

Efficiency of Sri Lanka's Social Safety Nets with Special Focus on Aswesuma

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2. Conceptual Framework

2.1 Definition of Social Safety Nets

Journal of Asian Economics (2008) has mentioned that, the term “ Social Safety Net” (SSN) began to be used by Bretton Woods Institutions, i.e. International Monetary Fund and the World Bank (formally the International Bank for Reconstruction and Development), in connection with structural adjustment programs related to their lending programs. Developing countries introduced Social Safety Networks to mitigate the social impact of structural adjustment measures on specific low-income groups.¹ According to the World Bank (WB) Social Safety Net programs/ Social Assistance programs are non-contributory transfers in cash or in-kind and are usually targeted at the poor and vulnerable. ² International Labour Organization has mentioned that effective Social Safety Nets (SSNs) can reduce poverty and inequality and promote inclusive growth.³ Social protection contains policies and programs aimed at alleviating poverty and vulnerability by fostering efficient labour markets, reducing people's exposure to risks, and enhancing their ability to manage economic and social uncertainties such as unemployment, exclusion, sickness, disabilities, and old age. According to the World Bank, approximately 36% of the extremely impoverished population has managed to lift themselves out of extreme poverty due to the existence of Social Safety Nets. This provides compelling evidence that Social Safety Net programs, which include cash transfers, in-kind assistance, social pensions, public works, and

¹ Paitoonpong, S., Abe, S., & Puopongsakorn, N. (2008). The meaning of “social safety nets.” *Journal of Asian Economics*, 19(5–6), 467–473. <https://doi.org/10.1016/j.asieco.2008.09.011>

² *ASPIRE: The Atlas of Social Protection - Indicators of Resilience and Equity | Social Expenditure | The World Bank*. (n.d.). World Bank. <https://www.worldbank.org/en/data/datatopics/aspire/indicator/social-assistance#:~:text=Social%20assistance%2FSocial%20safety%20net,at%20the%20poor%20and%20vulnerable>.

³ Giginishvili, N. (2023). Strengthening social safety nets. *IMF eLibrary*. <https://doi.org/10.5089/9798400239175.087.A004>

targeted school feeding initiatives for disadvantaged households, are making a significant contribution to the global fight against poverty.⁴

2.2 History of Social Safety Nets

2.2.1 International History of Social Safety Nets

Social Safety Nets (SSNs) have a long history as a protective mechanism for the poor, dating back to Ancient Egypt and the Roman Empire. Nevertheless, within the context of the Independent Evaluation Group (IEG) evaluation, the World Bank's involvement in Social Security Networks commenced in the 1980s, influenced by global and bank-related events that shaped the Social Security Networks agenda.⁵

In the 1980s, Latin America suffered the worst crisis in its history. The crisis was caused by income falling significantly, economic growth stagnating, unemployment rising and inflation reducing the purchasing power of the middle class. To help resolve the crisis, the International Monetary Fund (IMF) and the World Bank proposed and financed structural adjustment and stabilization programs throughout the region. In countries under these programs market-based reforms were implemented in exchange for financial assistance and stabilization programs and the crisis itself had high social costs.

In 1987, with the support of the World Bank's first Emergency Social Fund (ESF), emergency relief was provided to alleviate the adverse effects of pro-poor stabilization and structural adjustment programs in Bolivia by creating temporary jobs and improving incomes. After ESF, the social funding wave has spread to more than 60 countries.

⁴ *Safety nets*. (n.d.). World Bank. <https://www.worldbank.org/en/topic/safetynets>

⁵ *History of Social Safety Nets at the World Bank*. (n.d.). World Bank Group. https://ieg.worldbankgroup.org/sites/default/files/Data/reports/chapters/ssn_appa.pdf

In the 1990s, following the dissolution of the Soviet Union, Eastern and Central Europe experienced economic and political instability, resulting in high social costs. To address this situation, the World Bank intervened by offering assistance to Eastern European countries for establishing Social Safety Net (SSN) programs. In 1993, during the 47th joint World Bank-International Monetary Fund Development Committee meeting, the significance of Social Safety Networks was acknowledged for alleviating significant transient adverse effects of economic reform on vulnerable groups and for bolstering the political viability of reforms.

In 1995, the first conditional cash transfer (CCT) programs were initiated in Brazil. Specifically, the '*Bolsa Escola*' program commenced in the Distrito Federal on January 3, 1995, and the Guaranteed Minimum Family Income Program (PGRFM) was introduced by the mayor in the Campinas Municipality on January 6, 1995. In 1996, the Bank established the Social Protection and Labour Sector as a component of the Human Development Network, acknowledging the significance of social protection in development.

In 1997, Mexico initiated its Conditional Cash Transfer (CCT) program, initially called '*Progresas*' and now known as '*Oportunidades*'. This program employed conditional cash transfers to alleviate short-term poverty, concurrently providing households with incentives to invest in the human capital development of their children. Currently, Conditional Cash Transfers (CCT) have been expanded to more than 30 countries.

In 2000, the World Development Report (WDR), titled "*Attacking Poverty: Opportunity, Empowerment, and Security*," emphasized the necessity of establishing national programs to prevent, prepare for, and respond to macro shocks, both financial and natural. During the same year, the Bank inaugurated its inaugural Social Safety Net (SSN) core course. This course has played a pivotal role in shaping the learning and knowledge exchange agenda regarding Social Safety Networks (SSN).

Likewise, Social Safety Networks have come into place in the past twenty years. Today Social Safety Networks fill a greater role like reducing inequality and extreme poverty, helping

households prevent, prepare, and respond to crises. Therefore Social Safety Networks (SSN) help households manage risk and improve their livelihoods.⁶

2.2.2 Sri Lankan History of Social Safety Nets.

Sri Lanka has tradition of providing Social Safety Network programs for long time. Historically, the extended family and the community have played a vital role in fulfilling social protection needs. This traditional method has continued until recent years in an informal manner and with the changes in form and coverages over the years, these informal mechanisms have turned into formal systems.⁷

The history of the Social Security Network started during the British Colonial period with the expansion of the plantations, as the planters started importing labourers for the estates in Ceylon from India. After the expansion of the plantation economy, a strong middle class and upper middle class was formed. Accordingly, the income gap between urban, rural, and estate sectors increased therefore the government decided to provide cash benefits to those with a marginal lifestyle, extend free health services nationwide, and establish a comprehensive social protection system for wage earners, along with a provident fund system for old age security. In 1901, the mandatory Pension Scheme for Public Servants (PSPS) was established.

⁶ *History of Social Safety Nets at the World Bank*. (n.d.). World Bank Group.
https://ieg.worldbankgroup.org/sites/default/files/Data/reports/chapters/ssn_appa.pdf

⁷ S A review of the social security system for the Ministry of Labour Relations and Manpower. (2008). *Social Security in Sri Lanka*. <https://www.ilo.org/public/libdoc/ilo/2008/427724.pdf>

In 1898, the Widows' and Orphans' Pension Fund Ordinance was legalized, but at the beginning, it was opened only for male public workers, and in 1983 the Widowers' and Orphans' Pension Scheme was introduced for female public workers also.⁸

The Free Health Policy was implemented in 1951. The provision of advanced health facilities had already commenced in the 1930s, preceding the introduction of the free health policy. This early initiative was prompted by the Malaria epidemic of 1934-1935, emphasizing the proactive measures taken to address health challenges and laying the foundation for subsequent healthcare improvements.

Another significant Social Safety Net program entails the provision of universal free education, extending up to the completion of university-level studies. Consequently, the Sri Lankan education system transitioned into a formally free program in 1938, coinciding with the introduction of universal franchise in 1931. This commitment to accessible education reflects a broader societal initiative to ensure that educational opportunities are available to all, promoting inclusivity and equal access to learning.⁹

In 1981, the Minutes of Pensions for the Armed Forces, Navy Forces, and Air Forces were implemented. Public servants within these three forces were also granted the opportunity to contribute to the Widows' and Orphans' Pension Fund.¹⁰

The Maternity Benefit Ordinance, enacted in 1939, granted access to maternity benefits for all employed women, except for casual employees. Under this ordinance, employers were

⁸ Padmakanthi, N. D., Jayaweera, R., Dharmadasa, C., & Lanka, S. (2021, February 8). *A Review of Social Protection System in Sri Lanka*. ResearchGate. <https://www.researchgate.net/publication/350810936>

⁹ A review of the social security system for the Ministry of Labour Relations and Manpower. (2008). *Social Security in Sri Lanka*. <https://www.ilo.org/public/libdoc/ilo/2008/427724.pdf>

¹⁰ Padmakanthi, N. D., Jayaweera, R., Dharmadasa, C., & Lanka, S. (2021, February 8). *A Review of Social Protection System in Sri Lanka*. ResearchGate. <https://www.researchgate.net/publication/350810936>

mandated to provide maternity benefits, including paid leave for 6 weeks, ensuring support for women during the crucial period surrounding childbirth.¹¹

The Employees' Provident Fund (EPF) was established under Act No. 15 of 1958, serving as a vital source of financial security for employees across various sectors. The EPF extends its benefits to workers in private sector institutions, state-owned corporations, authorities, statutory boards, and private companies. This initiative aims to provide employees with a reliable mechanism for financial support and stability.¹²

Social assistance for the impoverished, in the form of cash transfers, was initially introduced in 1939 through the implementation of the Poor Law Relief. Subsequently, in 1940, the Government of Sri Lanka took a step further by adopting a food ration system.¹³

In 1970, social protection policies underwent significant changes with a reduction in expenditure. This led to the replacement of a longstanding food price subsidy scheme with a targeted direct income transfer program. The food price subsidy was converted into a food stamp program in three phases. The first phase implemented a means test, restricting rice subsidy eligibility to families with a monthly income below LKR 300. In the second phase, food ration was converted to food stamps for purchasing essential items. The third phase involved the elimination of subsidies on food prices, driven by fiscal and balance of payments constraints.¹⁴

In 1988, President Ranasinghe Premadasa launched the 'Janasaviya' program as an initiative to alleviate poverty in Sri Lanka. By October 1990, during its initial phase, the program extended

¹¹ A review of the social security system for the Ministry of Labour Relations and Manpower. (2008). *Social Security in Sri Lanka*. <https://www.ilo.org/public/libdoc/ilo/2008/427724.pdf>

¹² Padmakanthi, N. D., Jayaweera, R., Dharmadasa, C., & Lanka, S. (2021, February 8). *A Review of Social Protection System in Sri Lanka*. ResearchGate. <https://www.researchgate.net/publication/350810936>

¹³ A review of the social security system for the Ministry of Labour Relations and Manpower. (2008). *Social Security in Sri Lanka*. <https://www.ilo.org/public/libdoc/ilo/2008/427724.pdf>

¹⁴ Padmakanthi, N. D., Jayaweera, R., Dharmadasa, C., & Lanka, S. (2021, February 8). *A Review of Social Protection System in Sri Lanka*. ResearchGate. <https://www.researchgate.net/publication/350810936>

support to approximately 150,000 to 165,000 families. This support was in the form of a monthly "investment and consumption package" amounting to \$62 per family. ¹⁵

In 1989, a new poverty alleviation program named 'Janasaviya' was introduced. However, in 1995, the 'Janasaviya' program was replaced by the Samurdhi Programme, which continues to operate as a means of addressing poverty-related challenges in Sri Lanka. ¹⁶

Likewise there are over 40 Social Safety Network programs in Sri Lanka conducted by under the various government like pension schemes for informal sector workers, Fertilizer subsidies, assistance for thalassemia patients, assistance for tuberculosis patients, president's fund, medical insurance (Agrahara, Suraksha), flood and drought relief, emergency cash assistance during the COVID crisis, etc. ¹⁷

¹⁵ UNHCR Web Archive. (n.d.).
<https://webarchive.archive.unhcr.org/20230601235906/https://www.refworld.org/docid/3ae6ad8c1c.html>

¹⁶ Calliope. (n.d.-e).
<http://samurdhidept.gov.lk/more12.html#:~:text=Sri%20Lanka%20SAMURDHI%20authority%20holds,Banking%20and%20income%20generating%20activities.&text=Under%20this%20program%20a%20coupon,beneficiaries%20to%20distribute%20the%20benefits>.

¹⁷ Hurulle, G. (2022, August 9). *Social Safety Nets: Reform in Sri Lanka (Presentation)*. LIRNEasia.
<https://lirneasia.net/2022/08/social-safety-nets-reform-in-sri-lanka-presentation/>

2.3 Types of Social Safety Nets in Sri Lanka

Social Safety Networks can be defined as the collection of policies and programs designed to empower the vulnerable. Sri Lanka has implemented numerous social protection programs aimed at addressing vulnerable groups, including the poor, elderly, disabled individuals, children, and women.

Social Safety Network programs can be broadly categorized into three main groups: Social Insurance programs, Social Assistance Programs, and Labour Market Programs. These categories encompass various initiatives aimed at providing financial protection, assistance, and support to individuals in different aspects of their lives, contributing to overall social well-being.

2.3.1 Social Insurance Programs

Social insurance programs typically offer coverage against contingencies such as old age, death, permanent disability, and other life cycle events. These programs are often employment-related, involving the provision of retirement incomes for individuals during their old age. The aim is to provide a financial safety net for individuals facing various life challenges, ensuring a degree of economic security throughout different stages of their lives.

1. Public Service Pension Scheme (PSPS)

The Public Servants Pension Scheme (PSPS), established in 1901, is a compulsory pension program funded, at least for pension benefits, through the government budget. This pension scheme operates as a defined benefit scheme, wherein the monthly pension is determined as a percentage of the final salary, proportionate to the length of service. As the oldest and largest scheme in Sri Lanka, PSPS encompasses all permanent public sector employees, including central government and provincial council public servants and security forces.

Public servants also enjoy various benefits such as the compulsory membership to the Widow's and Orphan's Fund dependents are eligible to receive compensation following

the public servant's death. Public employees are also members of Agrahara Insurance Scheme.

2. Public Service Provident Fund (PSPF)

The Public Service Provident Fund (PSPF) was established in 1942 as a compulsory contributory old-age benefit scheme for government employees who are not eligible for coverage under the Public Service Pension Scheme. It may also serve as a transitional scheme until they become eligible to join the PSPS. Under the PSPF, both the government and the employee contribute at respective rates of 12 percent and 8 percent of the Employees' salary, totaling 20 percent.¹⁸

3. The Widows, Widowers and Orphans' Pension Fund

The Widows' and Orphans' Pension Fund Ordinance was initially enacted, limiting access exclusively to male public workers. However, in 1983, the Widows, Widowers, and Orphans' Pension Scheme (WWOP) was introduced under Act No. 24 of 1983,¹⁹ broadening the coverage to include female workers in the public sector as well.

Under this scheme, family dependents such as spouses until remarriage, children, and disabled children on a lifetime basis are entitled to the benefit corresponding to what the beneficiary was eligible for at the time of death. The full amount is granted to the spouse, while children receive a proportion of 50 percent. The contribution rate is determined as a percentage of the contributors' salary, ranging between 4 percent and 7 percent based on the salary scale. Within the work injury scheme, any permanent public employee or

¹⁸ A review of the social security system for the Ministry of Labour Relations and Manpower. (2008). *Social Security in Sri Lanka*. <https://www.ilo.org/public/libdoc/ilo/2008/427724.pdf>

¹⁹ *Widowers' and Orphans' Pension Act*. (n.d.). Laws of Sri Lanka. Retrieved February 16, 2024, from <https://www.srilankalaw.lk/w/1360-widowers%27-and-orphans%27-pension-act.html>

judicial service officer, not currently receiving a pension, is eligible for benefits if injured while at work, engaged in work-related activities, or during commuting and traveling for work purposes.²⁰

4. Employee Trust Fund (ETF)

The Employees' Trust Fund was established on March 1, 1981, in accordance with the provisions of the ETF Act No. 46 of 1980. The Fund is administered by the Employees' Trust Fund Board, currently operating under the Ministry of Finance, Economic Stabilization & National Policies.

The Act's provisions apply to every state and private sector undertaking falling within any specified class or category of state or private sector undertakings, as outlined in an order issued by the Hon. Minister and published in the Gazette. Furthermore, self-employed individuals and migrant workers have the option to contribute to the Fund independently and acquire membership.²¹

Under the purview of the Employees' Trust Fund Board, the following benefits schemes are offered to its beneficiaries.

- i. Free Life Insurance Scheme
- ii. Permanent Disability Insurance Scheme
- iii. Financial Assistance for Heart Surgeries
- iv. Reimbursement of cost of intra-ocular lens
- v. Grade five scholarship assistance scheme
- vi. "Shramasuwa Rekawarana" Hospitalization medical scheme
- vii. Viyana housing loan scheme
- viii. Financial assistance for kidney transplant surgery

²⁰ A review of the social security system for the Ministry of Labour Relations and Manpower. (2008). *Social Security in Sri Lanka*. <https://www.ilo.org/public/libdoc/ilo/2008/427724.pdf>

²¹ EMPLOYEES' TRUST FUND BOARD. (n.d.). <https://etfb.lk/>

- ix. Grade Five Scholarships for Children of ETF members who had to terminate employment due to permanent disability.
- x. Educational grant for children of ETF members who passed the GCE (A/L) Examination²²

5. Employees' Provident Fund (EPF)

The Employees' Provident Fund (EPF) and the Employees' Trust Fund (ETF) serve as the primary retirement benefit schemes for formal private sector employees. The Employees' Provident Fund (EPF) was established under Act No. 15 of 1958 and stands as the largest and most extensive Social Security Scheme in Sri Lanka. Serving as a valuable source of 'Peace of Mind,' the EPF caters to employees across Private Sector firms, State-Owned Corporations, Statutory Boards, and Private Businesses. The fundamental objective of the EPF is to ensure financial stability for employees during their retirement years, acknowledging and rewarding their pivotal role in the economic growth of the country. The EPF operates as a defined contribution scheme, with employees and employers contributing 8 percent and 12 percent, respectively, of the member's gross earnings.²³ EPF scheme provides pre-retirement benefits and retirement benefits through this scheme, as a pre-retirement benefit they provide *Housing Loans* and *Refunds of 30% of the EPF Benefits*.²⁴

6. Farmers' pension

²² *Non statutory benefits – EMPLOYEES' TRUST FUND BOARD*. (n.d.). <https://etfb.lk/non-statutory-benefits/>

²³ *Employees' Provident Fund*. (n.d.). <https://epf.lk/>

²⁴ *Employees' Provident Fund*. (n.d.). <https://epf.lk/?p=211>

The Farmer Pension and Social Security Benefit Scheme was introduced through the enactment of the Farmer Pension and Social Security Scheme Act No. 12 of 1987. The provisions of this Act are implemented by the Farmer Pension and Social Security Scheme Order 2014.²⁵ This program serves as a social security initiative specifically designed for workers in the informal sector.

Eligibility for affiliation to this scheme is opened to individuals in the age group of 18 to 59 years, primarily reliant on agriculture, which includes livestock farming, as their main source of income. Contributors to the scheme are entitled to various benefits, including a monthly old-age pension upon reaching 60 years of age, a death gratuity for the spouse in the event of the contributor's demise, and a disability benefit for cases of permanent partial or total disability. The disability benefit may consist of a monthly allowance or a lump sum, supplemented by accumulated contributions with interest.

7. Fishermen's pension

The Fishermen's pension scheme was instituted in 1990 under the same act governing the farmers' pension and social security board. The administration of both Farmers' and Fishermen's pension schemes falls under the Agricultural and Agrarian Insurance Board (AAIB). ²⁶The primary aim of the Fishermen's pension scheme is to ensure a basic level of social security and provisions for individuals engaged in fishing or fish farming at sea, in lagoons, or on islands during their old age. Similar to the farmers' pension, this scheme is also accessible to individuals within the age group of 18 to 59 years.

8. Pension Scheme for the Self-employed

²⁵ *Farmers' Pension – Agricultural Insurance Board*. (n.d.). <https://www.aib.gov.lk/farmers-pension/>

²⁶ *Fishermen's Pension – Agricultural Insurance Board*. (n.d.). <https://www.aib.gov.lk/fishermens-pension/>

The Sri Lankan Social Security Board was established under Act No. 17 of 1996.²⁷ This scheme is designed for self-employed individuals aged 18 to 59 who are ineligible to participate in other pension schemes, exempt from income tax obligations, and belong to specific occupational categories as stipulated. Contributors to the scheme are eligible for two distinct categories of benefits, associated with two separate funds: a pension benefit that offers retirement income and a disablement benefit funded through a social insurance framework. The old-age pension comprises a monthly cash benefit, the amount of which is determined based on the contributor's age at retirement, the duration of contribution, and the total contributed amount.²⁸

9. Maternity leave

The Maternity Benefits Ordinance was introduced in 1939, and female workers are encompassed by the provisions of the Maternity Benefits (Amendment) Act, No. 15 of 2018. Under these regulations, a female worker is entitled to maternity leave of 12 weeks for any live childbirth. This period can be availed as two weeks before confinement and ten weeks after confinement.²⁹ The cash benefit is equivalent to the full wages of the protected women. The entitlement period for these benefits is reduced from the third childbirth to six weeks, which includes two weeks before delivery and four weeks after delivery.

10. Migrant workers insurance program –Manusavi

²⁷ Sri Lanka Social Security Board – Sri Lanka Social Security Board. (n.d.-b). <https://ssb.gov.lk/>

²⁸ Eriyagama, V., & Rannan-Eliya, R. P. (2003). Demographic Transition and Pension Series No. 5 August 2003. *Assessment of the Pension and Social Security Benefit Scheme for the Self-Employed Persons in Sri Lanka*. https://www.ips.lk/wp-content/uploads/2017/01/03_Assessment-of-the-pension-ips.pdf

²⁹ *Maternity Benefits*. (n.d.). Department of Labour. https://labourdept.gov.lk/images/PDF_upload/w_c/wcl6_e.pdf

The Ministry of Labour and Foreign Employment, in collaboration with the Sri Lankan Social Security Board, has jointly introduced a new pension scheme for Sri Lankan migrant workers. Known as "Manusavi," this initiative serves as a Social Security Contributory Pension Scheme for Sri Lankan migrants working abroad. The scheme is specifically designed for workers between the ages of 18 and 59 who are registered with the Sri Lanka Foreign Employment Bureau. This scheme offers several benefits, including a monthly pension, pension for the spouse or nominee, death gratuity, permanent partial disability benefits, permanent total disability benefits, and retirement gratuity.³⁰

11. Surakuma

The "Surekuma" scheme is conducted under the Social Security Benefits Board and it is designed to deliver a substantial and secure monthly pension payment to individuals aged 18 to 59 who do not qualify for a government pension. Participants have the flexibility to determine the pension amount based on their specific needs and capacity to contribute. This scheme offers a pension, pension to the spouse, Permanent and partial disability, permanently incapacitated persons, death gratuity, and refund of net contribution.³¹

12. Arassawa

The "Arassawa" preplanned Social Security Benefit scheme is implemented through parents or guardians who can enroll children below the age of 17 under their guardianship. Once the children reach 17 years of age, they are transitioned to the "Surekuma" monthly pension payment scheme. They become eligible for a pension at 60 years of age, and the amount they receive is contingent on the accumulated balance on their behalf.

³⁰ *Manusavi*. (n.d.). Sri Lanka Social Security Board. <https://ssb.gov.lk/wp-content/uploads/2023/01/Manusavi-Benefits-English.pdf>

³¹ *Surekuma*. (n.d.). Sri Lanka Social Security Board. <https://ssb.gov.lk/wp-content/uploads/2023/01/Surekuma.pdf>

The "Arassawa" scheme provides additional benefits based on educational achievements. When a member achieves a Passing Grade in the Grade 5 Scholarship Examination, securing the minimum cut-off marks, they are entitled to a 50% benefit from the assessed value of the pension. If the member passes the G.C.E. (Ordinary Level) Examination with 5 Distinction Passes, they are eligible for a benefit equivalent to the pension value. Moreover, if the member is selected for the National University after passing the G.C.E. (Advanced Level), they receive a benefit equivalent to double the value of the pension.³²

13. Buduputh Maapiya Harasara

A pension scheme named "Budu Puth Mapiya Harasara" is being introduced for the parents of Buddhist monks. This initiative involves entering into a Memorandum of Understanding with the Department of Buddhist Affairs to secure the cooperative contributions necessary for the successful implementation of the scheme.³³

14. Kalakaru

The Department of Cultural Affairs initiated a contributory pension scheme for artists in accordance with the Budget Proposals of 2016. The scheme aims to provide professional recognition and social security to Sri Lankan artists who have contributed to the advancement of arts in the country.³⁴ This scheme is designed for artists aged between 23 and 55 years who have actively engaged in the field of arts for more than 5 years and who are not entitled to any other state-run pension. Participants in this scheme have the flexibility to determine both the pension amount and the method of premium payment

³² Arassawa. (n.d.). <https://ssb.gov.lk/wp-content/uploads/2023/01/Arassawa.pdf>

³³ *Performance Report - 2022*. (n.d.). Parliament of Sri Lanka.
<https://www.parliament.lk/uploads/documents/paperspresented/1686216977020517.pdf>

³⁴ User, S. (n.d.). *Artist pension*.
https://www.culturaldept.gov.lk/index.php?option=com_content&view=article&id=68&Itemid=198&lang=en

according to their preferences. Following the computation of the membership, SLSSB opens an individual fixed deposit worth Rs 50,000 for each member.³⁵

15. Seafarer

A dedicated social security scheme has been introduced for seafarers, aligning with the provisions of the International Labour Organization's Maritime Labour Convention of 2006, which Sri Lanka has ratified. The regulations governing this scheme have been enacted under the Merchant Shipping Act No. 52 of 1971.

16. Agrahara Medical Insurance

The Agrahara Insurance scheme was established by the Ministry of Public Administration through Circular No: 5/1997. As of January 1, 2006, the scheme became a part of the National Insurance Trust Fund. This initiative provides medical insurance coverage for pensionable government employees, aimed at enhancing the living standards of both the employees and their families. This insurance scheme provides coverage for hospitalization, childbirth, various surgical operations, bypass procedures, and the provision of spectacles, among other medical benefits.³⁶

³⁵ *Schemes – Sri Lanka Social Security Board*. (n.d.). https://ssb.gov.lk/?page_id=14

³⁶ *National Insurance Trust Fund*. (n.d.-b). <https://www.nitf.lk/en/insurance.html>

17. Suraksha Medical Insurance

The Suraksha medical insurance is administered by the government of Sri Lanka as a complimentary insurance scheme for all Sri Lankan students. Furthermore, all Sri Lankan students within the age range of 5 to 21 years, enrolled in government schools, private schools with government aid or without, Pirivenas, semi-government schools, and international schools, are eligible beneficiaries of this program. This initiative was introduced in alignment with the 2017 budget proposal, themed "Protect forever - The Children of the Nation."³⁷ This insurance scheme covers health insurance, accidental insurance, life insurance, and special bonus allowance.

2.3.2. Social Assistance Program

Social assistance primarily aims to offer cash or in-kind transfers and other related support to vulnerable individuals or households lacking alternative forms of aid. This category encompasses various programs, including assistance for the elderly, health support, child protection initiatives, aid for substance users, family allowances, and welfare and social services specifically tailored for those facing sickness, vulnerability, or disability. These programs collectively address diverse needs within the realm of social assistance.

1. Emergency cash assistance during the COVID crisis
2. Samurdhi monthly cash transfer
3. PAMA (PinPadi) Public Assistance Monthly allowance
4. Assistance for thalassemia patients
5. Allowance for Persons with Disabilities (PWDs)
6. Thriposha Program (nutritional supplements for pregnant women)

³⁷ Suraksha. (n.d.). <https://moe.gov.lk/ministry/special-projects/suraksha/>

7. Assistance for cancer patients
8. Assistance for tuberculosis patients
9. President's Fund (provides assistance for various needs)
10. Saubagya Village Programme (rural development project)
11. Grade 5 Scholarship
12. Mahapola
13. GCE A/L Technology Scholarship
14. Sujatha Diyani Scholarship
15. Saubhaga Scholarship
16. President's Fund Scholarship
17. Kepakaru Deguru Sponsorship (educational sponsorship program)
18. Allowance for Senior Citizens
19. Nutrition Package for expectant mothers
20. School Textbook Program
21. School Uniform Program
22. Subsidized Transport Program
23. Allowance for kidney patients
24. Morning Meal for Preschool Children
25. Fresh Milk for School Children
26. Midday Meal Program
27. Fertilizer Cash Grant
28. Sisu Diriya
29. Flood and Drought Relief
30. Assistive Devices³⁸
31. Toolkit for Self-employment for the disabled person
32. Nipunatha Saviya

³⁸ In Sri Lanka, the government provides various assistive devices as part of its social security measures to support individuals with disabilities and the elderly. These assistive devices are aimed at enhancing the quality of life, promoting independence, and ensuring equal opportunities for all citizens. The specific devices provided may vary based on the needs of the individuals and the policies of the government at the time.

- Social Assistance for Student in Sri Lanka

1. School Textbook Program
2. School Uniform Program
3. Subsidized Transport Program
4. Grade 5 scholarship
5. GCE A/L Technology Scholarship
6. Mahapola and Bursary for university students
7. 'Sujatha Diyani Scholarship fund' for female student
8. Morning meal for preschool children
9. Fresh milk for school children
10. Midday meal program
11. Sisu Diriya scholarship scheme ³⁹
12. Kepakaru Deguru sponsorship program
13. Dena Diriya Educational sponsorship program ⁴⁰
14. Saubhagya scholarship
15. President's fund scholarship

I. Social assistance for the disabled persons in Sri Lanka

'The National Secretariat for persons with disabilities' offers the following assistance to disabled persons. ⁴¹

³⁹ *Sisu diriya*. (n.d.). Your Joomla! Site Hosted With CloudAccess.net. <https://www.cupsl.org/projects/sisu-diriya>

⁴⁰ *Assistance programmes*. (n.d.). http://www.probation.gov.lk/sProgram1_e.php?id=23

⁴¹ User, S. (n.d.-b). *Our services / National Secretariat for Persons with Disabilities*. <https://www.nspd.gov.lk/index.php/services>

1. Rs. 5000/- monthly living assistance for disabled persons
2. Rs. 5000/= monthly living assistance for kidney patients
3. Providing medical assistance to the disabled
4. Providing aid to voluntary organizations
5. Capacity building program for persons with disabilities
6. Employment of persons with disabilities in the private sector
7. Educational assistance for persons with disabilities
8. Assistive devices for people with disabilities
9. Single-parent family development program
10. Victoria housing maintenance costs
11. Housing assistance for persons with disabilities

II. Social Assistance in healthcare

1. Nutrition Package for expectant mothers
2. Thripasha Program (nutritional supplements for pregnant women)
3. Assistance for cancer patients
4. Assistance for tuberculosis patients
5. Assistance for thalassemia patients
6. Assistance for kidney disease
7. President's fund assistance for various surgeries

III. Other Cash assistance program in Sri Lanka

1. Emergency cash assistance during the COVID crisis
2. Samurdhi monthly cash transfer
3. Aswesuma monthly cash transfer
4. Public Assistance Monthly allowance (PAMA) –PinPadi

5. Allowance for Senior Citizens
6. Fertilizer Cash grant

IV. Assistance for disaster-affected

1. Resettlement of families displaced due to floods, landslides, and landslide high-risk
2. Facilitating and monitoring the distribution of drinking water during extreme dry weather conditions
3. Provide cooked meals, dry rations, and vocational tools to disaster-affected victims.⁴²

2.3.3. Labour Market Program

Prioritizing labour adjustments and ensuring the effective functioning of labour markets acknowledges that, with advancing economic development, employment emerges as a primary pillar of economic sustenance for the majority of workers and their families. Enhancing the efficiency of labour market operations constitutes a vital component of strategies aimed at poverty reduction, fostering human capital development, and tackling gender discrimination. Additionally, this effort contributes to the optimal allocation of a country's human capital resources, directing them toward their most productive endeavors. Such measures not only enhance overall economic well-being but also foster growth and development.⁴³

Labour market programs include livelihood development programs carried out by the department of Samurdhi development and vocational training programs for vulnerable groups.⁴⁴

⁴² Admin. (n.d.). *Ongoing Projects*.

http://www.ndrsc.gov.lk/web/index.php?option=com_content&view=article&id=50&Itemid=72&lang=en

⁴³ *Social Protection Strategy*. (n.d.). Asian Development Bank. Retrieved January 2001, from <https://www.adb.org/sites/default/files/institutional-document/32100/social-protection.pdf>

⁴⁴ Tilakaratna, G., & Jayawardana, S. (n.d.). Social Protection in Sri Lanka: Current Status and Effect on Labor Market Outcomes. *SARNET South Asia Research Network*. https://www.ihdindia.org/sarnet/wp/SARNET_WP_3.pdf

V. Samurdhi Livelihood development programs ⁴⁵

- Agriculture development program
- Animal Husbandry Programme
- Fisheries sector development
- Microenterprise development
- Marketing development

VI. Labour market program for vulnerable groups ⁴⁶

- Self-employment assistance for disabled persons from low-income families
- Vocational training program for persons with disabilities.
- Single Parent Rehabilitation project

3. Specific Social Safety Systems in Sri Lanka

3.1.1 Janasaviya Programme

The rice subsidy, in operation until the 1980s, represents one of the early poverty-alleviation programs introduced for the benefit of the underprivileged in Sri Lanka. Termed "Halpotha," this initiative experienced a reduction in beneficiaries post-1977, resulting in widespread discontent among the populace, particularly directed towards the ruling United National Party. Subsequently, an alternative system involving stamps for the distribution of food and kerosene was implemented. A notable endeavor in the realm of poverty alleviation was initiated by former President R. Premadasa, taking the form of a special project known as 'Janasaviya.' Envisioned as

⁴⁵ *Samurdhi Subsidy Program*. (n.d.-b). Auditor General Department.

http://auditorgeneral.gov.lk/web/images/special_report/Samurdhi/SamurdhiSubsidyProgrammeE.pdf

⁴⁶ Tilakaratna, G., & Jayawardana, S. (n.d.). Social Protection in Sri Lanka: Current Status and Effect on Labor Market Outcomes. *SARNET South Asia Research Network*. https://www.ihdindia.org/sarnet/wp/SARNET_WP_3.pdf

a five-year plan, the Janasaviya project garnered support from the World Bank, leading to the establishment of the Janasaviya Fund.⁴⁷

3.1.2 Objectives and Eligibility Criteria

This program stands out as a prominent initiative in the realm of poverty alleviation. Alongside it, two additional programs were implemented: one focusing on public education and the other on health education (Suva Saviya). Janasaviya program was established in the year 1989 under Act No 4 of 1989 and this program was instrumental in addressing and mitigating the challenges associated with poverty.⁴⁸ The primary objective of the Janasaviya program was to convert impoverished households into self-sustaining economic entities. This was achieved through the provision of credit entitlements and the augmentation of cash and subsistence transfers. By empowering individuals and families with financial resources and support, Janasaviya aimed to uplift them from poverty, enabling a transition towards economic self-sufficiency.⁴⁹ By 1990, it was successfully impacted between 150,000-162,000 families.⁵⁰

The process of identifying families eligible for Janasaviya benefits is carried out at the community level. The identification of poor families followed an open and community-based procedure. Villagers actively participated in this process, categorizing households into different groups based on their economic status. The categories included very poor (with monthly incomes below Rs. 700/-), less poor (monthly incomes between Rs. 700/- and Rs. 1500/-), and old and disabled households with no earning capacity. Janasaviya benefits were exclusively extended to

⁴⁷ BBC News සිංහල. (2023, October 17). දිළිඳුකම පිටුදැකීම: කිසිදා නිම නොවන අරගලයක් ද? *BBC News සිංහල*. <https://www.bbc.com/sinhala/articles/c0j957jg0lxo>

⁴⁸ Poverty Elimination Through Poverty Alleviation. (n.d.). *The Jansaviya Programme of Sri Lanka for National Development*. <https://scholar.valpo.edu/cgi/viewcontent.cgi?article=1043&context=twls>

⁴⁹ Stokke, K. (1995b). Poverty as politics: the Janasaviya Poverty Alleviation Programme in Sri Lanka. *Norwegian Journal of Geography*, 49(3), 123–135. <https://doi.org/10.1080/00291959508543417>

⁵⁰ BBC News සිංහල. (2023b, October 17). දිළිඳුකම පිටුදැකීම: කිසිදා නිම නොවන අරගලයක් ද? *BBC News සිංහල*. <https://www.bbc.com/sinhala/articles/c0j957jg0lxo>

households falling under the category of very poor, ensuring targeted assistance to those most in need.⁵¹

The Janasaviya Programme produced five supportive institutions, these are, The national-level task force, provincial coordinating sub-committees, district coordinating sub-committees and divisional coordinating sub-committees .⁵²

3.1.2 Benefits and Implementation Mechanism of Janasaviya

Even during the granting of Janasaviya, every selected family was allotted a monthly allowance of 2500 rupees, and this was given for two years or 24 months. A payment of Rs. 1,458 for consumption was facilitated through the issuance of a coupon card, comprising two distinct payments. One portion amounted to Rs. 1,000, which could be utilized for purchasing goods from the Janasaviya basket of items available at local cooperative stores. The designated goods in the Janasaviya basket included provisions suitable for regular consumption, excluding luxury items, which were locally accessible but not considered essential. Regarding the remaining Rs. 458, the recipient had a choice. The family could either spend the entire or a portion of that sum on goods from the Janasaviya basket or voluntarily save the entire or a portion of it in a savings account with the National Savings Bank.

And other 1042 rupees deposited per month into the recipient's bank account, a remaining balance of 1,458 rupees becomes available for consumption. This payment is directly associated with the "Saragam Programme," a training and production initiative. The program mandated that the family contribute 24 days of labour per month, as previously mentioned. Families had the option to designate one person for this , and some chose to abstain from the Janasaviya

⁵¹ Stokke, K. (1995b). Poverty as politics: the Janasaviya Poverty Alleviation Programme in Sri Lanka. *Norwegian Journal of Geography*, 49(3), 123–135. <https://doi.org/10.1080/00291959508543417>

⁵² Poverty Elimination Through Poverty Alleviation. (n.d.). *The Janasaviya Programme of Sri Lanka for National Development*. <https://scholar.valpo.edu/cgi/viewcontent.cgi?article=1043&context=twls>

Programme entirely due to the absence of a capable individual for the labour commitment. The government's goal was to personalize the provided labour as much as possible.⁵³

Accordingly, after 24 months in the Janasaviya process, a beneficiary was entitled to an amount of 25,000 rupees as compulsory savings, and they had the opportunity to collectively or individually direct it to some productive investment.⁵⁴

The Investment and Income Generation Component was provided in the form of a Certificate of Entitlement worth Rs. 25,000/- after the twenty-four-month period. Entitlement certificates under the Janasaviya program were distributed to all individuals receiving food stamps.⁵⁵ This certificate, specifically designated for use in selected banks, was non-transferable to any individual other than the spouse of the holder. The intention was to channel this financial resource towards productive investment and income-generating activities, promoting economic empowerment within the eligible households.⁵⁶

Due to financial and administrative constraints, the Janasaviya Programme was structured to be executed in eleven rounds. Each round included at least one Assistant Government Agent (AGA)-Division in each of the 25 Districts. Over the first three years of implementation, 73 AGA Divisions were covered in three rounds, encompassing 8,231 hamlets with 347,716 families. The total savings generated in these areas amounted to Rs. 2,141.5 million, with 93.4% originating in the Rs. 458/- component. On the credit side, the program channeled a total of Rs. 1,194.3 million, with 94.7% originating from formal credit sources (banks) and 5.3% from the informal mobilization of common funds. The recovery rate of the loans varied from the first to the third round, culminating in an overall recovery rate of approximately 60% by May 1992.

⁵³ Poverty Elimination Through Poverty Alleviation. (n.d.). *The Jansaviya Programme of Sri Lanka for National Development*. <https://scholar.valpo.edu/cgi/viewcontent.cgi?article=1043&context=twls>

⁵⁴ Pathirana, T. (2023, July 16). මේ සහනාධාර දේශයයි! - Chatham Street. CSJ News. <https://csj.lk/aswsuma/>

⁵⁵ Poverty Elimination Through Poverty Alleviation. (n.d.). *The Jansaviya Programme of Sri Lanka for National Development*. <https://scholar.valpo.edu/cgi/viewcontent.cgi?article=1043&context=twls>

⁵⁶ Stokke, K. (1995). Poverty as politics: the Janasaviya Poverty Alleviation Programme in Sri Lanka. *Norwegian Journal of Geography*, 49(3), 123–135. <https://doi.org/10.1080/00291959508543417>

Accordingly, it can be argued that the Janasaviya Programme at least destroyed the common myth that poor people are unable to save money and repay loans.⁵⁷

3.1.2 Challenges faced during the implementation of the Janasaviya program

The Janasaviya Programme raises pertinent questions about the government's financial capacity to sustain such an initiative. Sri Lanka then grappled with an unemployment rate of approximately 20%, affecting around 1.2 million individuals. According to data from the Central Bank, the cost of generating employment for one person amounted to roughly 30,000 rupees. Therefore, for every 30,000 rupees allocated to Janasaviya, the government aimed to create one job.

However, the financial dynamics posed challenges. While each Janasaviya recipient received 25,000 rupees per month, their monthly disposable income for job creation is only 10,420 rupees after factoring in savings. Consequently, it necessitated the participation of 30 recipients to generate one job per month. Extrapolating this to a broader scale, if the Janasaviya Programme were extended to all 1.4 million families, it should theoretically create nearly 47,000 jobs monthly, amounting to 1.1 million jobs over two years. With the cumulative effect, this figure could potentially rise to between 1.3 and 1.4 million jobs within the same timeframe.

The crux of the matter lied in whether the government could secure the required 42 billion rupees to facilitate the creation of 1.4 million jobs over two years. Consequently, the government had opted to limit the Janasaviya Programme to 28 Assistant Government Agency areas in its inaugural year, grappling with the fiscal conundrum at hand.⁵⁸

⁵⁷ Stokke, K. (1995). Poverty as politics: the Janasaviya Poverty Alleviation Programme in Sri Lanka. *Norwegian Journal of Geography*, 49(3), 123–135. <https://doi.org/10.1080/00291959508543417>

⁵⁸ Stokke, K. (1995). Poverty as politics: the Janasaviya Poverty Alleviation Programme in Sri Lanka. *Norwegian Journal of Geography*, 49(3), 123–135. <https://doi.org/10.1080/00291959508543417>

The Janasaviya program appointed 12,000 individuals as teachers despite their failure in mathematics, language, and Advanced Level examinations. Out of these appointments, 11,400 were officially confirmed in their positions without being able to go on pension.⁵⁹

3.2 Samurdhi Programme

3.2.1 Historical Context and Evolution

In 1992, the Poor Relief Project underwent a transformation, becoming a department operating under the Ministry of Social Services. A significant development followed with the restructuring of the Poor Relief Food Stamps Programme, renamed as the "Samurdhi Subsidy Programme." Subsequently, the Department of Poor Relief, placed under the Ministry of Samurdhi, Rural Development, and Youth Affairs in August 1995, took charge of implementing this restructured program.⁶⁰ The Samurdhi program was introduced in 1995 under the leadership of the government led by Chandrika Bandaranaike Kumaratunga. It replaced the preceding Social Safety Net scheme, Janasaviya, which the Bandaranaike Government had criticized for engaging in

⁵⁹ *PARLIAMENTARY DEBATES (HANSARD)*. (n.d.). Parliament of Sri Lanka. Retrieved August 21, 2007, from https://www.parliament.lk/uploads/documents/hansard/PUBDOC1350_document.pdf

⁶⁰ *Calliope*. (n.d.). <http://samurdhidept.gov.lk/about.html>

political favoritism when selecting beneficiaries.⁶¹ The Samurdhi program was established under the Samurdhi Authority of Sri Lanka Act No. 30 of 1995.⁶²

Until the year 2014, the Samurdhi Subsidy Program was administered by two institutions: the Samurdhi Commissioner General Department and the Sri Lanka Samurdhi Authority. In 2014, it was transferred to the Divi Neguma Development Department. Divi Neguma Development act was enacted as Act, No. 1 of 2013.⁶³

3.2.2 Objectives and eligibility criteria of the Samurdhi Program

Upon its establishment, the Samurdhi scheme had two primary objectives. Firstly, the program aimed to address a critical issue among the youth by directly participating in the country's development and providing a solution to poverty. Secondly, creating highly productive employment opportunities and income streams for a rapidly expanding workforce posed a significant challenge, yet the program prioritized the development of rural infrastructure, improvement of health and nutritional conditions for rural inhabitants, and the enhancement of opportunities for self-employment.⁶⁴

The Samurdhi program operated through three key approaches aimed at alleviating poverty and fostering rural development. Firstly, it focused on safety nets, subsidies, and an insurance scheme

⁶¹ Initiative, B. U. M. F. A. (n.d.). *Social safety networks: Addressing inefficiencies and issues*. Latest in the News Sphere | the Morning. <https://www.themorning.lk/articles/QcFM0NnRXYtPADDtKZid>

⁶² *Samurdhi Authority of Sri Lanka Act (No. 30 of 1995)*. (n.d.). http://www.commonlii.org/lk/legis/num_act/saolsa30o1995376/

⁶³ *Divineguma Act, No.1 of 2013*. (n.d.). Ecolex. <https://www.ecolex.org/fr/details/legislation/divineguma-act-no1-of-2013-lex-faoc204045/?q=Sri+Lanka&type=legislation>

⁶⁴ Initiative, B. U. M. F. A. (n.d.-b). *Social safety networks: Addressing inefficiencies and issues*. Latest in the News Sphere | the Morning. <https://www.themorning.lk/articles/QcFM0NnRXYtPADDtKZid>

to ensure a minimum standard of living and enhance purchasing power. The insurance component served to protect individuals from unexpected setbacks, contributing to the overall commitment and dedication to development programs. Secondly, the program emphasized rural development, infrastructure development, and social development. This involves enhancing village infrastructure to connect with both rural and urban markets, fostering interdependence between these areas. Social development programs addressed the needs of vulnerable groups and included projects in environmental protection, youth training, and nutrition initiatives. Lastly, the program aimed at income generation and banking by providing micro-financing facilities for income-generating activities and offering training to poor families for effective utilization of banking facilities, thereby promoting financial literacy and independence.⁶⁵

By conducting an island wide survey in the year 1995, families of which the monthly income was less than Rs. 1,000, were identified to be eligible for Samurdhi benefits. In the period 1995-2012, the register of Samurdhi beneficiaries had been revised under the approval of the Divisional Secretary upon recommendations of the Samurdhi Manager in charge of the division through the Samurdhi Development Officer⁶⁶

According to Samurdhi Circular No. 2021/03, the selection of Samurdhi Subsidies is based on six main criteria. These criteria include;

- I. Education,
- II. Health,
- III. Economic status of the family,
- IV. Home situation, and
- V. Other relevant factors.

The amendments have been introduced granting the Divisional Secretary the authority to suspend or cancel subsidies under various circumstances, including:

⁶⁵ Calliope. (n.d.-c). <http://samurdhidept.gov.lk/more12.html>

⁶⁶ *Samurdhi Subsidy Program*. (n.d.-b). Auditor General Department.
http://auditorgeneral.gov.lk/web/images/special_report/Samurdhi/SamurdhiSubsidyProgrammeE.pdf

1. Presence of a family member permanently employed in the government or private sector.
2. A claimant of pension due to government employment within the family unit.
3. Empowered families earning higher incomes through income-generating activities.
4. Families with members employed abroad for more than 6 months.
5. Families with skilled workers earning substantial daily income, as identified by the Village Committee. Examples include carpenters, masons, electricians, plumbers, and families with specially trained workers such as motor mechanics, etc.

3.2.3 Components and Activities

The beneficiaries have been provided with monthly benefits under four components in 1999.

- 1) Monthly Samurdhi Subsidy Program
- 2) Compulsory Savings
- 3) Samurdhi Social Security Fund
- 4) Samurdhi Housing Development Lottery Fund ⁶⁷

⁶⁷ *Samurdhi Subsidy Program*. (n.d.-b). Auditor General Department.
http://auditorgeneral.gov.lk/web/images/special_report/Samurdhi/SamurdhiSubsidyProgrammeE.pdf

➤ **Samurdhi Subsidy Program**

In 1999, a limited number of subsidy programs were carried out, including:

1. Monthly Samurdhi Subsidy Program

Under the Samurdhi subsidy program, poor families with a monthly income of less than Rs.1000/- were eligible to receive a subsidy. These families were issued six types of vouchers during the year 1999.

- I. Rs.1000/- offer slip - A stipend of Rs.1000/- was issued to undeveloped families whose monthly income is less than Rs.500/- and the number of family members is 4 or more.
- II. Rs.500/- offer slip - Families with three or more members whose monthly income is more than Rs.500/- and less than Rs.1000/- were entitled to an allowance of Rs.500/-.
- III. Rs.200/- offer slip - A stipend of Rs.200/- was issued to families with two members whose monthly income was less than Rs.1000/-.
- IV. Rs. 100/- offer slip - For single-family units with monthly income below Rs.1000/- Rs. 100/- stipends were issued. In addition to this, 100/- stipends were given to the residents of government-registered social service institutions and clergy.
- V. Rs.250/- offer slip- A monthly stipend of Rs.250/- was given to the low-income families among the Jahasaviya families and the families identified later in the Eastern Province and Vavuniya District.
- VI. 125/- offer slip - An allowance of Rs.125/- was issued to the families whose monthly income exceeded Rs.1000/- since receiving the Samurdhi subsidy but were still retained under the Samurdhi program.

Under this program, arrangements were made to provide Samurdhi subsidies to the families of those who were working in the North and East operations, regardless of their income.⁶⁸

⁶⁸Samurdhi . (n.d.). Department of Samurdhi Development.
<https://www.samurdhi.gov.lk/web/images/stories/publications/1999.pdf>

The Divinaguma Development Department was established under the Divinaguma Act No. 01 of 2013. The subsidies issued under this department are classified into three types based on the family size:

- a. Provides a subsidy of Rs.3500 for families with more than four members.
- b. Offers a subsidy of Rs. 2500 for families with three members.
- c. Grants a subsidy of Rs. 1500 for families with less than three members.⁶⁹

Moreover, Rs.1500/- was provided to the clergy and elderly care home/children care home residents and disabled persons

2. Nutritional Allowance Program (provided to the infants and mothers of the poor families to improve the nutritional status)

3. Ration cards Program

➤ ***Compulsory Savings***

This program aimed to instill a culture of savings among Samurdhi beneficiaries and to address their minor credit needs. As part of this initiative, a compulsory monthly deduction of Rs.200/- and Rs.100/-, was made from the subsidy amount of Rs.1000/- Rs.1500/-, and Rs.500 respectively during the years 1996-1999.⁷⁰

Following the establishment of the Divineguma Development Department, the mandatory savings under this initiative were raised to Rs.300/-, Rs.200/-, and Rs.100/- respectively. This

⁶⁹ Performance report - 2021. (n.d.). *Parlimant.lk*.
<https://www.parliament.lk/uploads/documents/paperspresented/1677149848096970.pdf>

⁷⁰ *Samurdhi* . (n.d.). Department of Samurdhi Development.
<https://www.samurdhi.gov.lk/web/images/stories/publications/1999.pdf>

adjustment involved a compulsory monthly deduction from the subsidy amounts of Rs.3500/,-, Rs.2500/,-, and Rs.1500/-.⁷¹

The compulsory savings could be used in instances such as an urgent requirement, hospitalization, or higher educational requirements.⁷²

➤ **Social Security Fund**

Assistance is provided for the following situations occurring in the member families contributing to the insurance scheme.

- I. Death of a family member - Rs. 5000/- only for one death per year.
- II. Sickness of the member - Hospitalization for 07 days or more per day for a maximum of 30 days per year Rs. 50/- each to a maximum of Rs.1500/-
- III. Only one marriage in the family – Rs. 3000/- per member, dependent - Rs. 1000/-
- IV. Only for one birth in the member's family - Rs. 2000/- (per first or second birth)

The Samurdhi Family was the household comprising the Samurdhi member (head of household), his or her spouse, and his or her unmarried children.

Other subsidies were offered under the Social Security Fund in 1999.

- Educational program (Nana Nuwana, other scholarships)
- Income and social development programs (offers sewing machines, wheelchairs, and Human resource development programs,)⁷³

⁷¹ Performance report - 2021. (n.d.). *Parlimant.lk*.

<https://www.parliament.lk/uploads/documents/paperspresented/1677149848096970.pdf>

⁷² Samurdhi Subsidy Program. (n.d.). <https://www.samurdhi.gov.lk/web/>. <https://www.samurdhi.gov.lk/web/>

⁷³ *Samurdhi* . (n.d.). Department of Samurdhi Development .

<https://www.samurdhi.gov.lk/web/images/stories/publications/1999.pdf>

Within the framework of Divinaguma development, support was provided to member families enrolled in the insurance scheme to address various situations that might arise. The fund undertook several functions, including:

- a) For the first, second, and third births of Samurdhi families, a payment of Rs. 10,000 was provided. For twins, an additional payment above Rs. 10,000 was made, consisting of Rs.5,000 per month for two children. In the case of more than three children, a monthly payment of Rs. 10,000 per annum was granted.
- b) A payment of Rs. 10,000 was made for each of the two marriages of beneficiaries and children of Samurdhi families.
- c) In the event of hospitalization, the beneficiary, spouse, and unmarried children of Samurdhi families received Rs. 350 per day for 30 days in a year, totaling Rs.10,500 in benefit payments.
- d) In the case of a death in a Samurdhi family, a payment of Rs.20,000 was provided.
- e) Students from Samurdhi families across the island (Advanced Level), received Rs. 1,500 each for two years of study. If the examination date was postponed for any reason, payments were made up to the month of the examination.
- f) Social development projects, such as the construction of sanitary toilets targeting low-income earners, were occasionally implemented, subject to approval by the Samurdhi Social Security Trustee Board.⁷⁴

➤ **Samurdhi Housing Development Lottery Fund**

⁷⁴ Performance report - 2021. (n.d.). *Parliament.lk*.
<https://www.parliament.lk/uploads/documents/paperspresented/1677149848096970.pdf>

The purpose of the Samurdhi Housing Development Lottery Fund, funded through the monthly contributions of Samurdhi beneficiary families, was to offer a lasting solution to the housing challenges faced by the beneficiaries. A total of 332 prizes, each amounting to Rs. 200,000, were provided through monthly lottery draws for Samurdhi beneficiaries within the divisions of the Divisional Secretariat.⁷⁵

Programs implemented in the year 2021

1. Housing lottery draw program (Rs.200,000/ housing assistance)
2. Rs.200,000 housing assistance program
3. Rs. 600,000 housing assistance program
4. Program to provide housing for appeals submitted through audio-visual media.⁷⁶

Samurdhi Community Banks

The establishment of Samurdhi Community Banks and development programs was aimed at enhancing the livelihoods of the community. These initiatives were designed to foster economic improvement and overall well-being within society.

Since the commencement of the Samurdhi program, 1,074 Samurdhi Community Banks were established across the island. Additionally, 332 Bank Societies were established at the Divisional Secretariat level.

Samurdhi Community Banks have been established island-wide to promote savings, encouraging frugality, implementing insurance schemes, facilitating loans, and fostering self-employment

⁷⁵ Samurdhi Subsidy Program. (n.d.). <https://www.samurdhi.gov.lk/web/>. <https://www.samurdhi.gov.lk/web/>

⁷⁶ Performance report - 2021. (n.d.). *Parlimant.lk*.
<https://www.parliament.lk/uploads/documents/paperspresented/1677149848096970.pdf>

opportunities for the agriculture sector, fishing and service sector, animal husbandry sector, and small business.

Programs conducted by the microfinance sector

- New Year savings promotion program
- “Ran Pradeepa” jewellery pawning
- Arunalu instant credit

Development Programme for Social Empowerment

The Department of Samurdhi Development, dedicated to the national mission of poverty eradication in Sri Lanka, prioritized a comprehensive approach. Its activities spanned across various domains, including economic, social, mental, political, cultural, legal, and environmental fields, with the overarching goal of empowering the community entirely. To facilitate this holistic approach, the Department established key divisions, and one such significant division within its organizational structure was the Social Development and Environment Division.⁷⁷

Social Empowerment is currently underway to attain the sustainable development goals outlined by the Government. In pursuit of this objective, efforts are focused on empowering families identified for participation in specific development projects. To facilitate beneficiaries, a minimum contribution of 40% is required from them, involving contributions such as labour, raw materials, or other resources. Additionally, the financial contributions of beneficiaries are supported through loans granted from the Livelihood Development Revolving Fund, which is administered by the Community Banks.⁷⁸

⁷⁷ Icta. (n.d.). *Services*. Department of Samurdhi Development.
https://www.samurdhi.gov.lk/web/index.php?option=com_content&view=article&id=90&Itemid=80&lang=en

⁷⁸ *Samurdhi Subsidy Program*. (n.d.-b). Auditor General Department.
http://auditorgeneral.gov.lk/web/images/special_report/Samurdhi/SamurdhiSubsidyProgrammeE.pdf

1) Social Empowerment and Rural Development Program

- agriculture Development program
- animal husbandry programme
- fisheries sector development
- microenterprise development
- marketing development
- job-oriented vocational training

2) Samurdhi Marketing Development Program

The Samurdhi Development Department has executed an Enterprise Development Program in collaboration with the "Sawubhagye Dakma" initiative. This joint effort aims to enhance the economic development process while ensuring a high standard of living for low-income beneficiaries. The program focuses on fostering entrepreneurial activities to uplift the economic well-being of the target demographic.

The main objectives of this program are to develop the knowledge and skills of successful entrepreneurs, to make the products of the entrepreneurs with high quality, establish a stable market, sell and advertise the products throughout the island, build a satisfied customer community, etc.

Ex: Promotion of home-based industries

Training on non-toxic food preparation for businesswomen

Implementation of special sales programs

Construction of Samurdhi product outlets near railway stations

3) Social Development and Environmental Programs

This program endeavors to elevate the social living standards and promote spiritual development within the low-income earning community.

- Diriya Piyasa Home Program
- Sanitary toilets for low-income families and Samurdi beneficiaries

- Samurdhi Kekulu Children Society Library Development Program

4) Establishment of community-based organization program and Regional Organization

In accordance with the Samurdhi Act, all developmental responsibilities entrusted to the Samurdhi Development Department are executed through active community participation. The initiation is led by community-based organizations, which serve as the smallest organizational units connected to the community. Additionally, regional organizations and district committees are established and sustained concurrently with the formation of community-based organizations. To date, a total of 30,211 community-based organizations have been established in adherence to this approach.

Activities carried out by the community-based organization:

- Establishment of economic organization
- Establishment of business organization
- Establishment of Samurdhi community-based organization and regional organization
- Providing sports development assistance to children who show sports skills at the national and international levels of beneficiary families.

3.2.4 Criticisms of the Samurdhi Program

Many Samurdhi officers were political appointees with close ties to the ruling party, leading to a system where eligibility for Samurdhi assistance often depended on political affiliations. Additionally, politically driven recruitments resulted in a lack of merit-based appointments within the Samurdhi Authority. Consequently, the Samurdhi scheme faced two major challenges: inclusion and exclusion errors, and administrative inefficiencies.

Inclusion and exclusion errors meant that a significant portion of the poor and vulnerable, who urgently required government support, did not receive assistance through the Samurdhi program.⁷⁹ A recent survey by LIRNEasia revealed that, out of 1.7 million households receiving Samurdhi, only 40% were deemed genuinely poor. The administrative inefficiencies of the program were apparent, as the same survey indicated an average waiting period of three years and nine months for inclusion in the Samurdhi recipient list.

Obtaining cash transfers was also cumbersome, as they were exclusively available through Samurdhi Banks. The average waiting time for Samurdhi recipients to receive cash transfers was four hours. Furthermore, Samurdhi Banks were not accessible in every town, with only one bank per 16 Grama Niladhari divisions. Consequently, recipients had to spend an average of 1.5 hours traveling to a Samurdhi Bank. The inefficiencies in Samurdhi Banks contributed to prolonged wait times, with survey results from LIRNEasia showing an average waiting time of 2.5 hours at the banks.⁸⁰

3.3 Aswesuma Welfare Benefit Scheme

3.3.1. Background and Rationale for Introduction

In 2022, Sri Lanka experienced a severe economic crisis, the worst since its independence in 1948. The crisis stemmed from a combination of factors, including unsustainable fiscal policies, mismanagement of public debt, and external shocks such as the COVID-19 pandemic. The crisis led to a severe shortage of essential goods, including food, fuel, and medicines, causing widespread hardship and unrest among the population.

⁷⁹ Initiative, B. U. M. F. A. (n.d.-c). *Social safety networks: Addressing inefficiencies and issues*. Latest in the News Sphere | the Morning. <https://www.themorning.lk/articles/QcFM0NnRXYtPADDtKZid>

⁸⁰ Bamaramanage, S. (2023, July 24). *Research launched: Social safety nets and the state of Poverty in Sri Lanka*. LIRNEasia. <https://lirneasia.net/ssnresources>

In the face of these challenges, Social Safety Nets have become increasingly important in Sri Lanka. These programs provide essential support to vulnerable populations, helping them to meet their basic needs and cope with the effects of the crisis. However, the current Social Safety Net system in Sri Lanka is facing a number of challenges, including inadequate coverage, limited resources, and ineffective targeting.

Recent studies by LinneAsia and others 2023, highlighted several key findings regarding the current state of Social Safety Nets in Sri Lanka:

The Social Safety Net system does not adequately cover the most vulnerable populations, particularly those in rural areas and informal sectors. The targeting mechanisms for Social Safety Nets are often ineffective, resulting in benefits being distributed to ineligible recipients. The Social Safety Net system is fragmented, with multiple programs administered by different government agencies. This fragmentation leads to inefficiencies and overlaps.

The International Monetary Fund (IMF) has also recognized the importance of Social Safety Nets in Sri Lanka. In its 2023 report on Sri Lanka, the IMF recommended that the government strengthen Social Safety Nets to protect the poor and vulnerable communities. The IMF's recommendations include expanding the coverage of Social Safety Nets to reach more vulnerable populations, improving targeting mechanisms to ensure that benefits are distributed to those who need them most and enhancing the efficiency of Social Safety Net administration to reduce costs and improve outcomes.

In an effort to address the shortcomings of its predecessor, the Samurdi Program, The Sri Lankan government introduced the Aswesuma Welfare Benefit program as a targeted financial assistance initiative. Implemented under the Welfare Benefits Board (WBB), the Aswesuma program was established to ensure more effective and inclusive support for vulnerable populations. Its primary objective is to provide financial aid to deserving individuals and families facing economic hardships. The scheme operates under a legal framework outlined in the Welfare Benefits Act No. 24 of 2002, reinstated in February 2016. Its implementation involves a transparent process for identifying eligible recipients and providing them with financial benefits. The WBB oversees the establishment of welfare benefit schemes, development of eligibility

criteria, financial allocations, and the specification of benefits to be granted under the Aswesuma program.

The Aswesuma program has received a total of 3,744,494 applications for welfare benefits from 340 Divisional Secretariats across the island. In the first stage, 1,792,265 families were identified as eligible for benefits. However, the program has also received 1,028,885 appeals and 134,540 objections, indicating that there may be discrepancies in beneficiary selection.

The minister for Shehan Semasinghe announced that the second round of applications for the selection of relief beneficiaries will take place in the first quarter of 2024, with payments scheduled to commence in July after the completion of all activities by June. He also highlighted the proposal put forth by President Ranil Wickremesinghe, serving as the Minister of Finance, Economic Stabilization, and National Policy, to the Cabinet for the implementation of this scheme. The proposal involves an increase in the number of families currently receiving benefits to a maximum limit of 2.4 million families.

In line with this, the government has extended the benefit validity period for eligible social groups. For the vulnerable social group, the period has been extended from April 1 to December 31, 2024, while for the transitional social group, it is extended from January 1 to December 31, 2024. The President's proposal recommends combining the two categories of vulnerable social group and transitional social group (incomes temporarily decreased due to the economic crisis). It suggests considering 800,000 families as a vulnerable group from January 1 and providing an allowance of 5,000 rupees to those families from that day to December 31, 2024. Furthermore, a monthly stipend of Rs 7,500 for persons suffering from Chronic Kidney Disease of Unknown Etiology (CKDu), Rs 7,500 for persons with disabilities, and Rs 3,000 for elderly persons will be disbursed by the District Secretaries/ Divisional Secretaries, with effect from April 1. (Dinamina January 31)

3.3.2. Key Features and Differences from Previous Schemes

The Janasaviya program, initiated in 1989, underwent a transformation into Samurdhi programme after 1994 for political reasons. To formalize the highly politicized Samurdhi program, the Welfare Benefits Board Act was introduced in 2002. However, the Welfare Benefits Board only commenced functioning in 2022. Derived through an identification process initiated in August 2022, the 'Aswesuma' welfare benefit scheme was launched in July 2023.

The Aswesuma assistance program provides support under four social categories: transitional, vulnerable, poor, and extremely poor. An allowance of Rs. 2,500 is allocated for individuals identified under the transitional category, Rs.5,000 for those classified as vulnerable, Rs.8,500 for individuals falling into the poor category, and Rs.15,000 for those categorized as extremely poor.

Presently, 72,000 individuals with disabilities who are recipients of welfare benefits will receive Rs. 5,000 per month. Additionally, 39,150 individuals receiving CKDu assistance will be granted 5,000 rupees, while 416,667 individuals benefiting from elderly assistance programme will be provided with 2,000 rupees. The disbursement of these funds will occur through direct deposits into the bank accounts of the respective beneficiaries.

The selection for welfare benefits is determined by six factors, which include;

1. Health
2. Education
3. Home situation
4. Income/expenditure,
5. Assets
6. Dependency level of family members.

These criteria are taken into consideration when assessing eligibility for the welfare benefits. Above six criteria, measured by 22 indicators, ascertain the way a household is categorized, thus determining their eligibility for assistance. These indicators are

1. Highest education level
2. School attendance
3. Chronic diseases
4. Disability
5. Monthly per capita income
6. Ownership of land
7. Ownership of other houses and buildings
8. High lands ownership
9. Paddy lands ownership
10. Vehicle ownership
11. Machine ownership
12. Livestock ownership
13. Nature of housing unit
14. Raw materials used for flooring
15. Raw materials used for walls
16. Raw materials for roofing
17. Floor area
18. Drinking water source
19. Toilet facilities
20. Source of lighting
21. Electricity consumption
22. Dependency ratio
23. Single parent facilities

3.3.3 Baseline survey on the impact of Aswesuma and other social safety networks.

Introduction

A. Background of the Aswesuma Welfare Benefit Scheme:

The Aswesuma Welfare Benefit program was introduced by the Sri Lankan government as a successor to the Samurdi Program, which faced criticism due to its inability to effectively reach deserving beneficiaries. Aimed at providing targeted financial assistance to vulnerable populations, the Aswesuma program was designed to rectify the exclusionary issues of its predecessor. Since its initiation, the program has garnered significant attention and participation, receiving 3,744,494 applications for welfare benefits across 340 Divisional Secretariats in Sri Lanka.

The program's primary goal is to accurately identify and provide financial aid to deserving individuals and families facing economic hardships. However, the considerable number of appeals (1,028,885) and objections (134,540) filed after the identification of 1,792,265 eligible families raises concerns about the accuracy of beneficiary selection. Moreover, the appeals from 84,374 families to be placed under a higher benefit category indicate potential discrepancies in the current categorization system's ability to address varying beneficiary needs.

B. Purpose of the Baseline Survey:

The baseline survey on the Aswesuma Welfare Benefit scheme serves the overarching purpose of assessing the program's effectiveness, identifying potential shortcomings in beneficiary selection, and recommending strategies to enhance its accuracy and efficacy. This survey aims to delve deeper into the operational aspects of the program, evaluating its impact, transparency, and the challenges encountered during its implementation.

The primary objective of this survey is to scrutinize the Aswesuma program comprehensively. It seeks to pinpoint areas where the program might falter in accurately targeting beneficiaries,

address the causes of exclusions or discrepancies in beneficiary selection, and explore factors contributing to the need for appeals or modifications in benefit categories.

C. Scope and Objectives of the Preliminary Report:

The scope of this preliminary report encompasses a focused evaluation of the Aswesuma Welfare Benefit program, primarily addressing its effectiveness, transparency, and the challenges faced during its implementation. The report aims to present initial findings and observations from the ongoing baseline survey, shedding light on the program's current state and potential areas for improvement.

The objectives of this preliminary report are to provide an overview of the Aswesuma program, highlight the research questions guiding the baseline survey, and offer a glimpse into the methodology employed for data collection and analysis. The report aims to establish a foundation for the comprehensive assessment to follow, laying out the groundwork based on the initial stages of the survey.

D. Methodology Overview:

The methodology employed for this baseline survey incorporates a multi-faceted approach to gather comprehensive data on the Aswesuma Welfare Benefit scheme. It involves quantitative and qualitative techniques, including surveys, interviews, and data analysis, to collect information from beneficiaries, program administrators, and stakeholders involved in the program's implementation.

The survey's data collection methods entail structured questionnaires administered to beneficiaries, semi-structured interviews with program administrators, focus group discussions with community representatives and key informant interviews. The collected data will undergo rigorous analysis, combining statistical tools and qualitative analysis techniques to derive meaningful insights into the program's performance and challenges faced.

This methodology overview ensures a systematic and comprehensive approach to evaluate the Aswesuma program, allowing for an in-depth understanding of its strengths, weaknesses, and areas requiring attention or improvement.

II. Methodology

A. Description of the Survey Design:

The survey design employed for this study was comprehensive and aimed to capture diverse perspectives and experiences regarding the Aswesuma Welfare Benefit program in Sri Lanka. It utilized a mixed-methods approach integrating both qualitative and quantitative methodologies to provide a nuanced understanding of the program's effectiveness and beneficiary experiences.

B. Sampling Technique and Sample Size:

A representative sample of 1092 individuals from 17 districts and 74 Divisional Secretariats across Sri Lanka were selected using a simple random sampling technique. This ensured an equal opportunity for each individual in the population to participate in the study, facilitating a fair representation across various regions and communities. The sample size included Aswesuma applicants, beneficiaries (both Aswesuma and Samurdi), appellants, and eligible community members.

C. Data Collection Methods:

The study employed a combination of data collection methods to ensure a comprehensive understanding of the Aswesuma Welfare Benefit program. Quantitative data was gathered through structured questionnaires administered to all participants, containing both closed-ended and open-ended questions. Qualitative insights were obtained through semi-structured interviews, focused group discussions (FGDs) involving 150 participants, and Key Informant Interviews (KIIs) with 20 key stakeholders. These varied approaches allowed for a detailed exploration of participant experiences, opinions, and perspectives related to the program.

D. Period of Data Collection:

The data collection for this survey was conducted within a specified timeframe, focusing on recent years up to September 30, 2023. The duration allocated for data collection ensured that insights and experiences gathered were reflective of the program's current status and recent

developments. The survey captured a snapshot of the program's progress and challenges faced by participants within the designated timeframe.

E. Challenges Faced During Data Collection:

Several challenges were encountered during the data collection process, albeit managed effectively to ensure the integrity of the study. Logistics in reaching remote or inaccessible areas posed some difficulties in participant engagement and data collection. Additionally, ensuring the cooperation and participation of all intended respondents across diverse socio-economic backgrounds required meticulous planning and coordination. However, stringent adherence to ethical principles, clear communication with participants, and a systematic approach aided in mitigating these challenges, ensuring the reliability and validity of the collected data.

III. Overview of Aswesuma Welfare Benefit Scheme

A. Brief Explanation of the Scheme's Objectives and Implementation:

The Aswesuma Welfare Benefit program was introduced by the Sri Lankan government as a targeted financial assistance initiative, aiming to address the limitations observed in its precursor, the Samurdi Program. Implemented under the Welfare Benefits Board (WBB), the Aswesuma program was established to ensure more effective and inclusive support for vulnerable populations. Its primary objective is to provide financial aid to deserving individuals and families facing economic hardships.

The scheme operates under a legal framework outlined in the Welfare Benefits Act No. 24 of 2002, reinstated in February 2016. Its implementation involves a transparent process for identifying eligible recipients and providing them with financial benefits. The WBB oversees the establishment of welfare benefit schemes, development of eligibility criteria, financial allocations, and the specification of benefits to be granted under the Aswesuma program.

B. Target Beneficiaries and Eligibility Criteria:

The Aswesuma Welfare Benefit program targets vulnerable populations across Sri Lanka. As of its initiation in July 2023, the program has received an overwhelming response, with a total of 3,744,494 applications for welfare benefits from 340 Divisional Secretariats across the island.

Initially, 1,792,265 families were identified as eligible for benefits under the Aswesuma program. However, subsequent stages revealed a considerable number of appeals (1,028,885) and objections (134,540), suggesting potential discrepancies in beneficiary selection. Additionally, 84,374 families selected for benefits have appealed for placement in higher benefit categories, indicating potential shortcomings in the program's categorization system.

C. Key Features and Benefits Offered by the Scheme:

The Aswesuma Welfare Benefit program aims to rectify the exclusionary issues faced by its predecessor, the Samurdi Program. Its key features include a structured approach to identifying

and providing financial assistance to vulnerable populations based on specified eligibility criteria set by the Welfare Benefits Board.

The program offers financial aid to eligible families, intending to alleviate economic hardships and support them in meeting their basic needs. Despite challenges related to beneficiary selection, the Aswesuma program signifies a pivotal step towards ensuring that deserving individuals receive the necessary assistance, albeit with ongoing efforts to refine its categorization system to better address the varying needs of beneficiaries.

IV. Preliminary Findings

A. Demographic Profile of Beneficiaries Surveyed:

The survey encompassed a broad demographic spectrum reflecting the population's diversity in Sri Lanka. The racial distribution among the participants highlighted that 67.3% identified as Sinhala, 24.4% as Tamil, and 8.1% as Muslim. The survey focused predominantly on these three major racial groups in the country. Gender representation showed that 62.3% were female, while 37.7% were male, signifying a substantial female presence in the survey. In terms of age, the highest proportion (70.7%) fell within the 35-65 age range, followed by the over 65 age group, indicating a predominant presence of middle-aged and older individuals. The average family size among respondents varied, with 22.6% having 4 members, followed closely by 19.5% and 18.8% with 3 and 2 family members, respectively. Regarding income, a significant portion (70.4%) reported a low-income range of 10,000/= to 20,000/=, while 1.7% stated they had no source of income, relying on their children or neighbors.

B. Utilization of Aswesuma Welfare Benefit Scheme among Respondents:

The survey revealed that a considerable majority (83.7%) had applied for the Aswesuma Welfare Benefit Program, showcasing substantial interest and participation in the initiative. Only a small fraction (9.1%) stated they did not apply, while 7.2% mentioned being unaware of the subsidy program. Furthermore, among those who applied, 33.3% were currently receiving benefits from the Aswesuma subsidy, while 43.7% had filed appeals regarding the program.

C. Perception and Awareness of the Scheme among the Target Population:

The survey data indicated varying sentiments toward the Aswesuma program. In terms of satisfaction and enthusiasm, 35% expressed dissatisfaction with the program, while 17.9% were quite satisfied, and 3.6% were completely satisfied. There was a significant neutral sentiment (29.3%) regarding the poverty relief program, indicating an ambivalent stance among respondents. When asked about the progress in their living standards due to the program, 58.1%

stated they experienced no or minimal progress. However, 18.7% reported moderate to considerable improvement in their living standards.

D. Initial Observations Regarding the Scheme's Effectiveness in Meeting its Objectives:

The initial observations regarding the program's effectiveness revealed a mixed perception among beneficiaries. While a substantial number of participants engaged with the Aswesuma program by applying for benefits, there were varying degrees of satisfaction and perceived impact on living standards. The program received both positive and negative feedback, with significant numbers expressing dissatisfaction and a lack of substantial progress in their living conditions despite the program's implementation. The data highlights a need for further evaluation and improvement to ensure better efficacy in meeting the program's intended objectives.

V. Data Analysis (if applicable)

A. Statistical analysis of preliminary survey data

Graphs, Charts, and Tables:

Demographic Profile:

Figure 1.1: Race Distribution

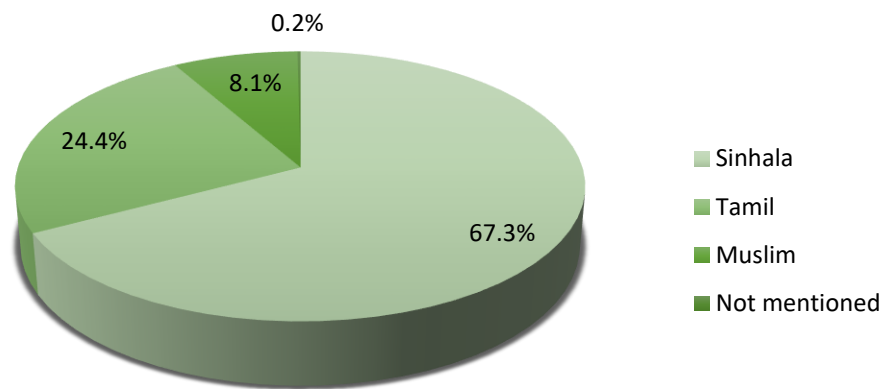


Figure 1.2: Religion Distribution

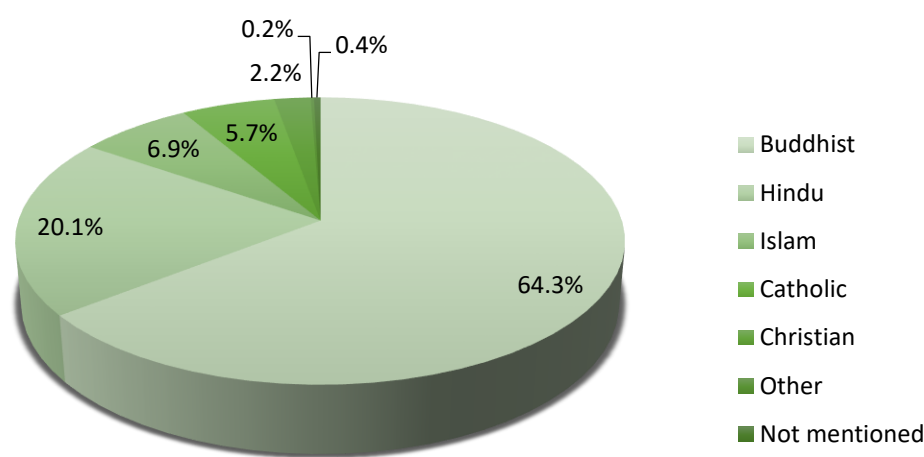


Figure 1.3: Gender Distribution

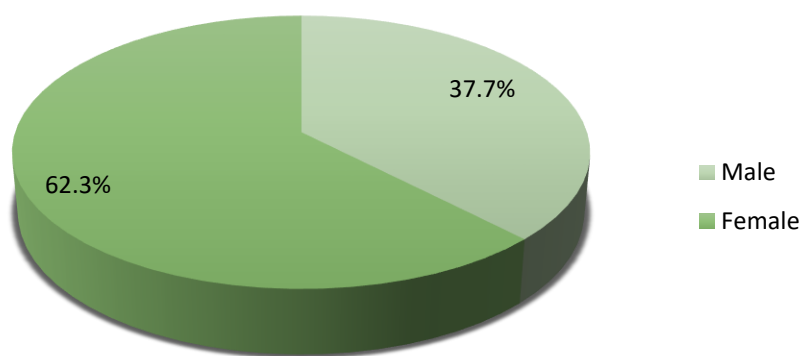


Figure 1.4: Age Groups of Participants

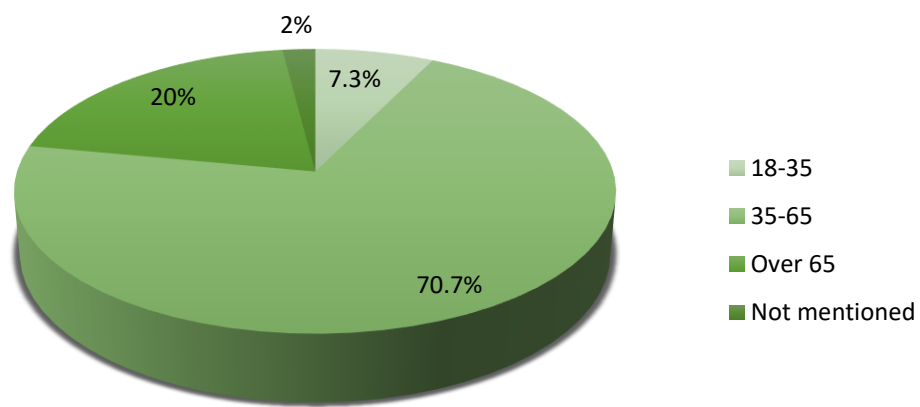


Figure 1.5: Family Size Distribution

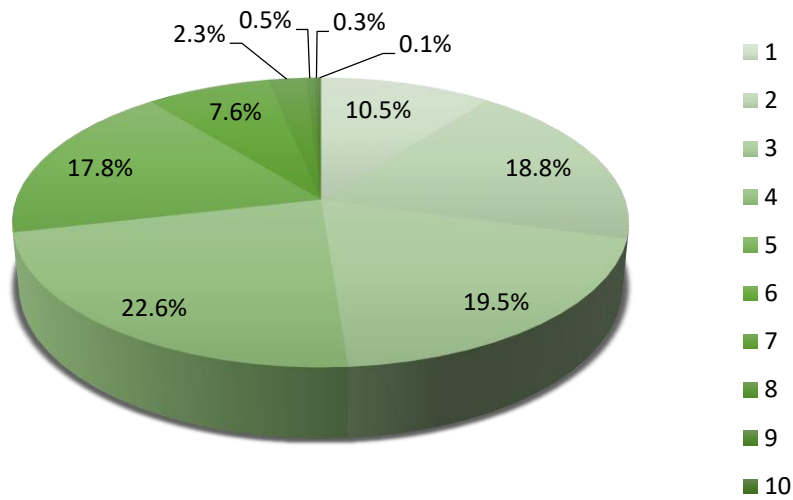


Figure 1.6: Family Income Levels

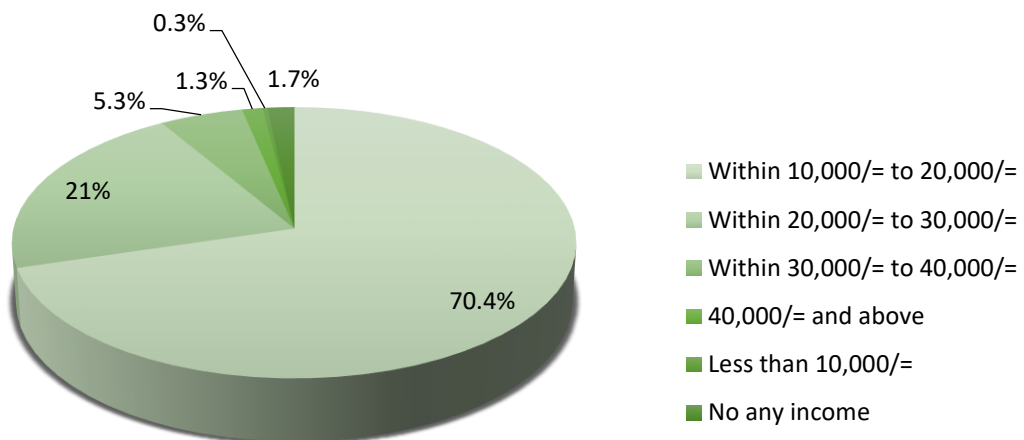


Figure 1.7: Sources of Income

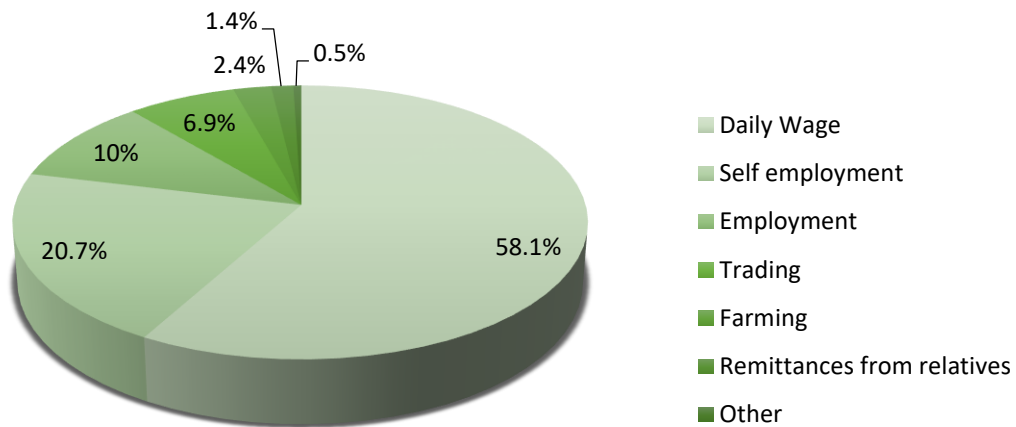


Figure 1.8: Nature of Residences

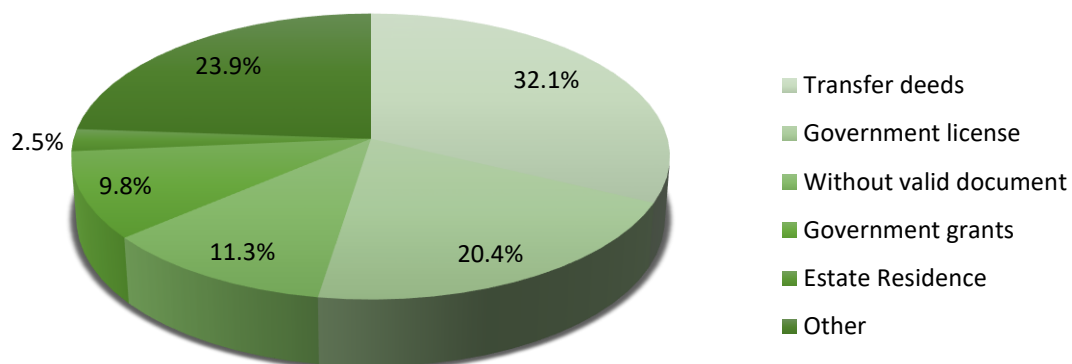


Figure 1.9: Land Ownership and Extent (dry land)

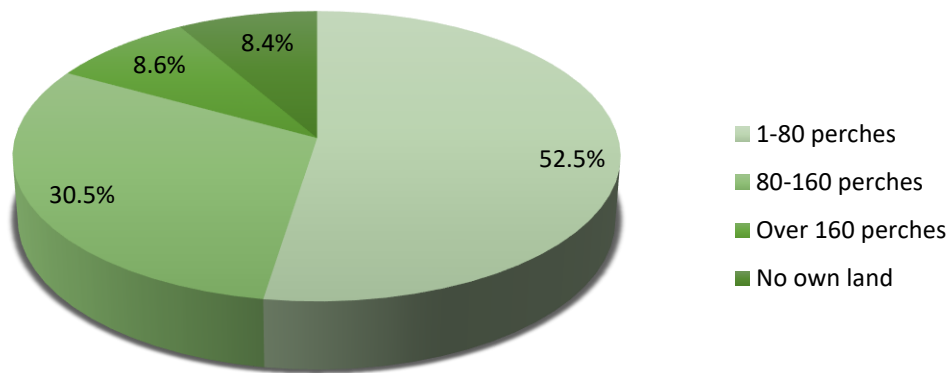


Figure 1.10: Main Crops Cultivated

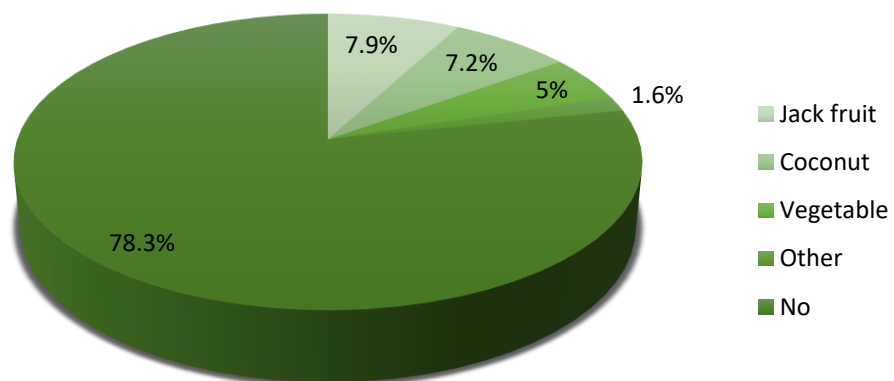


Figure 1.11: Number of Families Residing Together

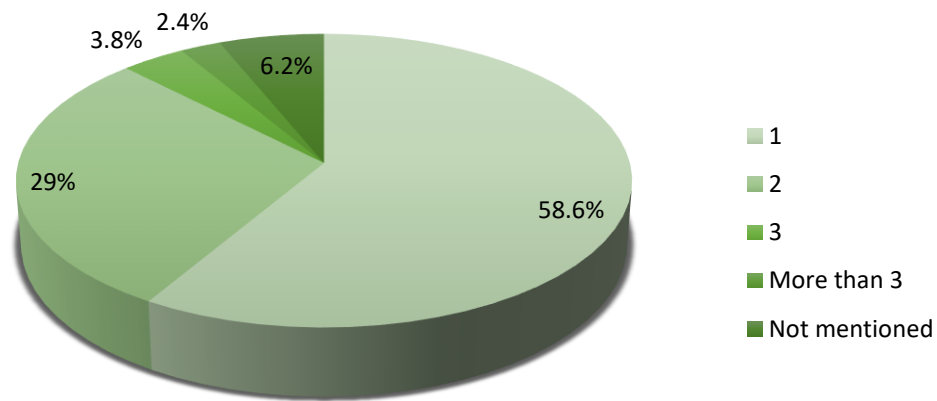


Figure 1.12: Ownership of Vehicles

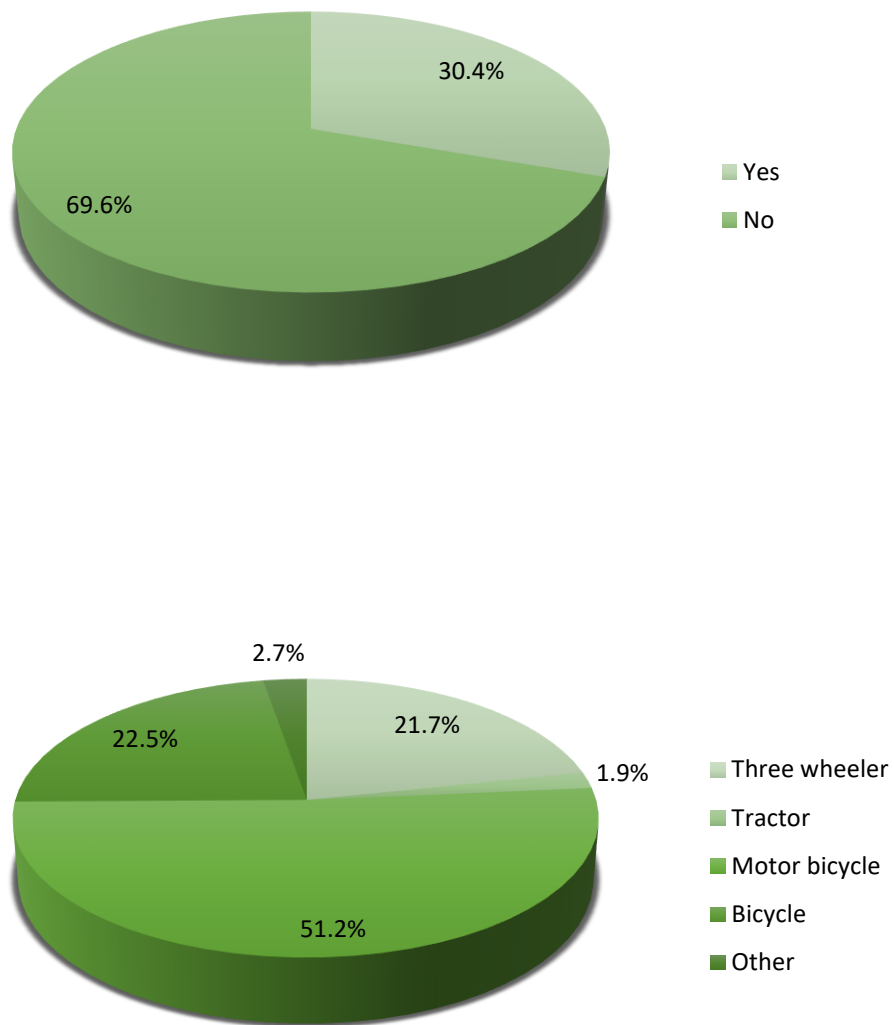


Figure 1.13: Bank Account Ownership

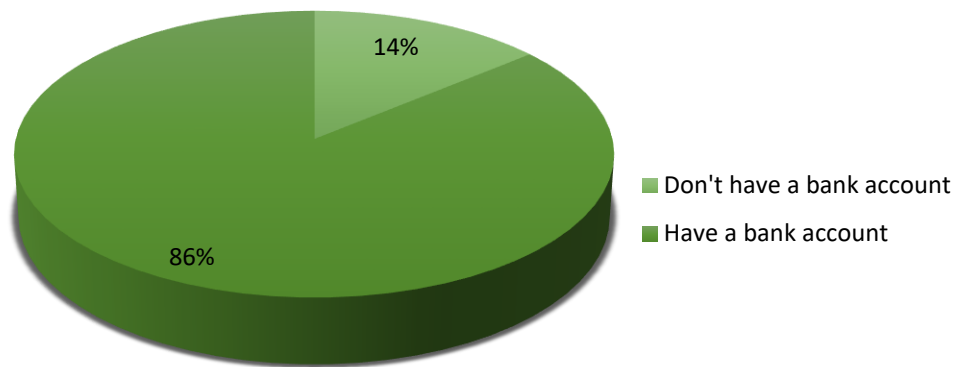


Figure 1.14: Savings Status

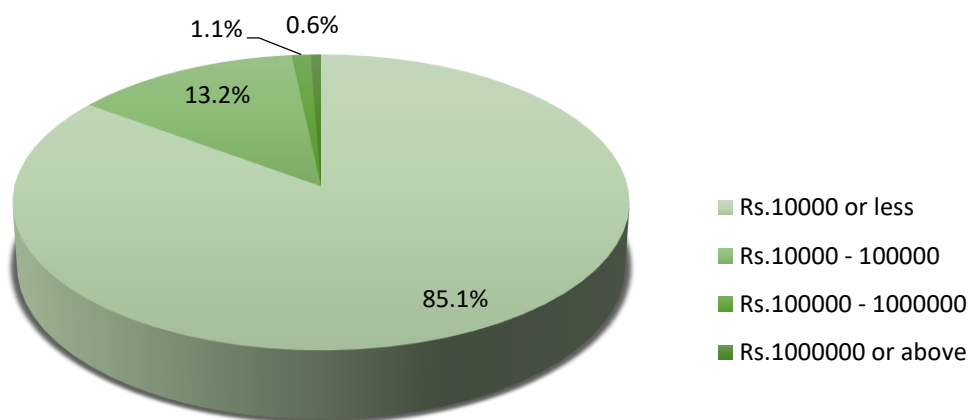


Figure 1.15: Emergency Money Sources

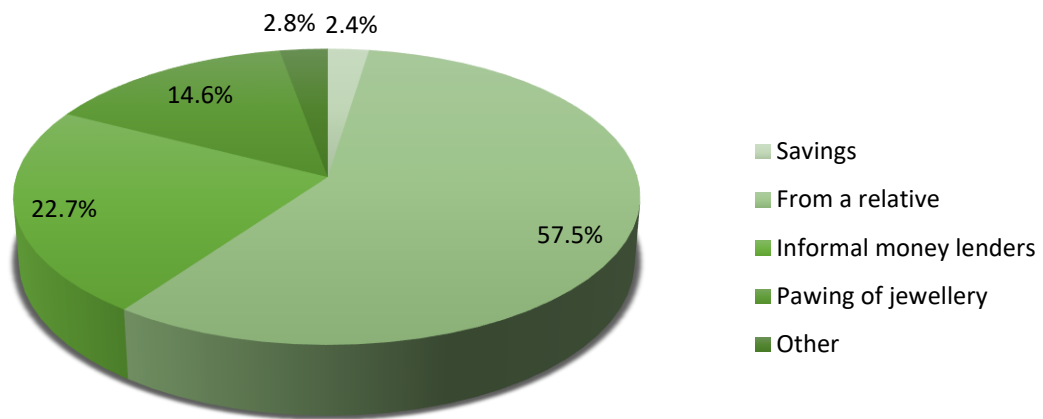


Figure 1.16: Micro-finance Acquisition

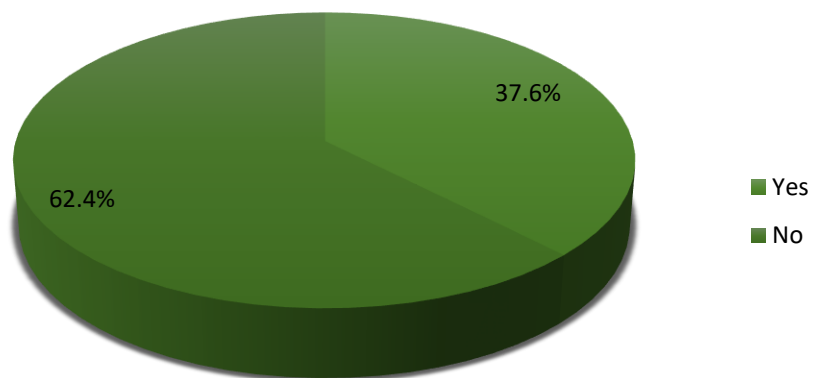


Figure 1.17: Period of Poverty Relief Received

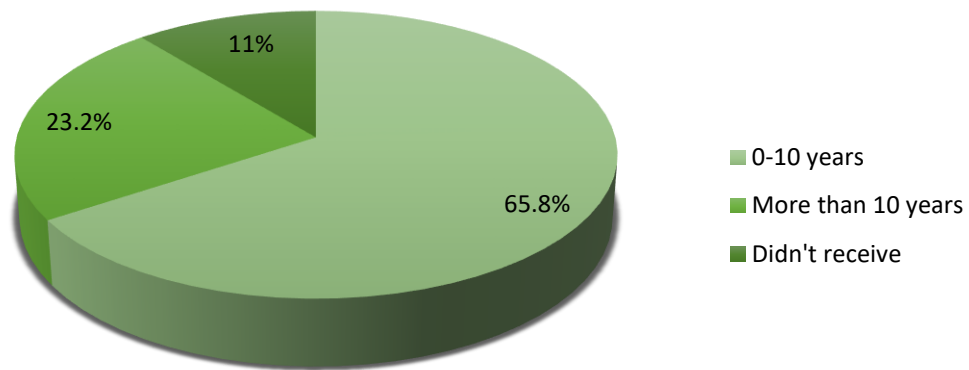


Figure 1.18: Reception of Covid-19 Subsidy

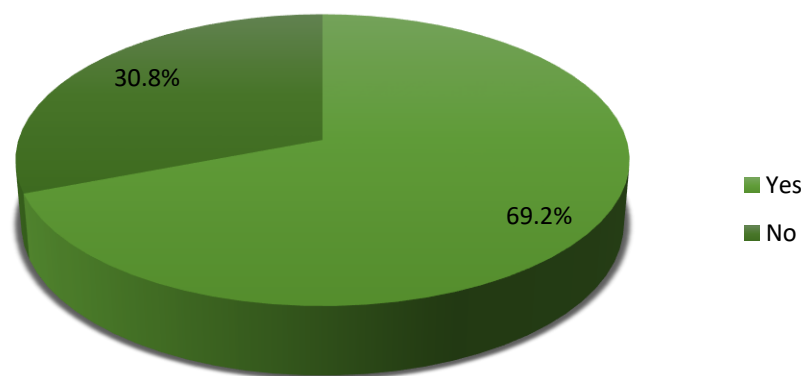
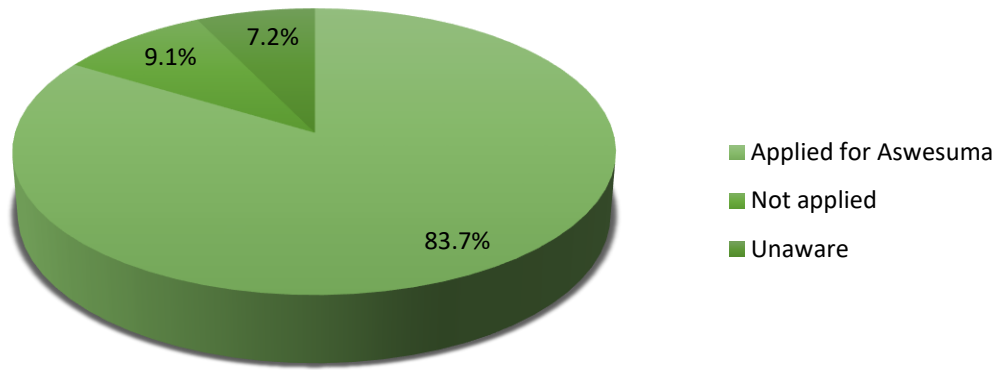


Figure 1.19: Aswesuma Program Application Statistics



B. Trends or patterns observed in the collected data

Key Trends:

Demographic Trends:

- Majority participation from Sinhala ethnicity.
- Buddhist representation was the highest in the religious category.
- A larger percentage of females participated in the survey.

Socioeconomic Patterns:

- Majority of families had a low income (10,000/= to 20,000/= range).
- Daily wages and self-employment were the main sources of income.
- Most participants resided on their own land or government-licensed land.

Access to Financial Services:

- A significant proportion had bank accounts but lacked substantial savings.
- Reliance on relatives for emergencies was prominent.

Aswesuma Scheme Utilization:

- High participation and application for the Aswesuma Welfare Benefit Program.
- Substantial reception of various subsidies and relief programs.

C. Initial correlations or insights discovered

Insights:

Perceptions of Aswesuma Scheme:

- A mixed response on the application process and accuracy of information recorded.
- Issues of exclusion and dissatisfaction due to various reasons reported by respondents.
- Lack of language support for the Tamil community and perceived favoritism by officers.

Information Collection:

- Varied sources of information collection, including neighbors, relatives, and mobile communications.
- Some discrepancies reported in the accuracy of recorded data.

Appeals and Obligations:

- Appeals primarily associated with loss of Aswesuma subsidy or dissatisfaction with the process.
- Some respondents unaware of Aswesuma application procedures.

Expenditure of Funds:

- Majority spent funds on basic needs, education, and business investments.
- Some used funds to repay debts or expand their businesses.

Suggestions for Improvement:

- Recommendations for extending subsidy terms, offering interest-free loans, and better survey mechanisms.
- Calls for inclusive programs, emphasizing agro-empowerment and insurance inclusion.

Future Assurance and Needs:

- Concerns over future assurance and instability, especially related to employment and political uncertainties.
- Requirements for self-sufficiency, skill development, and employment opportunities to alleviate dependency.

Surveyor Observations:

- A vulnerable community noted, many living under the poverty line, facing multiple issues.
- Lack of support from local officials and challenges in data collection.

VI. Limitations

A. Constraints or limitations encountered during the survey process

Accessibility Challenges:

- Difficulties in accessing certain remote areas or households due to geographical constraints or lack of transportation.

Language Barriers:

- Inadequate language support for the Tamil-speaking community leading to misinterpretations or difficulties in communication during interviews.

Limited Participation:

- Some respondents abstained from providing opinions due to distrust, skepticism, or concerns about the survey process.

Time and Resource Constraints:

- Limited timeframes and resources impacted the depth and breadth of data collection, resulting in rushed or incomplete surveys.

B. Potential biases or limitations in the data collected

Selection Bias:

- Potential bias in the selection of participants due to their availability or willingness to participate, impacting the representativeness of the sample.

Response Bias:

- Biases in responses due to social desirability or reluctance to provide accurate information, leading to underreporting or overestimation of certain factors.

Information Accuracy:

- Accuracy concerns due to reliance on third-party sources for data collection, leading to potential discrepancies or inaccuracies in recorded information.

Cultural or Social Bias:

- Biases stemming from cultural or societal factors influencing participants' responses, perspectives, or interpretations of the survey questions.

C. Factors that might impact the accuracy or completeness of the preliminary findings

Data Integrity and Validity:

- Concerns regarding the reliability and validity of data due to possible errors in data collection methods or recording procedures.

Incomplete Data Collection:

- Possibility of missing data or incomplete responses from certain households or individuals, affecting the overall completeness of findings.

Sampling Limitations:

- The sample might not fully represent the diverse population, potentially limiting the generalizability of findings to the entire target population.

Interpretation Challenges:

- Challenges in interpreting qualitative responses due to subjective opinions or differing perspectives among respondents.

External Influences:

- External factors such as political instability or socioeconomic changes might have influenced respondents' views or behaviors, impacting survey outcomes.

VII. Conclusion

A. Summary of Key Preliminary Findings

Survey Perception:

Approximately 44% of the population refrained from providing feedback on the survey process, with 28.6% expressing dissatisfaction.

23.5% of respondents were content with the survey's conduct, while a minority (3.9%) highlighted various issues, including misinformation and selective data collection.

Data Collection Methods:

Majority of respondents stated that information was gathered through announcements, neighbors, relatives, Divisional Secretariat, Grama Niladhari, Samurdi officer, or mobile communications.

A portion of the sample claimed lack of visitation by investigation officers, leaving them unaware of how their data was obtained.

Reasons for Appeal or Grievances:

Main reasons included the loss of Aswesuma Subsidy, survey errors, inadequate previous Samurdi subsidy, and lack of awareness about the Aswesuma application process.

Utilization of Funds:

Most respondents utilized the funds for essential needs (food, medicine, utilities) and some for educational expenses, business development, debt settlement, and savings.

Suggestions to Improve Aswesuma:

Majority recommended extending the subsidy term or providing additional relief.

Suggestions included interest-free loans for self-employment, fair investigation practices, comprehensive survey mechanisms, and programs on agro-empowerment.

Requirements to Exit Subsidy Programs:

Respondents sought reliefs, loans, training for self-employment, employment opportunities according to skills, education, and capacity, especially for their children.

Future Assurances:

Most respondents lacked confidence in future stability due to unemployment, political uncertainty, and inadequate support, especially for the elderly.

Observations by Surveyors:

Surveyors noted a high vulnerability among the population, with many living below the poverty line and facing various challenges like inadequate income, chronic illnesses, and limited living conditions.

B. Implications of the Initial Results for the Aswesuma Welfare Benefit Scheme

Identification of Program Issues:

Dissatisfaction and grievances voiced by respondents highlight existing flaws in the Aswesuma program, including improper survey practices, misinformation, and exclusion of eligible beneficiaries.

Need for Program Refinement:

Suggestions for extended relief periods, interest-free loans, fair investigations, and comprehensive survey mechanisms point toward critical areas requiring improvement within the Aswesuma program.

Enhancing Social Support and Economic Empowerment:

Addressing the highlighted issues could lead to increased effectiveness and acceptance of the Aswesuma program, contributing to better social support and economic empowerment among vulnerable communities.

C. Suggestions for Further Analysis or Areas of Focus in the Ongoing Survey

Refinement of Survey Methodologies:

Conduct a detailed analysis of survey methodologies to rectify shortcomings and ensure inclusive and comprehensive data collection.

In-depth Investigation into Grievances:

Explore grievances voiced by respondents to understand specific instances of misinformation, exclusion, or dissatisfaction during the survey process.

Evaluation of Programmatic Changes:

Assess the feasibility and potential impact of implementing suggested changes, such as extending subsidy terms, offering interest-free loans, and improving investigation practices.

Socioeconomic Impact Assessment:

Conduct an assessment of the socioeconomic impact of the Aswesuma program on beneficiaries to measure the effectiveness and identify areas for enhancement.

Community Engagement Strategies:

Develop strategies for improved community engagement to address language barriers, increase awareness, and foster trust among different demographic groups.

3.3.4 Challenges and Potential Opportunities

- One of the main challenges was the Grama Niladaris and Samurdhi Officers boycotted collecting data and participating in the selection process of Aswesuma beneficiaries. Their concern was that the Welfare Benefits Act, No 24 of 2002 includes legal actions against the persons who provide false information.. Consequently, the government opted to deploy temporary officials to gather information using a mobile application. However, these investigation officers lacked familiarity with the community and their assets, potentially leading to inaccuracies as individuals may provide false information about their assets. In contrast, Grama Niladari and Samurdhi officers possess a deeper understanding of the residents in their respective villages. If these officers were involved in the data collection process, the government could gather more accurate information regarding the genuinely low-income individuals in our country and the trust about the survey could also grow

“The selection of people for this task is problematic because those who were chosen do not care about the awareness of the villagers. I see that it is a serious mistake to remove the officers who had knowledge about this and using outside personnel. Due to this ignorance, it was seen that this benefits were not received by those who deserved them while those who did not deserve it received benefits.”

By Mr. A.K. Wijepala, civil activist

- The Grama Niladhari officers raised concerns regarding certain provisions of the Welfare Benefits Act, No 24 of 2002, specifically pointing out two articles in the Act that pose challenges when collecting information for the Aswesuma program.

Act No 21, “Any public officer who, in the exercise, performance or discharge of his powers, duties or functions under this Act, knowingly and willingly, acts on any information which is false or incorrect, shall be guilty of an offence and shall on conviction after summary trial before a

Magistrate be liable to a fine not exceeding ten thousand rupees or to imprisonment to a term not exceeding one year or to both such fine and imprisonment”

Act NO 22, “On the failure of any officer of the Board or member of any Selection Committee to ascertain the genuineness of any statement contained in a document forwarded to such officer or member, which results in the making of an incorrect welfare benefit payment, such amount shall be recovered from such officer or member as a debt due to the State.” ⁸¹

The Grama Niladari officers noted issues arising from their limited access to comprehensive information and knowledge regarding the assets of villagers. They highlighted that if a villager were to conceal their true assets from the Grama Niladaris and the officers inadvertently entered inaccurate information provided by the villager, the Grama Niladhari would be liable for punishment under the provisions of the Welfare Benefit Board Act. Consequently, due to this potential liability, the Grama Niladharis opted to withdraw from the information collection process.

“The young people who were deployed by the government did not have knowledge about the attitudes of the villagers and the environment of the village and did not have knowledge and understanding about the criteria of the program. I doubt it was a deliberate move to remove experienced personnel from this survey. I don't know if the political authorities were aware of this, but what happened was that even the basis of the program was changed under the bureaucracy of the officials, and it became a failed effort.”

A Grama Nildhari officer who participated in a focused group discussion

The government advertised in media about the welfare benefit scheme and urged people to apply if they wanted government assistance amidst the crisis. The people were asked to apply despite they were receiving Samurdhi assistance. However, the studies by the Right to Life Human Rights Centre revealed that the message had not been properly communicated to the

⁸¹ *Welfare Benefit Act*. (2002, October 25). Welfare Benefit Board Publications.
<https://wbb.gov.lk/backend/assets/publications/1686221507147.pdf>

needy people. Some people said they had not applied because they were receiving Samurdhi assistance. The communication barriers could be seen mostly among the most vulnerable communities who lack media literacy. Many low-income individuals said that they were unaware of the Aswesuma Program, as the government primarily disseminated information about it through television and newspapers to which the access among the vulnerable communities is low. Consequently, a significant portion of the population were not exposed to details about this program.

"I have six children, and my husband is currently unemployed. I am the sole breadwinner in my household, working tirelessly to support my family. My monthly wage is only 12,000/=. Unfortunately, I do not receive any assistance from programs like Samurdhi or Aswesuma. Recently, when I visited the Malimbada Divisional Secretariat to ask about Aswesuma, they inquired why I hadn't applied for Aswesuma. I explained that I was unaware of its existence because of my demanding work schedule. I start work at 6:30 in the morning and return home at 4:30 in the evening. Then I have to attend to the care work and cooking leaving little time to stay informed about available support programs. So I didn't know about Aswesuma because no one told me about that"

A 45-year-old woman from Imaduwa- Malimbada

Furthermore, according to the feedback received from respondents during focused group discussions, a segment of the people reported that the investigators had not visited their homes.

"The enumerators came to our house, but I was not there at that time. They had taken the information from the neighboring house.."

A resident from Matara district

The Welfare Benefit Board used a mobile application for gathering data on beneficiaries, leveraging technology for its productivity and efficiency. However, practical implementation encountered several challenges. low-incomePeople did not have proper understanding on the process and lacked trust.

low-income low-income MP Harsha De Silva brought attention to issues within the Aswesuma program and emphasized that the process for lodging objections posed practical challenges. Specifically, he noted that requiring individuals to submit the national identity card number of the beneficiaries whom they are objecting was impractical and presents logistical difficulties.⁸²

There is an issue concerning the appeal procedure, as many Divisional Secretaries lack knowledge about it. Consequently, when beneficiaries attempt to appeal regarding the Aswesuma program, the officials say that they have not been informed about the appeal procedure, resulting in difficulties both in lodging appeals as well as objections.

“Even the Divisional Secretary did not know how to proceed after an appeal was made. When we asked about it, they said that they had not been informed.”

A social worker from Baddegama

4. International Assistance for Sri Lanka's Social Safety Nets

4.1 Role of International Organizations (World Bank, IMF, etc.)

4.2 Funding Mechanisms and Project Examples

4.3 Impact of International Assistance on Policy and Implementation

International organizations play a pivotal role in facilitating the development and execution of Social Safety Nets on a global scale. Entities like the World Bank, the United Nations, and many non-governmental organizations (NGOs) make substantial contributions to the social safety net

⁸² D. M. N. (2023, June 28). ‘Aswesuma’ complaints process impractical - Harsha alleges deliberate design failure. YouTube. <https://www.youtube.com/watch?v=-JW4vaLLBI0>

programs. These organizations offer valuable expertise, financial support, and technical assistance to governments aiming to establish or reinforce their safety net frameworks. By encouraging collaboration and the exchange of knowledge among nations, international organizations stimulate the evolution of robust safety net models and encourage worldwide cooperation in tackling social and economic challenges.⁸³

Several United Nations entities in Sri Lanka are actively involved in the implementation of Social Safety Nets. Examples include:

- United Nations Children's Fund (UNICEF)
 - United Nations Educational, Scientific and Cultural Organization (UNESCO)
 - United Nations Development Program (UNDP)
 - United Nations Women (UN Women)
 - United Nations Habitat (UN Habitat)
 - United Nations Environmental Programs (UNEP)
 - Food and Agriculture Organization (FAO)
-
- International Labour Organization (ILO)
 - International Monetary Fund (IMF)
 - International Trade Centre (ITC)⁸⁴

Under the World Bank, the development objective of the Social Safety Nets Project is to contribute to the improved equity, efficiency, and transparency of Sri Lanka's Social Safety Net

⁸³ GGI Insights. (2024, January 30). Social Safety Net: Essential Support System for Vulnerable Populations. *Gray Group International*. <https://www.graygroupintl.com/blog/social-safety-net>

⁸⁴ The International Trade Centre (ITC) is a joint agency of the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD). Its primary purpose is to promote and facilitate international trade, especially in developing countries, with the aim of contributing to sustainable economic development. The ITC provides trade-related technical assistance, capacity building, and market analysis to help small and medium-sized enterprises (SMEs) become more competitive in global markets.

programs, with a focus on benefiting the poor and vulnerable. The project is structured around three key components:

1. Building a Unified Social Registry:

The primary aim of this component is to establish a comprehensive social registry that incorporates data on both current and former program beneficiaries, as well as newly submitted applications.

2. Integrated Service Delivery Systems:

This component involves the allocation of funds for the eligible expenditure program (EEP) based on the achievement of disbursement-linked indicators (DLIs). These indicators are directly tied to the collection of data on current beneficiaries and new applicants participating in programs under the Welfare Benefit Scheme (WBS). Additionally, this component seeks to develop an integrated Management Information System (MIS) for the harmonized management of various programs.

3. Support for Project Implementation, Monitoring, and Planning:

The third component is designed to provide support for the establishment of the Welfare Benefits Board (WBB) and the project management unit (PMU). It aims to facilitate the effective use of the new monitoring system and contribute to longer-term strategic planning initiatives..

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4.2 Funding Mechanisms and Project Examples

International Monetary Fund

The International Monetary Fund (IMF), established in 1944, is an organization dedicated to promoting global monetary cooperation, ensuring financial stability, facilitating international

⁸⁵ *Sri Lanka - Social Safety Nets Project*. (n.d.). World Bank.
<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/285991480906853560/%E2%80%8Bsri-lanka-social-safety-nets-project>

trade, fostering high employment, supporting sustainable economic growth, and alleviating poverty worldwide. Typically, the IMF extends loans through its programs to member countries facing Balance of Payments (BOP) challenges. These financial aids aim to assist in rebuilding international reserves, stabilizing currencies, ensuring a steady flow of payments for imports, and restoring economic growth while addressing underlying issues. All IMF members have access to the organization's resources in the General Resources Account (GRA) on non-concessional terms. Additionally, the IMF provides concessional financial support through the Poverty Reduction and Growth Trust (PRGT), which is designed to meet the diverse needs of low-income countries.⁸⁶

Sri Lanka has participated in sixteen International Monetary Fund (IMF) programs since becoming a member of the IMF in 1950. The initiation of Sri Lanka's inaugural IMF program occurred in 1965. According to the report of Central Bank of Sri Lanka 2022, despite a rise in both spending on Social Safety Nets and the number of beneficiaries in recent years, there is a recognized need for substantial improvement in terms of coverage and selection. Acknowledging the challenges within the current Social Safety Nets framework, the IMF-EFF arrangement has outlined specific institutional reforms aimed at enhancing the efficiency, coverage, and targeting of Social Safety Nets programs.⁸⁷ As a result the Aswesuma program was established in 2023

United Nation International Children's Fund (UNICEF)

UNICEF has been actively supporting the rights and well-being of children in Sri Lanka since the early 1950s. Organization endeavors to safeguard the rights of every child in Sri Lanka. The organization's objective is to guarantee that all children not only survive but also thrive and have the opportunity to realize their immense potential. UNICEF is dedicated to fostering an

⁸⁶ *The importance of International Monetary Fund.* (2022). Central Bank of Sri Lanka.
https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/annual_report/2021/en/13_Box_01.pdf

⁸⁷ *Sri Lanka's Economic Adjustment Programme Supported by an Extended Fund Facility Arrangement of the International Monetary Fund.* (2022). The Central Bank of Sri Lanka.
<https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports/annual-report-2022>

environment in which every child in Sri Lanka is free to learn, play, and grow. The organization's programs are designed to ensure that all children receive shelter, nutrition, protection, and education, regardless of their location. UNICEF aims to build communities where children can live with dignity and hope, free from discrimination, violence, and fear. ⁸⁸

Under UNICEF, various programs are conducted, covering a range of areas including

- Education
- Child protection
- Child survival and development
- Emergency response
- Social Policy and Child rights Monitoring

United Nation Educational, Scientific and Cultural Organization (UNESCO)

The Sri Lanka National Commission for UNESCO (SLNCU) is the governmental entity responsible for implementing the UNESCO Agenda in Sri Lanka. Established on November 14, 1949, it operates under the Ministry of Education. The General Assembly of the Commission consists of 35 members, including representatives from pertinent ministries and national bodies associated with UNESCO's areas of expertise. The primary focus areas of the Commission encompass Education, Sciences, Culture, and Communication and Information. ⁸⁹

UNESCO conducts various programs covering a broad range of areas, including:

- Education Sector (*South Asian Center for Teacher Development, UNESCO scholarship fund, Green through crickets*)

⁸⁸ UNICEF Sri Lanka. (n.d.). <https://www.unicef.org/srilanka/>

⁸⁹ Sri Lanka National Commission for UNESCO. (n.d.). https://www.slncu.lk/web/index.php?option=com_content&view=featured&Itemid=101&lang=en#

- Social and Natural Science (*Alternative Energy Programs, Waste management systems, Development of Science in Secondary Schools, with particular emphasis on Chemistry and promotion of Nano Technology through providing technical support*)
- Communication (*Workshop- Women in Media and Safety-2020*)
- Culture and heritage (*Memory of World Program, Intangible Cultural Heritage*)

United Nations Development Program (UNDP)

In Sri Lanka, UNDP has served as a prominent development partner since 1967, actively contributing to sustainable human development across economic, social, and environmental domains. Collaborating closely with the government, civil society, the private sector, and communities, UNDP strives to eliminate extreme poverty, mitigate inequalities, and address exclusion, with the overarching goal of safeguarding both people and the planet.

UNDP conducts a significant number of programs aimed at enhancing human development. Here are a few names of projects:⁹⁰

- Strategic support to accelerate climate action in Sri Lanka
- Transforming tourism in Sri Lanka
- Trilateral cooperation on renewable energy in Sri Lanka
- GEF small grants program
- Integrated water energy project
- Catalytic support to peacebuilding program in Sri Lanka
- Energy generation Nama

United Nations Women (UN Women)

UN Women has been actively operating in Sri Lanka since 2014. Aligned with its normative mandate to shape, preserve, and promote international standards and commitments on gender equality, UN Women in Sri Lanka actively supports the formulation of national policies

⁹⁰ Projects. (n.d.). UNDP. <https://www.undp.org/srilanka/projects>

and standards. Additionally, it assists Sri Lanka in fulfilling its commitments to monitor and report progress against these international standards, contributing to sustained global advancements in gender equality.

UN Women conducts a variety of programs covering various themes, with a particular focus on initiatives aimed at the economic empowerment of women.

- UN Women has trained 800 women entrepreneurs to start their business
- A cabinet circular, mandated by UN Women, stipulates that a 25% allocation of resources from all rural development projects will be designated for women.⁹¹

International Labour Organization.

The International Labour Organization (ILO) advocates for the creation of opportunities for both women and men to secure decent and productive work under conditions of freedom, equity, security, and human dignity. Sri Lanka joined the ILO in 1948. Notably, the ILO is distinct among United Nations agencies for its tripartite structure.

Since 2008, Sri Lanka has implemented two Decent Work Country Programmes (DWCPs). The 2008-2012 DWCP focused on amending labour laws, formulating national policies to safeguard workers' rights, and advancing the concept of Decent Work for All. It also aimed to support the sustainable development of economically disadvantaged and conflict-affected areas, enhance labour administration, promote equitable employment practices, and strengthen social dialogue and labour market governance.

Building on the achievements of the first DWCP, the second DWCP (2013-2017) strives to further enhance social protection and create decent work opportunities for a broader segment of the population, with a particular emphasis on young women and men.⁹²

⁹¹ *Women's economic empowerment*. (n.d.). UN Women – Asia-Pacific.
<https://asiapacific.unwomen.org/en/countries/sri-lanka/wee>

⁹² *The ILO in Sri Lanka*. (2013). International Labour Organization. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-colombo/documents/publication/wcms_245355.pdf

- South Asia Leadership in Entrepreneurship
- Promoting decent work through good governance, protection and empowerment of migrant workers.
- Local Empowerment through Economic Development and Reconciliation (LEED+) Project (4 May 2018-31 December 2023)⁹³

4.3 Impact of International Assistance on Policy and Implementation

The International Monetary Fund (IMF) often plays a significant role during economic crises by providing financial assistance and offering policy advice to member countries. If there's a current economic crisis, it's plausible that the IMF would be involved in crafting and implementing policies and reforms to address the situation.

The Extended Fund Facility (EFF) offers financial aid to nations grappling with significant medium-term balance of payments challenges resulting from structural weaknesses that necessitate time to rectify. The IMF Board has endorsed a 48-month extended arrangement under the Extended Fund Facility (EFF) totaling SDR 2.286 billion (equivalent to approximately US\$3 billion) to bolster Sri Lanka's economic policies and reforms. The primary goals of the EFF-supported program include reinstating macroeconomic stability and ensuring debt sustainability, preserving financial stability, and accelerating structural reforms to unleash Sri Lanka's growth capabilities.

Within the framework of the EFF-supported program, the authorities plan to tackle the aforementioned challenges by increasing Social Safety Net (SSN) expenditures and enhancing the coverage and targeting of the SSN.

- The authorities have committed to Social Safety Network spending of RS. 187 billion (0.6% of GDP) in 2023

⁹³ *ILO in Sri Lanka (ILO in Sri Lanka)*. (n.d.-b). <https://www.ilo.org/colombo/lang--en/index.htm>

- The authorities undertaking far-reaching institutional reforms to improve efficiency, coverage, and targeting of SSN Programs.
 - Operationalizing the Welfare Benefit Board (WBB)
 - Developing a new Social Registry (SR) and eligibility criteria.
 - Introducing a new Welfare Benefit Payment Scheme.
 - Managing the transitional period ⁹⁴

Effectiveness of Social Safety Nets as a Solution for Poverty

5.1 Evidence on Poverty Reduction Outcomes

According to the World Bank, Sri Lanka has demonstrated a commendable track record in reducing poverty and elevating the living standards of its people. However, progress in poverty

⁹⁴ *Sri Lanka: Request for an Extended Arrangement Under the Extended Fund Facility-Press Release; Staff Report; and Statement by the Executive Director for Sri Lanka.* (2023, March 20). IMF.
<https://www.imf.org/en/Publications/CR/Issues/2023/03/20/Sri-Lanka-Request-for-an-Extended-Arrangement-Under-the-Extended-Fund-Facility-Press-531191>

reduction was sluggish between 1990 and 2002, with the poverty rate decreasing only marginally from 26.1% to 22.7%. Subsequently, there was a more substantial reduction, with the poverty rate declining to 15.2% during the period of 2006-2007.⁹⁵ In the decade leading up to the COVID-19 crisis, poverty was on a downward trend. The proportion of people living in poverty decreased from 16.2 percent in 2012/13 to 11 percent in 2016.⁹⁶ Indeed, there was a notable decline in poverty rates in Sri Lanka leading up to the COVID-19 pandemic.

Poverty has shown a concerning trend in Sri Lanka since 2019. The poverty rate rose from 11.3% in 2019 to 12.7% in 2020, resulting in over 300,000 new individuals falling below the poverty line during that period. The situation worsened in 2021, with the poverty rate continuing to increase. However, the most significant jump occurred between 2021 and 2022, with the poverty rate doubling from 13.1% to 25.0%, equivalent to \$3.65 per capita (2017 PPP). This surge has led to an additional 2.5 million people falling into poverty in 2022.⁹⁷

Social Safety Networks are indeed recognized as one of the solutions for addressing poverty. According to the Department of Census and Statistics, the Household Income and Expenditure Survey conducted in 2019 collected data on social protection programs implemented by the government. This included information on 13 social protection programs primarily falling under the categories of social assistance and social insurance.

According to the Survey, the total social protection transfer, comprising both social insurance and social assistance transfers, effectively reduced poverty from 7.9 percent to 3.2 percent based on the old poverty line. This indicates that social protection transfers lifted 4.7 percent of the

⁹⁵ Gunatilaka, R., Guanghua Wan, G., & Chatterjee, S. (2009). Poverty and Human Development in Sri Lanka. *Asian Development Bank*. <https://www.adb.org/sites/default/files/publication/27993/poverty-human-dev-sri-lanka.pdf>

⁹⁶ World Bank Group. (2021, October 16). *Four priorities to accelerate economic transformation and poverty reduction in Sri Lanka*. World Bank. [https://www.worldbank.org/en/news/feature/2021/10/16/accelerating-economic-transformation-and-poverty-reduction-in-sri-lanka#:~:text=livelihoods%20and%20welfare-.Sri%20Lanka%20has%20a%20great%20track%20record%20in%20raising%20living,line%20\(in%202011%20PPP\).](https://www.worldbank.org/en/news/feature/2021/10/16/accelerating-economic-transformation-and-poverty-reduction-in-sri-lanka#:~:text=livelihoods%20and%20welfare-.Sri%20Lanka%20has%20a%20great%20track%20record%20in%20raising%20living,line%20(in%202011%20PPP).)

⁹⁷ World Bank Group. (n.d.). *Poverty & Equity Brief Sri Lanka*. https://databankfiles.worldbank.org/public/ddpext_download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global_POVEQ_LKA.pdf

population out of poverty. Notably, the pension scheme emerged as the most significant contributor to this reduction. Without the pension scheme, the poverty headcount index would increase to 5.2 percent, while the Poverty Gap index and Poverty Severity index would also experience notable increases to 1.5 and 0.9, respectively.

These findings underscore the progress of social protection programs in Sri Lanka. However, they also emphasize the need for a more focused and rigorous approach to further alleviate poverty in the country.⁹⁸

5.2 Challenges and Concerns: Leakage, Misallocation, Dependence Culture

Social Safety Networks provide vital social assistance to the low-income segments of society. However, they inadvertently foster a dependency culture among recipients. This is because many individuals within the low-income community refrain from seeking to improve or elevate their living standards. Instead, they opt to withdraw from gainful employment, recognizing that engaging in work might render them ineligible to receive benefits such as Samurdhi or other forms of assistance.

E.g.: “I doubt about the objective of these projects, we should think about whether it was designed to uplift the poor. Let me give you an example. There was one person I know who worked in a dairy farm. He had to cut grass for the animals and he got two thousand rupees a day. But he left the job because if he had continued the job, he might not have received the Aswesuma benefits.

See, he got only fifteen thousand rupees monthly from the insurance. He lost an amount of 60,000 rupees because of this dependency mentality.”

A journalist from Galle

⁹⁸ (2022). Statistics.gov.lk. <http://www.statistics.gov.lk/Poverty/StaticalInformation/PovertyIndicators-2019>

One of the most common issues in Social Safety Networks is the provision of assistance to unnecessary groups, where affluent individuals receive benefits intended for the poor and vulnerable. This misallocation of resources undermines the effectiveness of social safety programs and deprives those truly in need of the support they require to improve their living conditions.

“There are 550 families in our village. Unfortunately, the assistance is not fairly distributed. The man who lives in a mud house does not have that support while the families who own boats in our village receive Aswesuma.”

A fisher community woman from
Devinuwara

“I also saw the opportunity that those who deserved did not get. There were poorer people than me but I couldn't even understand why they didn't get it. I recently migrated to Galle from Colombo and live in a house that is being constructed. We don't have proper walls, floors, toilets or electricity yet. These conditions helped me to be qualified for Rs. 15,000 per month Aswesuma benefits.”

An Aswesuma welfare benefit
recipient from Galle

However, our studies pointed to some important aspects related to the Aswesuma welfare benefit scheme. Previous Samurdhi programme provided very little cash assistance while Aswesuma provided comparatively substantial amounts. The selection process was apolitical although the system that selected the beneficiaries had some weaknesses. Samurdhi benefits were attached to some kind of poverty alleviation programmes that provided opportunity for savings, training, credit and micro-entrepreneurship. However, the previous Samurdhi programme was known for its lack of efficiency, corruption and politicization.

For example, some officials have taken advantage of the lack of awareness among beneficiaries. For instance, as one of the coordinators of the Human Rights First Aid Centres of the Right to Life Human Rights Centre revealed, a Samurdhi officer obtained a loan using the name of a Samurdhi

beneficiary without the beneficiary's knowledge. The beneficiary became aware of this exploitation only when attempting to access the money.

5.3 Potential for Addressing Social Mobility and Inequality

Social mobility describes the opportunities for movement between different social groups and the advantages and disadvantages that go with of the livelihoods, income, job security, opportunities for advancement etc. Social Safety Networks have the potential to play a crucial role in addressing social mobility by providing support and opportunities for individuals to improve their socio-economic status.

According to International Monetary Fund “Inequality can be viewed from different perspectives, all of which are related. Most common metric is Income Inequality, which refers to the extent to which income is evenly distributed within a population.”⁹⁹Income inequality refers to the uneven distribution of income within a population. When income distribution is less equal, income inequality is greater. Typically, income inequality is accompanied by wealth inequality, which pertains to the uneven distribution of wealth.

Social Safety Networks contribute to enhance social mobility and reduce income inequality by using several strategies,

Providing access to education - Social Safety Networks provide financial assistance for education, scholarships, or subsidies for school-related expenses. By ensuring that all individuals have access to quality education regardless of their socio-economic background, Social Safety Networks can help break the cycle of poverty and promote upward mobility.

Conduct skills training and employment opportunities - Social safety programs can offer vocational training, job placement services, and support for entrepreneurship. By equipping

⁹⁹ *Introduction to Inequality*. (2020, July 5). IMF. <https://www.imf.org/en/Topics/Inequality/introduction-to-inequality#:~:text=Inequality%20can%20be%20viewed%20from,evenly%20distributed%20within%20a%20population.>

individuals with the skills and resources needed to secure stable employment or start their own businesses, Social Safety Networks empower them to climb the economic ladder.

Healthcare and Nutrition Support - Access to healthcare services and nutrition support provided by Social Safety Networks can improve overall health outcomes, reduce absenteeism from work or school due to illness, and enhance productivity. Healthy individuals are better able to pursue education, work, and other opportunities that contribute to social mobility.

Housing Assistance- Affordable housing programs offered through Social Safety Networks can help low-income families access stable and safe housing. Stable housing is essential for providing a secure environment conducive to education, employment, and overall well-being, thus facilitating social mobility.

Financial Inclusion- Social Safety Networks can promote financial inclusion by providing access to banking services, microfinance, or savings and credit programs. By enabling individuals to save, invest, and build assets, Social Safety Networks can help them build a pathway out of poverty and achieve upward mobility.

Overall, Social Safety Networks have the potential to significantly contribute to addressing social mobility by providing support and opportunities that enable individuals to overcome barriers and improve their socio-economic status. However, it is essential to ensure that these programs are well-designed, adequately funded, and effectively implemented to maximize their impact on promoting social mobility.

6.1 Promoting Entrepreneurship and Livelihood Development

One of the predominant challenges confronting developing countries worldwide is poverty. This pervasive issue is intricately linked with high rates of unemployment, which has emerged as a significant impediment to progress in these nations. While the magnitude and scope of poverty

and unemployment vary across different regions and countries, they consistently hinder the effective utilization of human resources for both social and economic advancement. Addressing these twin challenges is crucial for fostering sustainable development and improving the well-being of populations in these nations.

Poverty encompasses various dimensions, including the absence of sufficient income or assets, as well as a lack of essential skills, confidence, and empowerment. It can also manifest as a scarcity of national currency. Additionally, poverty is often associated with deficiencies in understanding, culture, or spirit. Factors contributing to poverty may include low productivity within households, financial constraints, and a dearth of incentives for entrepreneurial endeavors.

Alan E. Singer, in 2006, posited that the most effective approach to alleviating poverty globally involves fostering increased business activity and promoting the establishment of new ventures through entrepreneurship development. Entrepreneurship not only offers a pathway to economic empowerment but also serves as a catalyst for driving economic transformation by facilitating the creation and application of new knowledge. Through entrepreneurship, individuals can seize opportunities to generate income, create jobs, and contribute to overall economic growth and development. Thus, prioritizing entrepreneurship development can serve as a potent tool in combating poverty and fostering sustainable prosperity across diverse regions of the world.¹⁰⁰

Promoting entrepreneurship and livelihood development represents a viable solution for alleviating poverty. This strategy involves creating an environment conducive to entrepreneurial endeavors and generating opportunities for sustainable livelihoods.

Entrepreneurship is the process of recognizing new business opportunities and mobilizing economic resources to establish a new enterprise or revive an existing one, despite inherent risks and uncertainties, with the aim of generating profits under private ownership. In simpler terms,

¹⁰⁰ ENTREPRENEURSHIP DEVELOPMENT AND POVERTY ALLEVIATION: AN EMPIRICAL REVIEW. (in press). *Journal of Asian Scientific Research*.
<https://archive.aessweb.com/index.php/5003/article/download/3681/5838#:~:text=Entrepreneurship%20development%20contributes%20to%20poverty,and%20net%20increases%20in%20real>

it involves individuals or groups initiating ventures to profitably utilize scarce resources, typically under private ownership. Entrepreneurship emphasizes long-term value creation, sustained cash flow, and innovation to maximize profits and minimize risks, facilitating future expansion. Additionally, entrepreneurship plays a pivotal role in driving the growth and advancement of local industries by transforming raw materials into finished or semi-finished goods for both domestic and international markets. It also encourages the adoption of efficient and affordable technology in small and medium-scale enterprises, thereby enhancing productivity, particularly in low-income countries characterized by traditional rural economies.

Small and Medium Enterprises (SMEs), entrepreneurship education, and social entrepreneurship represent strategies for alleviating poverty.

In many Asian economies, Small and Medium Enterprises (SMEs) play a pivotal role in fostering economic wellness. These entities necessitate less capital compared to larger firms, thereby enabling them to thrive. Consequently, the expansion of SMEs translates into increased employment prospects for youth and contributes significantly to poverty alleviation efforts. Additionally, SMEs have the capacity to bolster tax revenues at a swifter pace compared to larger organizations.¹⁰¹

Micro, Small, and Medium Enterprises (MSMEs) significantly contribute to the development process in Sri Lanka by offering employment opportunities to a substantial portion of the population.¹⁰² Representing 75% of all active enterprises, SMEs in Sri Lanka play a crucial role, providing 45% of employment and contributing 52% to the country's gross domestic product

¹⁰¹ Lanka, E. S. (2021b, January 18). *The role of SMEs in Sri Lankan exports*.
<https://www.srilankabusiness.com/blog/role-of-smes-sri-lanka.html#:~:text=In%20Sri%20Lanka%2C%20a%20business,not%20exceed%20750%20million%20LKR>.

¹⁰²¹⁰² Central Bank of Sri Lanka Report 2021. (2021). Central Bank of Sri Lanka.
https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/annual_report/2021/en/13_Box_04.pdf

(GDP). Establishing a conducive environment for SME growth is essential for fostering equitable economic development in Sri Lanka.¹⁰³

However, as per the Central Bank's 2021 report, despite making a substantial contribution exceeding 50 percent to the country's economic output, many MSMEs in Sri Lanka may not have fully realized their potential due to various capacity constraints. These limitations often stem from restricted access to finance, inadequate adoption of technology, and limited connections to both domestic and global value chains. Moreover, factors such as low financial literacy and challenges in accessing formal financial systems contribute to the reliance of many small businesses on unregistered money lenders. These informal financial sources, prevalent throughout the country, offer services at exorbitant interest rates. Consequently, numerous entrepreneurs encounter difficulties in coping with high interest expenses, posing a threat to the sustainability of their ventures. Similarly, akin to challenges faced in other countries, the lack of information has also posed a significant limitation to conducting a comprehensive assessment of MSMEs in Sri Lanka.

Therefore, as a poverty alleviation strategy, it is imperative to promote MSMEs by addressing and providing solutions for these limitations.

Hence, according to the World Economic Forum, there are seven ways through which governments can promote entrepreneurship.

- 1. Provide access to funding-** Access to capital is a major challenge for entrepreneurs. Governments can assist by offering financial support through grants, loans, and incentives, enabling entrepreneurs to realize their innovative ideas.
- 2. Reduce bureaucratic red tape-** Entrepreneurs frequently encounter difficulties navigating complex regulations and paperwork. Governments can alleviate this burden by simplifying and streamlining the process of initiating and operating a business.
- 3. Invest in education and training-** Entrepreneurs require a diverse skill set for success, spanning from business management to product development. Governments can support

¹⁰³ Kulasinghe, S., Han, L., Hoshino, T., Rathi, A., & Lambert, D. H. (2018). Catalyzing small and medium-sized enterprise venture capital in Sri Lanka. *South Asia Working Paper Series*.
<https://doi.org/10.22617/wps189260-2>

this by investing in education and training programs to equip entrepreneurs with the necessary knowledge and skills.

4. **Encourage innovations** - Entrepreneurship is intricately linked with innovation, and governments can foster innovation by investing in research and development initiatives. Additionally, providing tax incentives for companies investing in new technologies can further promote innovation.
5. **Create a supportive legal framework** - A conducive legal framework is crucial for the flourishing of entrepreneurship. Governments can facilitate this by simplifying the business registration process, safeguarding intellectual property rights, and enforcing contracts effectively, thus creating a favorable environment for entrepreneurs.
6. **Foster a culture of entrepreneurship**- Governments can foster entrepreneurship by cultivating a culture that values and supports it. This can be achieved through public awareness campaigns and by acknowledging and celebrating the contributions of entrepreneurs.
7. **Stimulate networking and collaboration**- Entrepreneurs frequently rely on networking and collaboration with other entrepreneurs, investors, and experts for success. Governments can facilitate this by creating opportunities for entrepreneurs to connect and exchange ideas, thus fostering networking and collaboration within the entrepreneurial ecosystem.¹⁰⁴

To alleviate poverty, we can focus on developing the livelihoods of people, particularly through rural development initiatives. Livelihood development programs aim to enhance the quality of life for marginalized individuals by granting them access to healthcare, livelihood opportunities, and protection. By providing these resources, these programs instill hope and empower individuals to make constructive contributions to their communities.¹⁰⁵

¹⁰⁴ Here are 7 ways governments can foster entrepreneurship. (2023, February 14). World Economic Forum. <https://www.weforum.org/agenda/2023/02/7-ways-governments-can-support-entrepreneurship/>

¹⁰⁵ Abeyrathna, E. M. (n.d.). Livelihood Development-Global Nature Fund. *Global Nature Fund*. <https://www.globalnature.org/bausteine.net/f/6446/E.M.Abeyrathne->

The Samurdhi program conducts livelihood development programs in our country, yet there is a need for improvement. The government should allocate more resources to enhance livelihood development programs aimed at poverty alleviation. Within livelihood development programs, we can enhance various sectors, including agriculture development, livestock development, fisheries sector development, microenterprise development, and marketing development.

Livelihoods play a crucial role in poverty alleviation, offering diverse benefits such as employment opportunities for individuals and their families, acting as a means of wealth storage and insurance. They also contribute to gender equality by providing opportunities for women in these sectors.

To develop livelihoods, it's essential to invest in various forms of capital including human capital (comprising skills, knowledge, labour ability, and good health), social capital, natural capital (encompassing natural resource stock, resource flows, and services), physical capital (inclusive of basic infrastructure), and financial capital.¹⁰⁶

To stimulate these sectors, the government needs to introduce new technologies, especially in agriculture, livestock, and fisheries, to enhance productivity and efficiency. These sectors significantly contribute to the Gross Domestic Product (GDP) of the agriculture sector and thereby aid in poverty alleviation. Improving irrigation systems and infrastructure is essential. Providing continuous subsidies and insurance schemes for these sectors is crucial, along with enhancing financial institutions to support them effectively. The government should conduct free training programs, especially for starting microenterprises, and facilitate entrepreneurs by providing financial assistance to purchase equipment. Lastly, the government needs to establish efficient markets for selling production.

[LivelihoodDevelopment.pdf?fd=2#:~:text=Livelihood%20development%20programmes%20were%20designed,constructively%20contribute%20to%20their%20communities.](#)

¹⁰⁶ Kollmair, M., Gamper, St., & Development Study Group, University of Zurich (IP6). (2002). *THE SUSTAINABLE LIVELIHOODS APPROACH*.
https://www.humanitarianlibrary.org/sites/default/files/2014/02/SLA_Gamper_Kollmair.pdf

6.2 Investing in Human Capital and Education

Human capital development hinges on four key aspects: education, health, water and environment, and social development. These sectors represent the nation's primary areas of strategic investment, aimed at cultivating a healthy, educated, and skilled population capable of driving planned growth and transformation initiatives.

Investing in human capital is fundamental to sustainable development, as it fosters economic growth, social progress, and environmental sustainability. In addition to economic advantages, education and skills development empower individuals, facilitate social mobility, and mitigate inequalities. By enhancing access to better employment opportunities, education and skills development contribute to improved living standards and poverty reduction.¹⁰⁷

Therefore government need to offer assistance on education and healthcare to improve human capital to poverty alleviation. When the number of educated individuals in a country increases, it elevates their standard of living, strengthens the economy, and fosters more employment opportunities. Not only education, but labour is also crucial for human capital development. Human capital can be made up of several factors, including:

- Allocate a higher proportion of the GDP towards the education sector.
- Prioritize capital investment in rural schools over urban schools.
- Increase infrastructure facilities in educational institutions.
- Organize self-employment training programs to promote entrepreneurship.
- Enhance research initiatives focused on human capital development.
- Amend laws to protect labour rights.

¹⁰⁷ *Investing in human capital and sustainable growth: A symbiotic paradigm.* (n.d.). orfonline.org.
<https://www.orfonline.org/expert-speak/investing-in-human-capital-and-sustainable-growth#:~:text=Beyond%20economic%20benefits%2C%20education%20and,living%20standards%20and%20reducing%20poverty.>

Health is a critical component of human capital and poverty alleviation. When the number of ill individuals increases in a country, it adversely affects the productivity of the nation, as evidenced during the Covid-19 pandemic. Therefore, both physical and mental health significantly impact poverty alleviation efforts.

6.3 Strengthening Microfinance and Financial Inclusion

According to the World Bank, Financial inclusion refers to the accessibility of individuals and businesses to beneficial and affordable financial products and services that cater to their needs. These services include transactions, payments, savings, credit, and insurance, all delivered in a responsible and sustainable manner.¹⁰⁸

According to the Central Bank of Sri Lanka, microfinance is defined similarly to the Consultative Group to Assist the Poor (CGAP). It pertains to the provision of financial services to low-income individuals, including credit, savings, and other essential financial services. These services are typically inaccessible through traditional banks due to a lack of sufficient collateral. The objective of microfinance is to expand and improve income-generating activities and capabilities among low-income individuals. As a result, it is expected that microfinance will lead to an enhancement in the living conditions of low-income individuals, while they actively contribute to the economic development of the country. In Sri Lanka, a range of institutions offers microfinance services, including licensed banks, licensed finance companies, cooperative rural banks, thrift and credit cooperative societies, Divinaguma banks, other community-based organizations, microfinance companies, and non-governmental organizations involved in microfinance activities.¹⁰⁹ The benefits of microfinance include:

¹⁰⁸ *Overview*. (n.d.). World Bank. <https://www.worldbank.org/en/topic/financialinclusion/overview>

¹⁰⁹ *Microfinance Sector / Central Bank of Sri Lanka*. (n.d.). <https://www.cbsl.gov.lk/en/financial-system/financial-system-stability/microfinance-sector>

1. Small loans enable entrepreneurs to start or expand micro, small, and medium enterprises.
2. Savings help families build assets to finance school fees, improve homes (e.g., install power or running water), and achieve goals.
3. Insurance products can offset the cost of medical care.
4. Money transfers and remittances allow families to easily send and receive money across borders.

The Central Bank of Sri Lanka has recognized the necessity for regulation and supervision of the microfinance sector. As a result, it is crucial to strengthen and fortify microfinance initiatives in Sri Lanka to increase their appeal to the general population. Therefore CBSL mentioned unregulated microfinance activities pose significant risks, including illegal deposit mobilization, customer exploitation through high interest rates and unethical recovery methods, and poor corporate governance leading to financial instability. Such practices threaten the stability of the financial system and perpetuate poverty among low-income segments, hindering economic development. Additionally, they erode consumer confidence in the financial sector, undermining one of the primary objectives of the Central Bank of Sri Lanka: ensuring financial system stability. Consequently, there is an urgent need for regulation and supervision of these unregulated microfinance entities in Sri Lanka. ¹¹⁰

A new bill aimed at regulating microfinance institutions is set to be presented to Parliament. Justice Minister Wijayadasa Rajapaksa has emphasized that certain microfinance institutions are detrimental to the nation. He has highlighted the necessity of establishing a distinct regulatory body, separate from the Central Bank, to oversee these institutions. ¹¹¹

¹¹⁰ *Microfinance Sector / Central Bank of Sri Lanka*. (n.d.). <https://www.cbsl.gov.lk/en/financial-system/financial-system-stability/microfinance-sector>

¹¹¹ ක්ෂුද්‍ර ර මුල් ය ආයතනවලට නියාමනයක් ඕනෑ ඇයි? (n.d.). <https://www.lankadeepa.lk/editorial/%E0%B6%9A%E0%B7%8A%E0%B7%82%E0%B7%94%E0%B6%AF%E0%B7%8A%E2%80%8D%E0%B6%BB-%E0%B6%B8%E0%B7%96%E0%B6%BD%E0%B7%8A%E2%80%8D%E0%B6%BA-%E0%B6%86%E0%B6%BA%E0%B6%AD%E0%B6%B1%E0%B7%80%E0%B6%BD%E0%B6%A7-%E0%B6%B1%E0%B7%92%E0%B6%BA%E0%B7%8F%E0%B6%B8%E0%B6%B1%E0%B6%BA%>

Hence, strengthening microfinance is vital as a poverty alleviation strategy, given its potential to significantly improve the living standards of the poor.

Policy Recommendations and Conclusion

7.1 Strategies for Optimizing Social Safety Nets

As mentioned previously, Social Safety Networks are integral strategies for poverty alleviation. However, with the exacerbation of poverty levels due to the COVID-19 pandemic and economic crisis, there is an urgent need to optimize existing Social Security Networks in Sri Lanka. While the establishment of "Aswesuma" serves as a new addition to these networks, it is imperative to enhance and optimize other existing Social Safety Networks across the country. This optimization would ensure more effective support and assistance to vulnerable populations during these challenging times.

According to the World Bank the COVID-19 pandemic, coupled with the severe economic crisis, has led to a staggering increase in poverty rates in Sri Lanka, reaching up to 25% in 2022 from 11.3% in 2019. Despite this alarming rise, a significant portion of the population lacks access to monetary support from the government. This shortfall in assistance can largely be attributed to the weaknesses inherent in existing social welfare schemes.

Therefore World Bank showed three strategies to optimize Social Safety Network in Sri Lanka.

1. Unbundle the fragmented social protection system

Within the current framework of social protection, numerous cash transfer initiatives are overseen by distinct government entities. World Bank highlighted that, the Samurdhi program is administered by the Samurdhi Development Authority, with transfers

[E0%B6%9A%E0%B7%8A-%E0%B6%95%E0%B6%B1%E0%B7%91-%E0%B6%87%E0%B6%BA%E0%B7%92-/117-644255](#)

facilitated through Samurdhi banks. Meanwhile, the allowance for the elderly is overseen by the Elderly Secretariat, and payments are distributed via post offices. Similarly, the allowances for People with Disabilities are managed by the Disability Secretariat, with transfers also conducted through post offices.

As results, the fragmented structure of the current system has led to numerous administrative inefficiencies, notably causing delays in both adding new recipients to the beneficiary roles and disbursing cash to existing beneficiaries. This situation often compels individuals living in poverty to endure long queues at local government offices, sometimes spanning several hours or even days, just to receive their cash payments. Additionally, some applicants face extended waiting periods before they can enroll in social protection programs. Such inefficiencies not only strain the resources of both beneficiaries and government institutions but also exacerbate the hardships faced by those in need of timely assistance.

2. Build strong governance, transparency and accountability into the system

The current social protection system in Sri Lanka has left out over 50% of the nation's poorest individuals while extending benefits to those who are not in need. One significant factor contributing to this exclusion and inclusion discrepancy appears to be political interference in the determination of eligibility criteria.

In 2023, the WBB (Welfare Benefits Board) conducted a survey to accurately identify individuals living in poverty. This survey employed a comprehensive approach that considered various factors including monetary poverty, educational attainment, and access to basic infrastructure services. Verifiable data collected at the household level was utilized throughout the assessment process, ensuring a thorough understanding of each household's socio-economic situation.

The World Bank estimates that nearly 60% of individuals in the poorest income quintile will be eligible for cash transfers under the new system, a significant increase from the 43% covered by the previous system. To enhance the system's effectiveness for those in

poverty, it's crucial to regularly review and strengthen the eligibility criteria and targeting methodology, ensuring they remain responsive to the evolving needs of the population.

3. Engage citizens early and often

According to the World Bank, as a country undergoes reforms in its social protection system, it must implement methods to actively engage citizens to gather feedback on how best to tailor the system to meet their needs. This approach not only ensures that the system remains responsive and adaptive but also provides crucial support to those who are disproportionately affected by shocks such as natural disasters and economic crises. Drawing from the World Bank's global experience in social protection, it's evident that active citizen engagement plays a pivotal role in establishing resilient and adaptive social protection systems.¹¹²

According to the Asian Development Bank, the most vulnerable populations, such as migrant workers, orphans, the homeless, victims of disasters, refugees, nomads, and marginalized indigenous groups, are often not adequately represented in household surveys. These groups may require special attention due to their extreme poverty and social exclusion. Especially in Sri Lanka transgender face several issues based on their identity.¹¹³

Ex: Journalist Sajeewa Wijeweera highlighted that a significant portion of the LGBTQ population faces challenges in accessing Aswesuma benefits due to their gender identity. Many government officials reportedly question their gender identity, leading to difficulties in receiving the benefits they are entitled to. This underscores the need for

¹¹² *3 ways to make social protection work for Sri Lanka's poor and vulnerable* (2023, June 20). World Bank. <https://www.worldbank.org/en/news/feature/2023/06/19/3-ways-to-make-social-protection-work-for-sri-lanka-s-poor-and-vulnerable>

¹¹³ *Social Protection Strategy*. (n.d.). Asian Development Bank. Retrieved January 2001, from <https://www.adb.org/sites/default/files/institutional-document/32100/social-protection.pdf>

greater awareness and sensitivity among government officers regarding the diverse identities within the LGBTQ community and the importance of ensuring equitable access to Social Safety Networks for all individuals, regardless of their gender identity or sexual orientation.

Furthermore, journalist Sajeewa Wijeweera highlighted issues concerning children living in childcare facilities, particularly the challenges they face upon reaching the age of 18. Upon leaving childcare, many of these individuals lack essential documents such as a National Identity Card, employment, or a permanent address, rendering them ineligible to receive Aswesuma benefits. As a result, they often struggle to navigate the system and are uncertain about which AG office to approach for assistance. Wijeweera emphasized the importance of addressing these issues and implementing strategies to support vulnerable individuals transitioning out of childcare facilities, ensuring they receive the necessary support and resources to lead independent and fulfilling lives.

The online discussion titled "A Viable Social Safety Net for Sri Lanka," organized by the Advocata Institute, shed light on various changes and issues pertaining to the country's Social Safety Networks. Among the key highlights were the importance of identifying the correct target groups, the necessity to consider diverse indicators tailored to various geographical areas and demographic segments, and the significance of maintaining a comprehensive database of recipients for social security schemes. Furthermore, the discussion underscored the availability of different types of cash transfer systems and emphasized the multiple benefits associated with their implementation.¹¹⁴

¹¹⁴ *The ideal social safety net for the crisis.* (n.d.). Latest in the News Sphere | the Morning. <https://www.themorning.lk/articles/209259>

“The discussion featured Advocata Institute Research Associate Rehana Thowfeek and LIRNEasia Senior Research Manager Gayani Hurulle as speakers, with Advocata Institute Research Intern Migara Rodrigo serving as the moderator”.

7.2 Balancing Social Protection with Sustainable Development

The United Nations' sustainable development goals prioritize the eradication of poverty through various policy instruments. Among these instruments, Social Safety Networks stands out as a crucial mechanism recommended by the United Nations. Social Safety Networks plays a pivotal role in the efforts to eliminate poverty and vulnerability by safeguarding economic and social stability. ¹¹⁵

Sustainable Development Goal (SDG) 1 endeavors to eradicate poverty in all its forms by the year 2030. Its objective is to establish social protection systems for those living in poverty and vulnerable circumstances. Additionally, it seeks to enhance access to fundamental services and provide assistance to individuals affected by economic, social, and environmental crises as well as climate-related extreme events. ¹¹⁶

The 2030 Agenda for Sustainable Development, embraced by every United Nations Member State in 2015, serves as a collective roadmap for fostering peace and prosperity for both humanity and the planet, both presently and in the future. The United Nations created 17 world development goals called the Sustainable Development goals. These goals include, *No poverty, Zero hunger, Good health and well-being, Quality education, Gender equality, Clean water and sanitation, Affordable and clean energy, Decent work and economic growth, Industry, Innovation*

¹¹⁵ Padmakanthi, N. P. D. (2023, June 29). *Sustainable Way to Eradicate Poverty through Social Protection: The Case of Sri Lanka*. Social Sciences. <https://doi.org/10.3390/socsci12070384>

¹¹⁶ *Social Safety Nets - Commonwealth of Learning*. (2021, September 17). Commonwealth of Learning. <https://www.col.org/projects/social-safety-nets/>

and infrastructure, Reduced inequalities, Sustainable cities and communities, Responsible consumption and production, Climate action, Life below water, Life on land, Peace, justice and strong institutions, and Partnerships for the goals.

The 17 sustainable development goals encompass a wide range of objectives aimed at promoting global prosperity and sustainability. Many of these goals are directly supported by Social Safety Networks, which provide essential facilities and assistance to individuals and communities in need. By offering services such as healthcare, education, income support, and disaster relief, Social Safety Networks contribute to the attainment of these goals by addressing poverty, promoting health and well-being, ensuring access to quality education, reducing inequalities, and fostering resilience in the face of challenges. In essence, Social Safety Networks play a crucial role in helping societies progress towards achieving the sustainable development goals and creating a more equitable and sustainable world for all. Hence, Social Safety Networks contribute to achieving sustainable development goals.

7.3 Future Directions for Poverty Reduction in Sri Lanka

According to the World Bank, Sri Lanka experienced a rising standard of living and a reduction in poverty levels before 2019. However, the COVID-19 pandemic and subsequent economic crisis have led to an increase in poverty levels. In response to these challenges, the World Bank has highlighted four main priorities to accelerate economic transformation and reduce poverty in Sri Lanka amid the current economic crisis.

These priorities are as follow,

1. Increase agricultural productivity and earnings.

Sri Lanka's economy has traditionally been agricultural-based, yet the productivity and earnings in this sector have seen a decline. In 2022, agriculture accounted for only 8.75

percent of the country's gross domestic product (GDP), while industry and services sectors contributed significantly more at 30.27 percent and 56.11 percent, respectively. This disparity underscores the urgent need to prioritize investment in agriculture to boost productivity, spur economic growth, and alleviate poverty.

Investing in agriculture holds the potential to create employment opportunities and reduce dependency on imports. By bolstering agricultural productivity, Sri Lanka can strengthen its economy and mitigate poverty. Furthermore, strategic investments in this sector, such as promoting the adoption of climate-smart technologies, improving agro-logistics, and expanding access to value chains, can yield significant benefits.

Overall, prioritizing agriculture and implementing targeted programs to enhance its productivity and efficiency is essential for accelerating economic development and reducing poverty in Sri Lanka.

2. Address the constraints to accessing remunerative nonfarm jobs in rural areas.

Nonfarm activities are becoming increasingly crucial as a source of livelihoods in many economies. Education plays a pivotal role in shaping individuals' livelihood decisions, as those with higher levels of education are more inclined to engage in nonfarm sectors rather than agriculture. Moreover, within nonfarm sectors, educated individuals tend to secure more lucrative employment opportunities. This highlights the importance of pursuing sustainable and high-return activities to boost incomes, rather than diversifying into low-return ventures.

3. Support broader reforms to increase labour productivity and create jobs.

Addressing informality in the labour market is crucial for improving the quality of jobs and reducing poverty. In Sri Lanka, informality is pervasive, with an estimated 70% of workers engaged in informal employment. This informal sector is often characterized by inferior working conditions, limited job security, and low earnings, which heighten the risk of poverty among workers.

Reforms aimed at promoting formalization and improving working conditions can help alleviate poverty, enhance job security, and raise living standards for workers in Sri Lanka. By prioritizing measures to address informality, policymakers can foster inclusive economic growth and create a more equitable and sustainable labour market.

4. Promote spatial transformation and strengthen inclusion.

Closing spatial disparities and enhancing access to basic services are crucial priorities for fostering inclusive development. Investments in human capital, including health, education, and social protection, are fundamental for unleashing the potential of Sri Lankan children and fostering future productivity and economic growth.¹¹⁷

Furthermore, it's evident that the tourism industry has experienced significant growth in recent times. Consequently, there is a pressing need to intensify promotional efforts and highlight the various opportunities within this sector as a means to alleviate poverty.

Develop Tourism Industry in Sri Lanka to reduce poverty.

Sri Lanka offers a plethora of tourist attractions, including areas of natural scenic beauty, making it an enticing destination for travelers. Encouraging the tourism industry in our country is imperative as it contributes to economic growth, creates employment opportunities, particularly for low-skilled and vulnerable groups in rural areas, and aids in poverty reduction. In 2019, the tourism sector in Sri Lanka generated over 400,000 jobs, representing a notable increase of approximately 205,000 jobs compared to the figures reported in 2012, according to a World Bank report.¹¹⁸

¹¹⁷ World Bank Group. (2021b, October 16). *Four priorities to accelerate economic transformation and poverty reduction in Sri Lanka*. World Bank. <https://www.worldbank.org/en/news/feature/2021/10/16/accelerating-economic-transformation-and-poverty-reduction-in-sri-lanka>

¹¹⁸ Philipp, J. (2022, October 15). *Poverty eradication in Sri Lanka*. The Borgen Project. <https://borgenproject.org/poverty-eradication-in-sri-lanka/#:~:text=Investing%20in%20its%20agricultural%20land,pover%20eradication%20in%20Sri%20Lanka.>

Indeed, these strategies address several key issues in our country, particularly poverty alleviation, unemployment, economic growth, and balance of payments, inequalities, low productivity and increase imports.