities (PWDs)		3 years and 9 months	1 year
Persons with Kidney disease		3 years and 5 months	1 year
Senior Citizens		4 years and 4 months	1 year

* Possibly under a single evaluation cycle

Source: [Extraordinary Gazette No. 2328/13](#)

Recommendation



- Provide access to credit
- Provide beneficiaries access to capacity building programmes
 - Entrepreneurship development & other livelihood training programmes
 - Training on financial management



In summary...

- Improve communications on programme operations, including registration
- Reopen and keep open Aswesuma registration
- Provide mobile and internet-based registration options
- Integrate unified social registry with other digitized databases
- Ensure robust appeals & objections process, making basis for decisionmaking clear to the public
- Integrate learnings from appeals & objections process to improve eligibility criteria
- Reconsider definitions of poverty, with emphasis on capturing new poor
- Deliver benefits through regulated banks
- Address underlying inefficiencies of Samurdhi Banks (poor communication, inefficient human resources, low digitalization)
- Provide beneficiaries access to credit & capacity building programmes

Thank you!

