

INTERIM TECHNICAL REPORT_RESEARCH ICT AFRICA

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IDRC GRANT / SUBVENTION DU CRDI : -

Social Safety Net Reform in Sri Lanka

Gayani Hurulle
#REFORMNOW Conference
5 August 2022

Research team (in alphabetical order of last name):

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

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

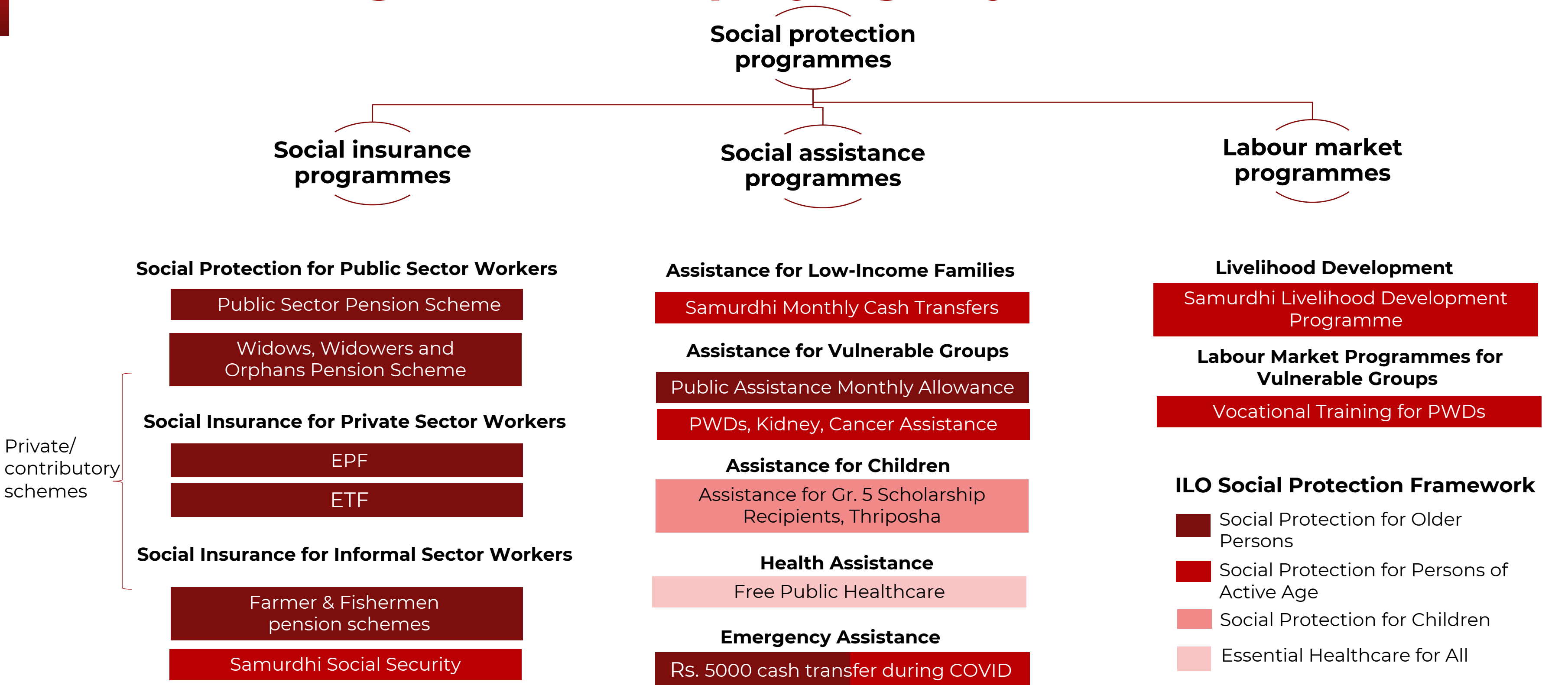


Higher costs

5.7M people
need
humanitarian
assistance

2022

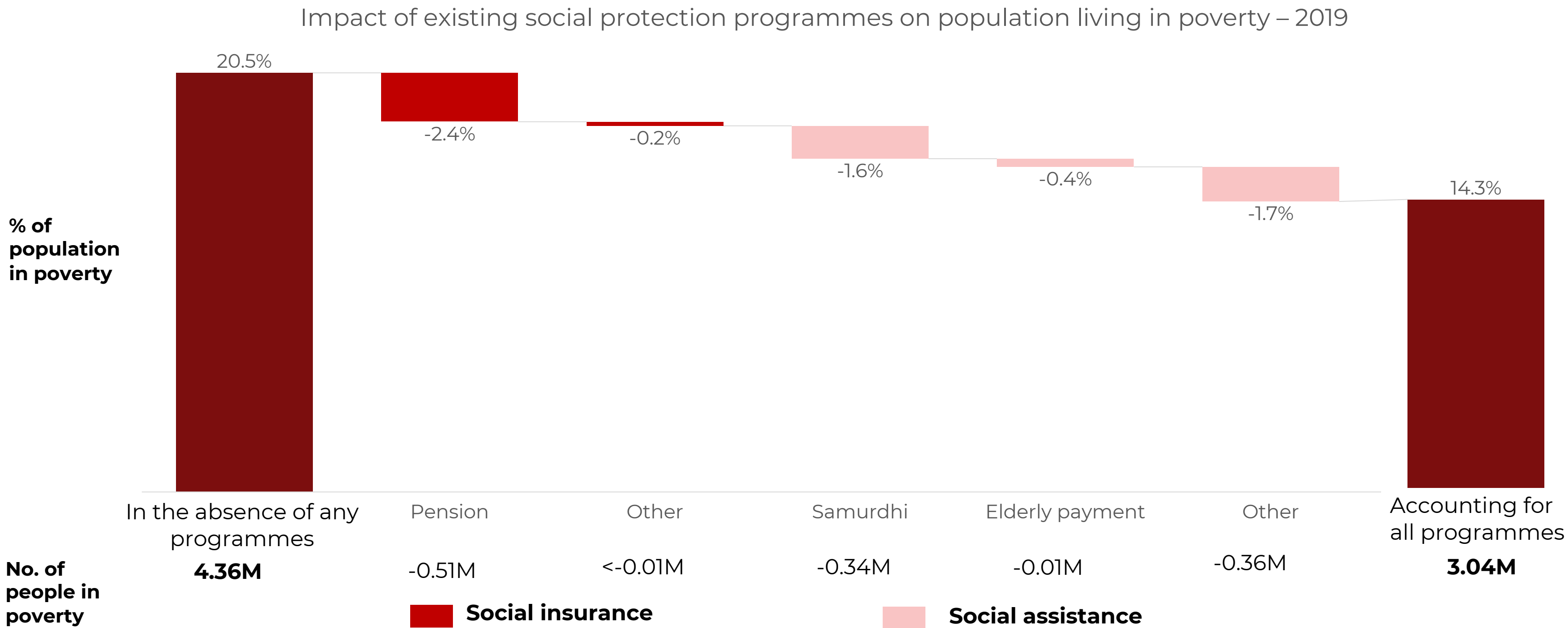
Over 30 social protection programmes in Sri Lanka, with government playing key role



* Schemes documented are illustrative; not exhaustive

Efficacy of poverty reduction programmes

subpar



Source: LIRNEasia based on [Department of Census and Statistics \(2022\)](#)

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

Coverage/
Targeting

Adequacy of
benefits

Type of benefit
(cash vs in
kind)

- Important to balance between competing needs (e.g.: adequacy of funds & coverage vs. reducing financial & administrative burdens)

Ease of
access/delivery

Administrative
processes

Fiscal
sustainability

- Some areas more crucial in the short term given economic crisis (e.g.: coverage, adequacy of benefits & ease of access)

Depoliticization

Efficacy

Graduation

- Solutions that address deep seeded issues (depoliticization, efficacy of programmes & need for graduation) should not be ignored

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

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

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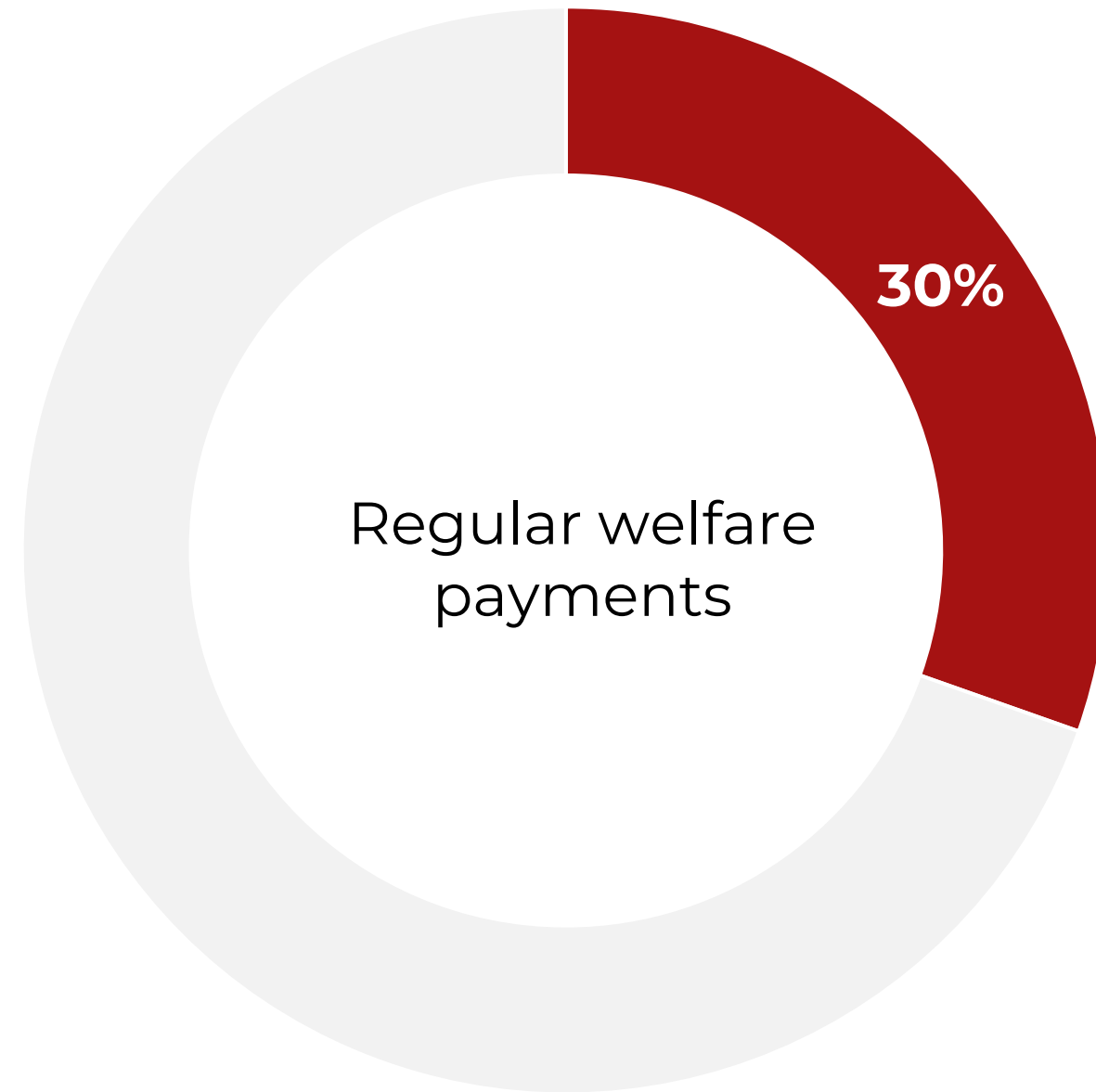
Depoliticization

Efficacy

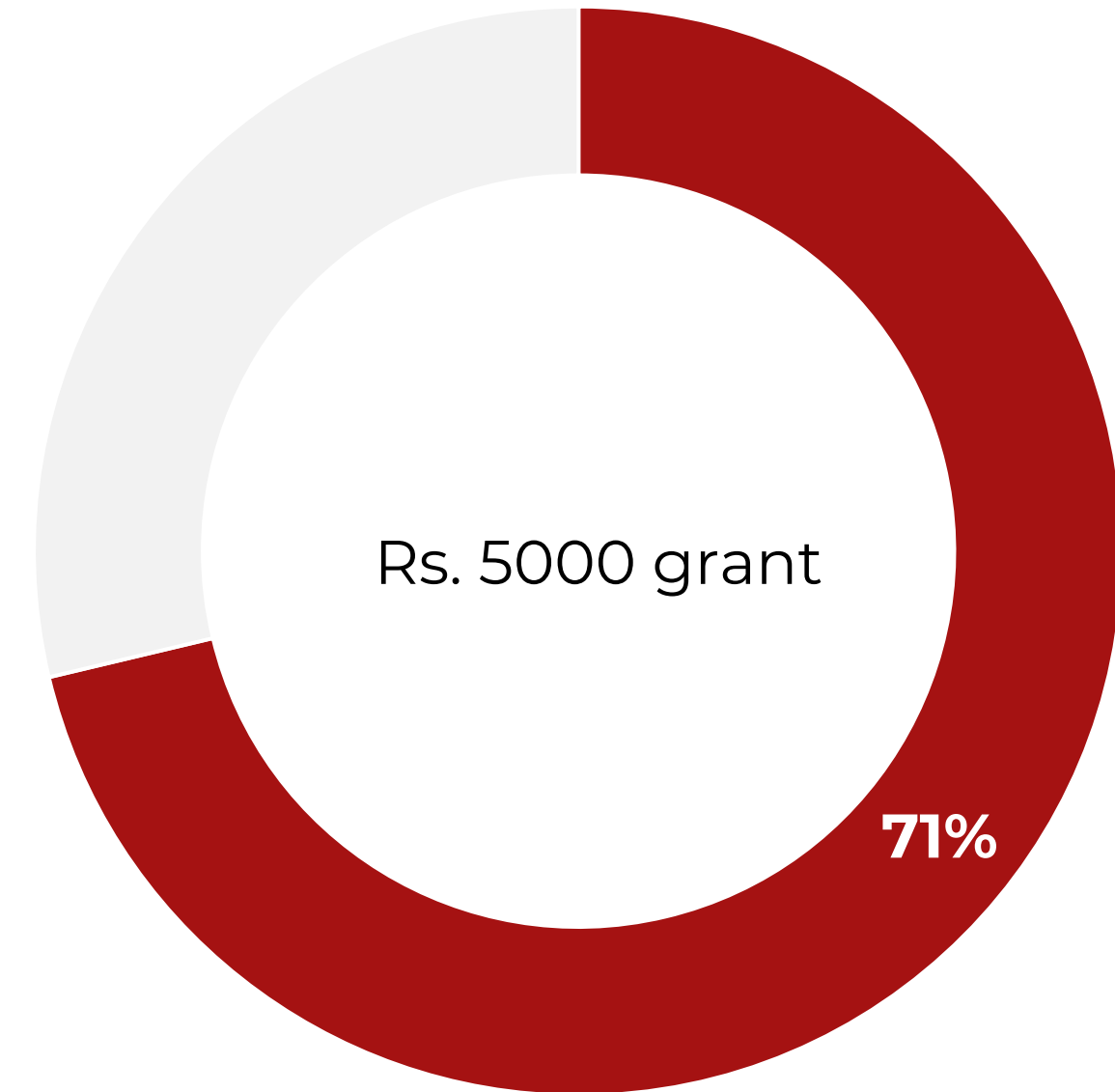
Graduation

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)

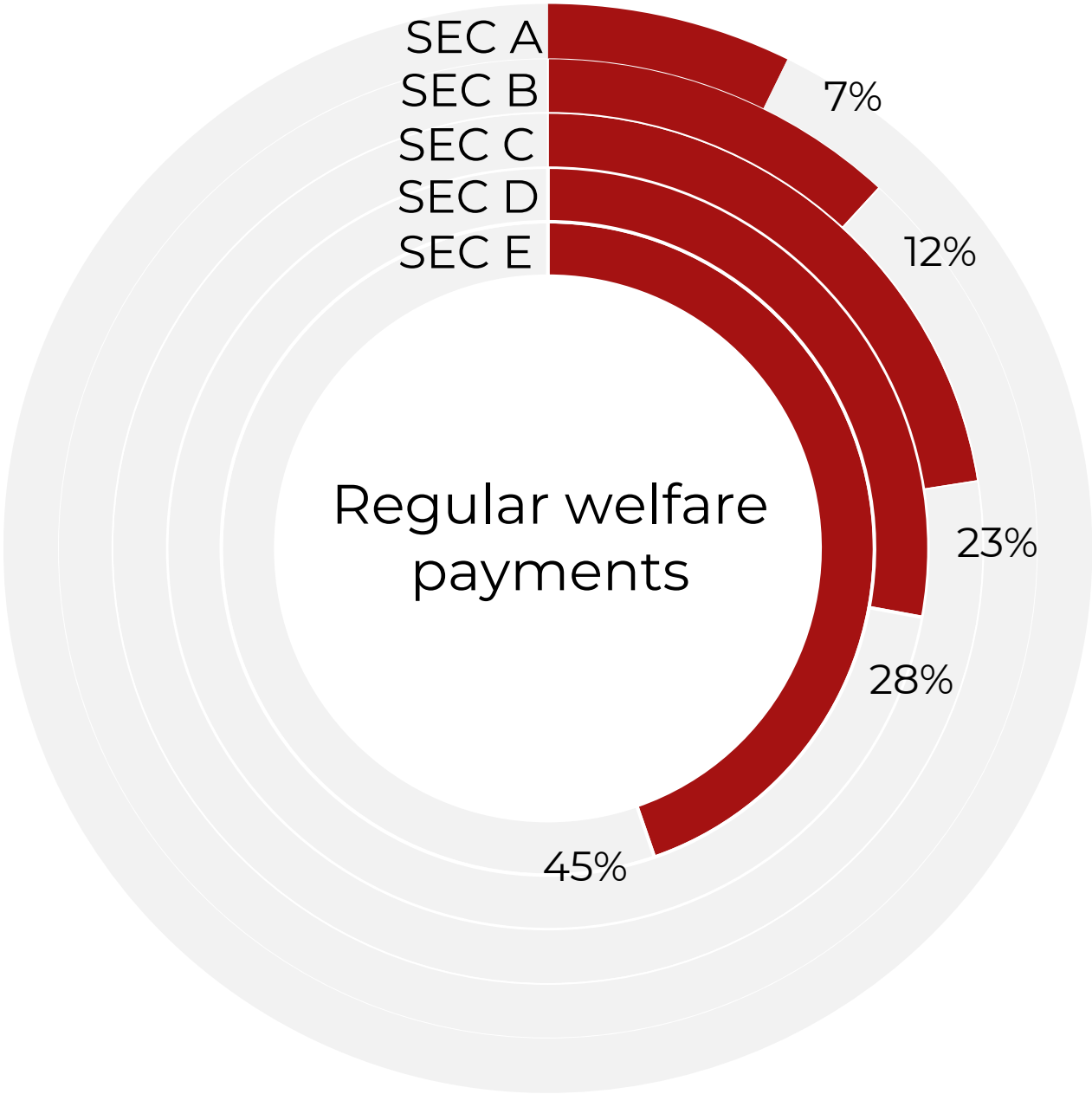


Source: LIRNEasia COVID impact survey, 2021. Representative of all households and age 15 and above population in Sri Lanka with a +/- 2.8% margin of error at 95% confidence interval. N = 2,501)

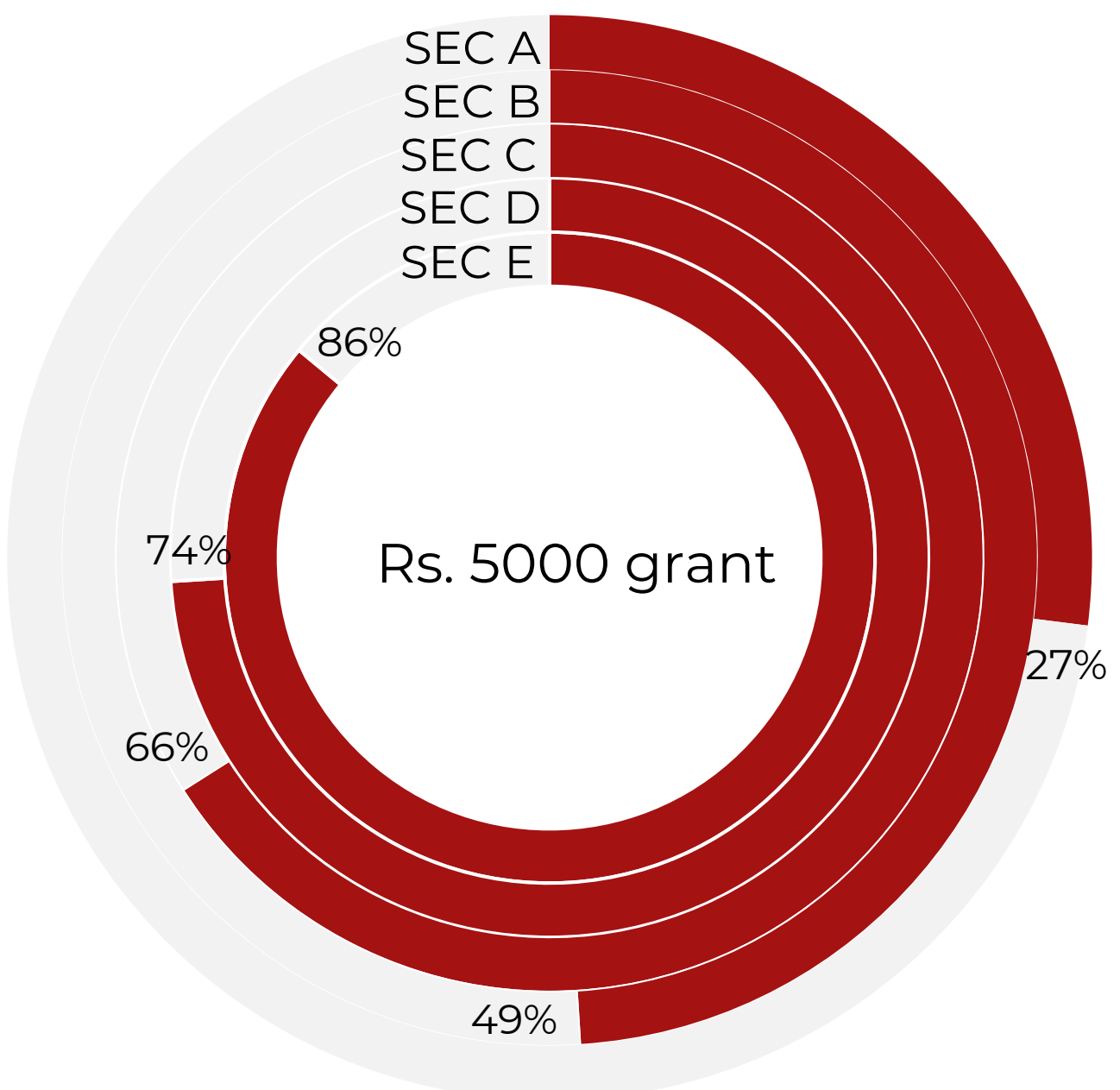
Q: How many people in this household receive regular social grants or benefit (welfare) from the state (eg. disability, unemployment, veteran, child support, scholarship, Samurdhi)? Q: Did any member of this household receive the Rs. 5,000 grants from the government during the COVID-19 lockdown?

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)

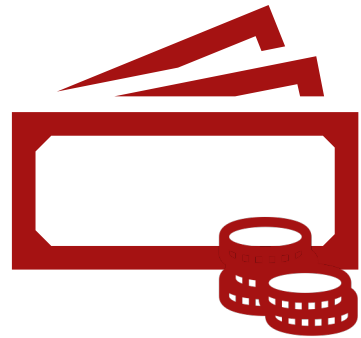


* Socio economic classification is a proxy for household income based on the education and occupation of the household head.
Source: LIRNEasia COVID impact survey, 2021. Representative of all households and age 15 and above population in Sri Lanka with a +/- 2.8% margin of error at 95% confidence interval. (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

Current

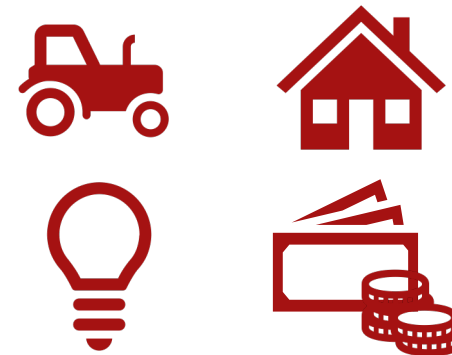
E.g.: Samurdhi



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)

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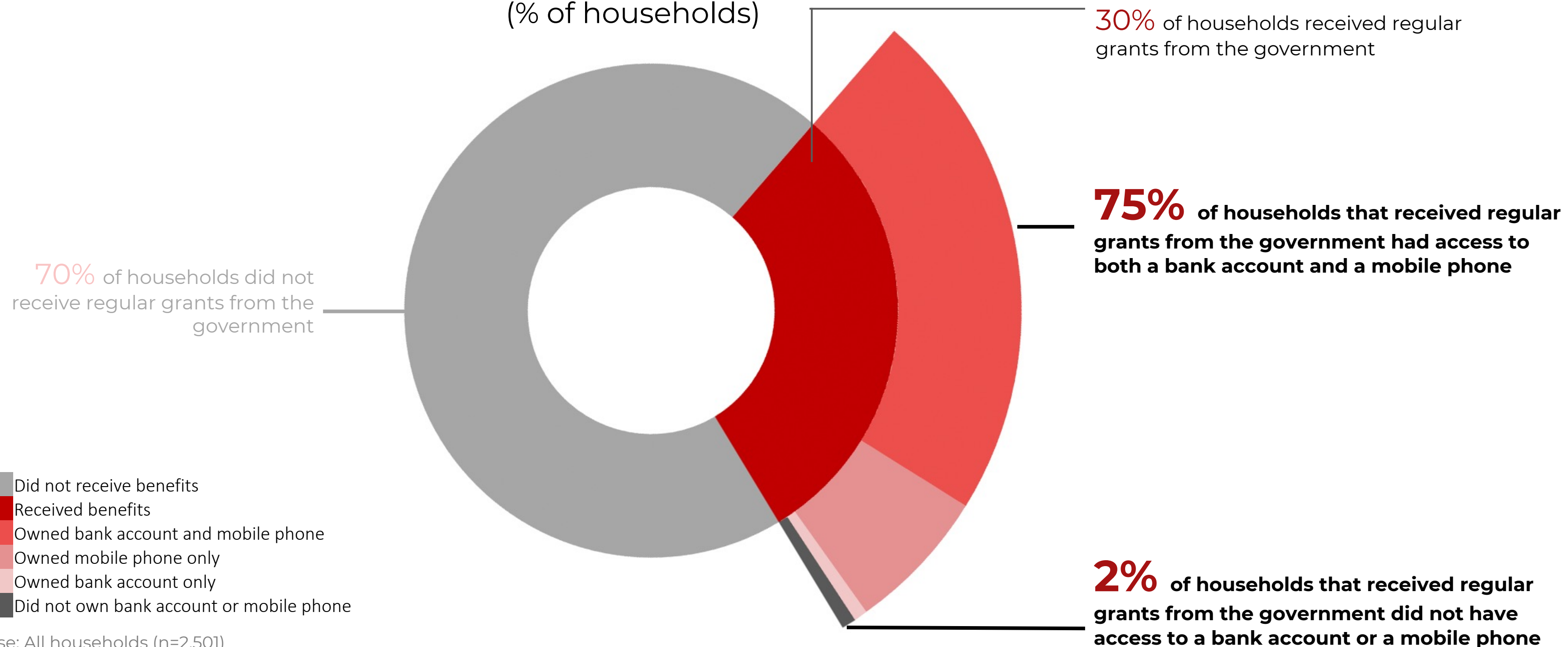
Efficacy

Graduation

Transfer payments to mobile money accounts & banks

Households that received social grants or benefits from the state

(% of households)



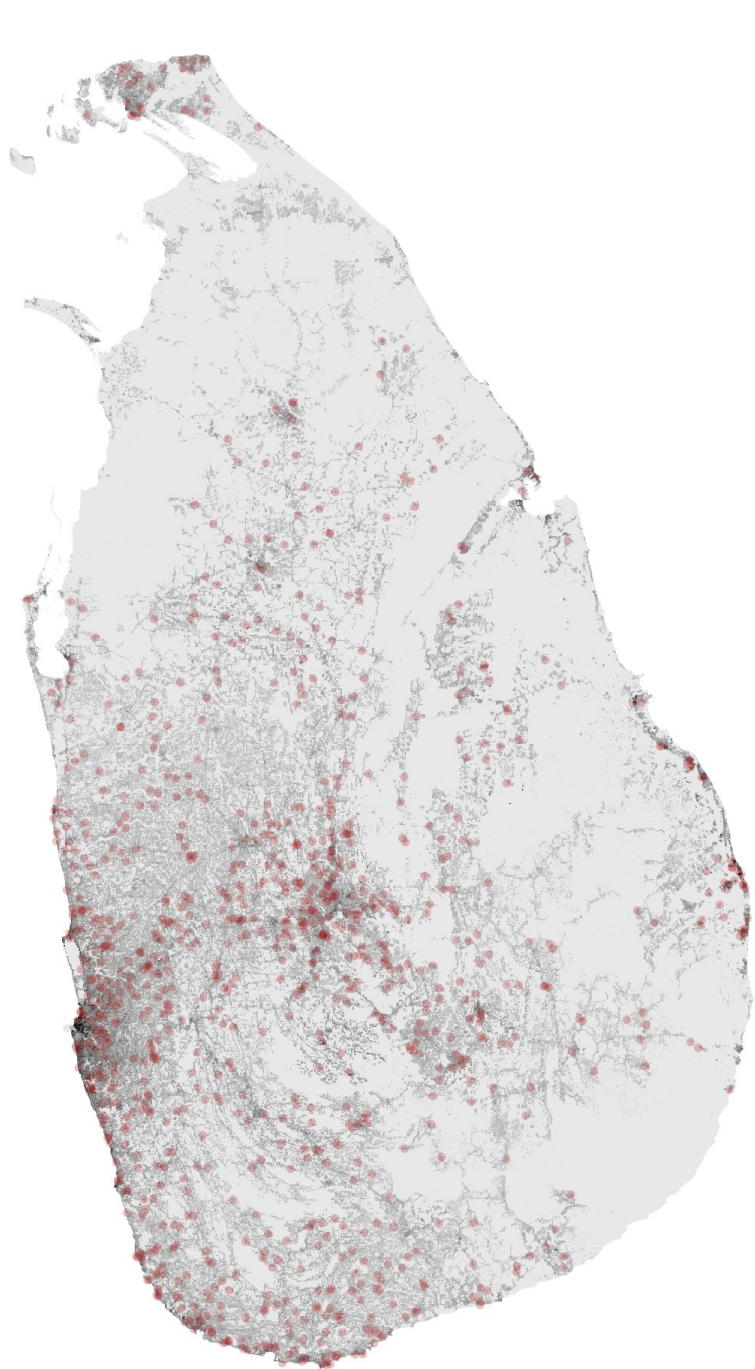
Base: All households (n=2,501)

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)?

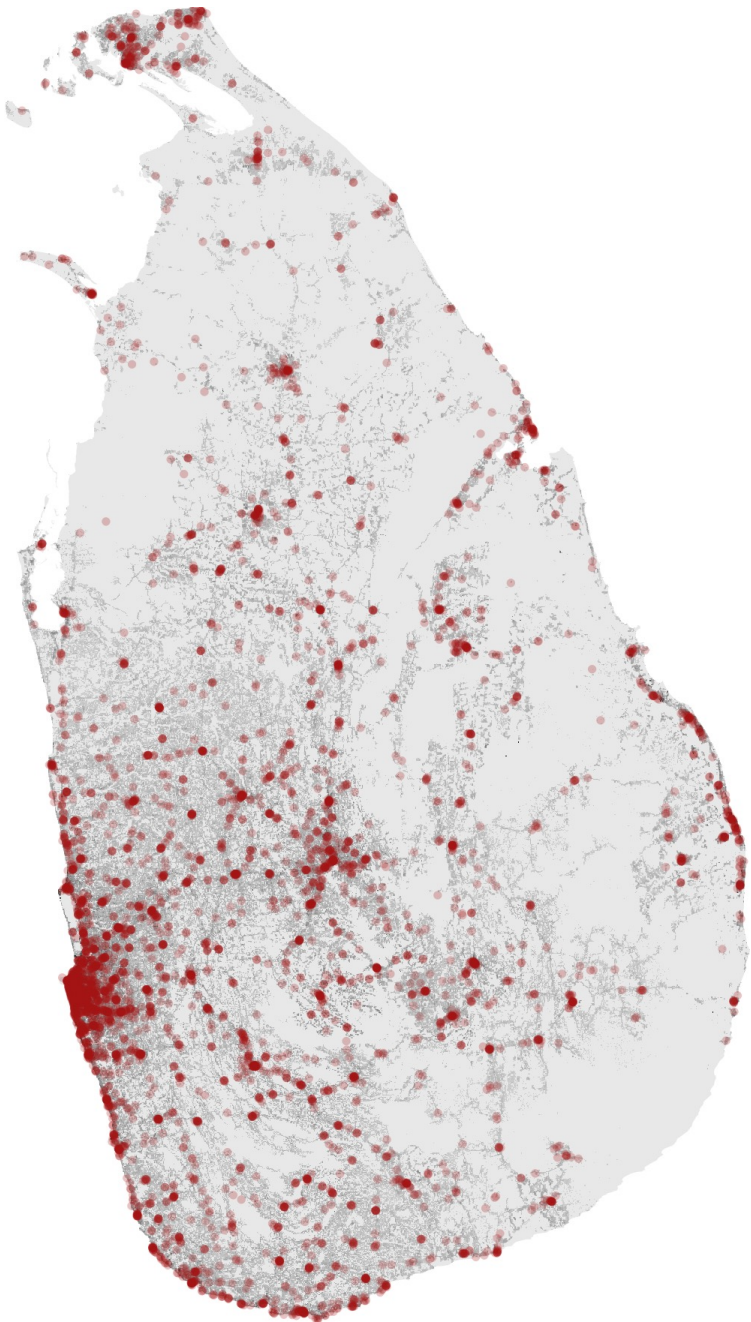
Source: LIRNEasia COVID impact survey, 2021. Representative of all households and age 15 and above population in Sri Lanka with a +/- 2.8% margin of error at 95% confidence interval.

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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 | |



Samurdhi Bank Branches

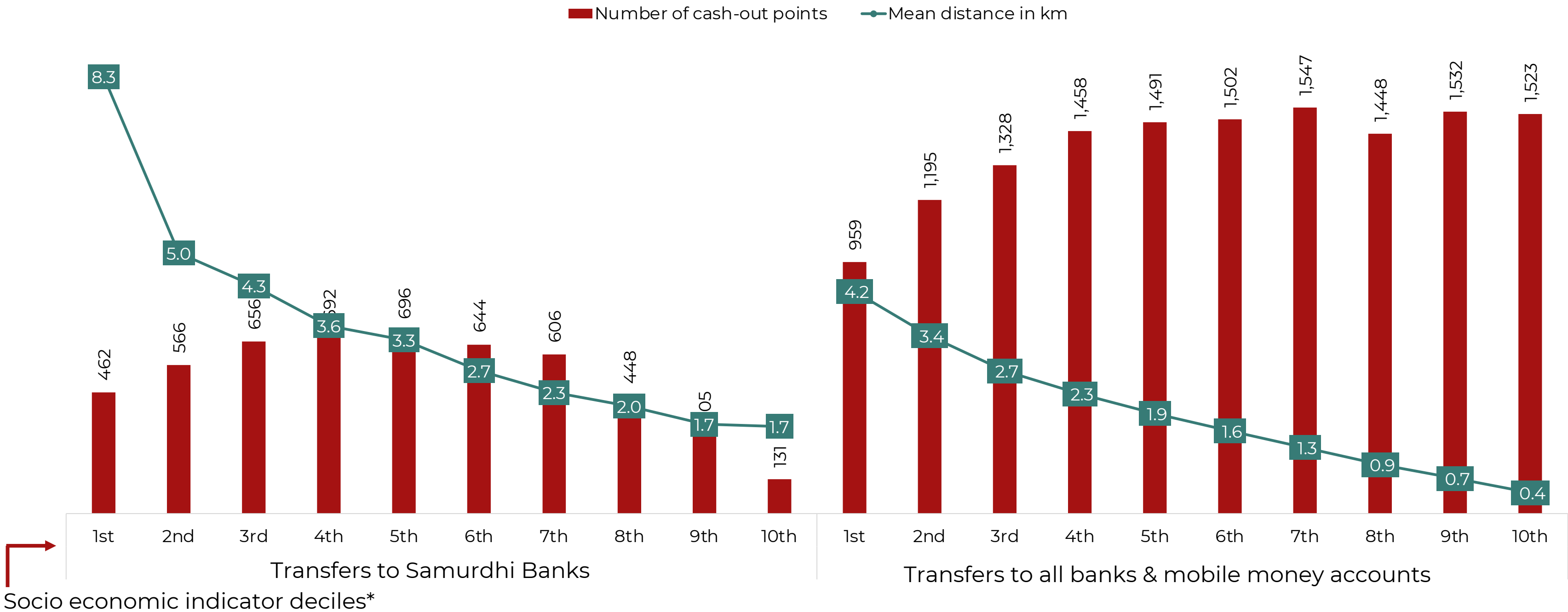


All ATMs, Dialog service points, Mobitel touch points & Communications

Source: LIRNEasia estimates

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

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

Thank you

For more information

<https://lirneasia.net/category/themes/social-safety-nets/>
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