

Sri Lanka

BEING PREPARED AND ACTING FAST:

A series of case studies on UNICEF's role in the delivery of effective social protection responses to COVID-19

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for every child



Sri Lanka:

Contributing to evidence-based policy elements of the social protection response

From the outset of the crisis, UNICEF's strategic engagement and advocacy with the Presidential Secretariat, Department of National Planning, and the Presidential Task Force for the COVID-19 Response contributed to a quick and large cash transfer response. UNICEF Sri Lanka, in collaboration with the UN country team, developed recommendations based on the UN Framework for the Immediate Socioeconomic Response to COVID-19, provided capacity building support for key government counterparts, and presented a series of strategic analyses and assessments to the Government. The cash transfer is estimated to have initially benefitted 47 per cent of households nationally and was subsequently expanded to reach 66 per cent of households in 2020.

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Before the pandemic, Wasana and her family lived a relatively comfortable middle-class life in Colombo. But a stringent curfew aimed at stopping the spread of COVID-19 turned the small family's import business – and their lives – upside down. As business evaporated, so too did their savings. Forced to cut back on food, Wasana says she became desperate, even turning to social media to sell some of their furniture.

Working with government partners, UNICEF advocated for cash transfers to support families like Wasana's. In the two months payments were provided, around two-thirds of households in Sri Lanka are estimated to have been reached.

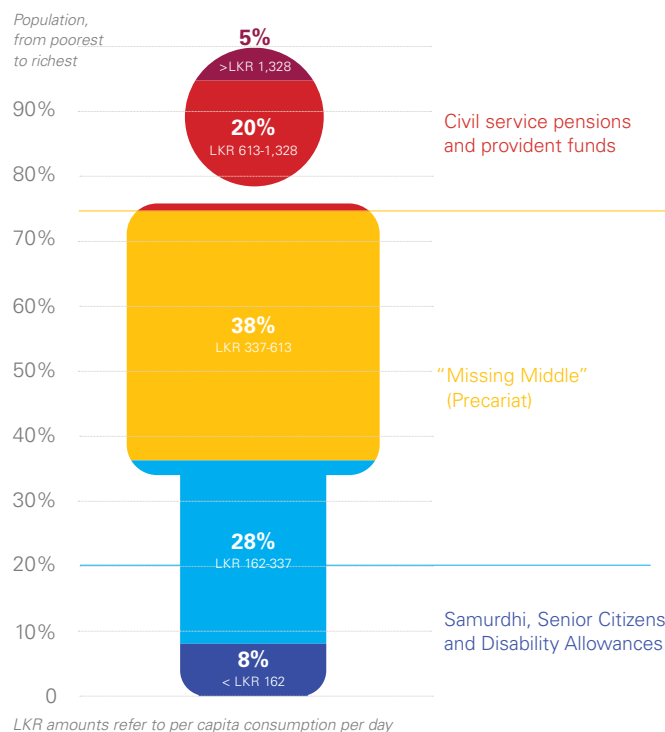
"The emergency cash transfer from the government provided some immediate relief," Wasana says. "We were able to buy some food." But she says that even this support hasn't been enough to make ends meet. "Our family is suffering. Just imagine how it was for those who were already struggling before COVID-19."

Source: <https://www.unicef.org/coronavirus/protecting-families-economic-impact-COVID-19>

Context

Sri Lanka has endured multiple waves of the COVID-19 pandemic resulting in severe health and social and economic impacts. Prior to the crisis, Sri Lanka was already facing challenges. In 2019, annual economic growth was 2.3 per cent, and approximately three quarters of Sri Lankans were living on US\$10 per day or less when measured in purchasing power parity (PPP) terms (World Bank Group, 2021). The COVID-19 response measures further eroded an already challenging fiscal position. Government revenues declined by 3.4 per cent of GDP in 2020, the largest annual fall recorded, while government expenditure increased due to COVID-19 related expenses. Public debt increased to unprecedented levels, surpassing 100 per cent of GDP, in addition to interest payments equivalent to 6 per cent of GDP. This fragile financial position left very limited fiscal space for spending on key social and economic sectors, particularly social protection measures, at a time when household incomes were also impacted. The World Bank estimates an increase of 27 per cent in the US\$3.20 poverty rate in Sri Lanka compared to 2019.

Figure 1: Representation of Sri Lanka’s social protection system



Prior to the pandemic, Sri Lanka had the largest coverage amongst South Asian countries through its social assistance programme, Samurdhi, reaching 27 per cent of the population. UNICEF had been working with the government to strengthen the social protection system. With support from key partners, the Sri Lankan Government was able to effectively mobilize its existing social protection system to respond to the crisis. However, due to existing critical gaps in the system, such as high exclusion errors, a significant proportion of the population requiring support remained unprotected, resulting in many people falling deeper into poverty and the emergence of a ‘new poor’. The ‘new poor’ are often living in urban areas, and are from families working in the informal sector with above average levels of education. The emergence of the ‘new poor’ has created additional challenges to the existing social protection system.

UNICEF’s Response and Results

Providing swift recommendations on social protection responses which contributed to a large emergency cash transfer: As the initial lockdown was announced in March 2020, UNICEF was requested by the Presidential Secretariat to provide recommendations on how to respond to the unfolding pandemic. UNICEF promptly recommended immediate and short-term responses utilizing Sri Lanka’s long-established social protection schemes, such as Samurdhi, the elderly allowance, and the disability allowance, to quickly reach households and keep the economy moving. The next step was to move towards more universal approaches to reach all children, older people and people with disabilities. Soon after, His Excellency the President announced a large cash transfer in line with the recommendations for immediate response. The vertical and horizontal expansions¹ initiated in April 2020 provided LKR 5,000 (US\$25) emergency benefit to existing participants of existing programmes and those on waiting lists, as well as to around two million self-employed people, benefiting an estimated 47 per cent of all households in the country.

1 *Vertical expansion* of an existing programme or set of programmes refers to temporarily increasing the benefit value or duration of the programme for some or all existing recipients (e.g. top-ups). *Horizontal expansion* of an existing programme or set of programmes refers to temporarily including new beneficiaries from affected communities

Figure 2: Changes in household income (2020)



Nationally representative telephone survey, 2,120 respondents (conducted between October-December 2020).

Q: In September 2020, compared to before lockdown (February 2020), what was the status of your household?

Generating and disseminating high-quality evidence to inform further interventions and policies: UNICEF proactively and promptly set out to generate evidence on the impact of the COVID-19 crisis on households, on the economy at large, and on the effectiveness of the government’s social protection response, including through analyses of national survey and economic data, surveys with households, and [human interest stories](#). UNICEF produced and disseminated to the government in-depth analyses on who would likely benefit from or [miss out](#) on the initial package of measures; the adequacy of the [transfer size](#); and the impact on the [economy](#) and [household](#) incomes. Within five weeks of the announcement of a national lockdown, UNICEF, together with the United Nations Development Programme (UNDP) launched a nationally representative telephone survey to gauge the socioeconomic impact of the lockdown on households. The results were shared with the Government of Sri Lanka and development partners to inform their response; four rounds were undertaken throughout 2020, with a fifth one in 2021. The initial emergency cash transfer response was subsequently expanded to an estimated two thirds of households and extended for another month.

The [surveys](#) conducted revealed a number of negative impacts on household incomes and food security. Over 70 per cent of respondent households affirmed their income was negatively impacted. Between one fourth and one third of families reported reduced food consumption,

particularly of nutritious food. The loss of income, amid other factors, resulted in most respondents taking extra measures to pay for basic needs, such as using savings, borrowing money, pawning items or selling assets.

All the evidence generated was used to inform UNICEF – as well as broader UN – policy recommendations and advocacy to the government. UNICEF proposed a [costed universal lifecycle cash transfer response](#), with economic modelling estimating the impact of such measures, which was included as one of the key policy recommendations in the UN Advisory Paper on Socioeconomic Recovery submitted to the government. Advocacy was strong around universal lifecycle transfers and, particularly, the establishment of a permanent Universal Child Benefit, including through high-level meetings with the Prime Minister, the Presidential Task Force on Economic Recovery, Ministry of Finance, think tanks and civil society organizations (CSOs), as well as through media and social media engagements and webinars to initiate a public debate on, and demand for, universal approaches to social protection.

Convening multiple partners to align responses and build capacity of key stakeholders on social protection: As the lead of the UN Social Protection Results Group, UNICEF served as a convener of international financial institutions (IFIs), bilaterals and UN agencies to coordinate efforts on social protection, aiming to align various approaches to support the



government. Moreover, UNICEF invested in building capacity of government officials, as well as think tanks, trade unions and CSOs on inclusive, shock-responsive social protection, as well as on pension policy. Through different efforts, in partnership with the International Training Centre of the International Labour Organization (ITC-ILO) and Development Pathways, UNICEF trained around 80 key stakeholders. These efforts led to a more significant understanding of child-sensitive social protection by government officials, increased demand for improved systems by local academics and CSOs, and developed a stronger public discourse around inclusive social protection. Government officials who received trained subsequently tabled a proposal for a universal old age pension, and experts who submitted a proposed chapter for the upcoming new Constitution of Sri Lanka included universal child benefit (UCB) as a fundamental right. In 2021, UNICEF developed and delivered a capacity building opportunity for UN agencies and IFIs in Sri Lanka on inclusive social protection to help all those working on social protection to discuss common goals and common understandings of what is needed and how to advocate together.

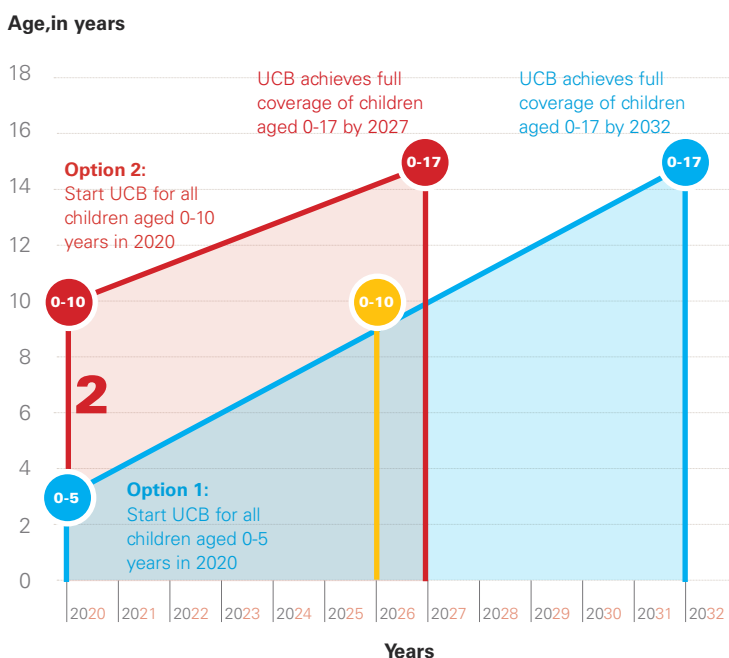
Integrating the COVID-19 response strategy with the overall pathway towards a UCB: At the outset of 2020, an investment case for the establishment of a UCB in Sri Lanka was developed, including the rationale, costs and estimated impacts. Findings were presented to many levels and sectors of government throughout the year, highlighting the linkages to effective COVID-19 crisis response and recovery. Although the idea resonated with

many in government, CSOs and development partners, the feasibility was questioned. Motivated by the fiscal challenges that Sri Lanka currently faces in implementing an effective socio-economic response, UNICEF and UNDP produced a briefing note to explore some pathways to reducing the debt burden. The aim was to suggest options for management of the debt situation and creation of fiscal space for greater socio-economic spending, which was requested by the Prime Minister as a response to UNICEF’s advocacy for a more inclusive social protection response, including the establishment of a UCB. The note has been shared with the Ministry of Finance and some preliminary discussions were held, with further engagement planned for the months ahead. UNICEF Sri Lanka Country Office also engaged with UNICEF HQ and Regional Office on this matter to push forward advocacy at a global level.

Partnerships

UNICEF convened IFIs, bilateral organizations and UN agencies to coordinate efforts and strengthen partnerships in social protection. Engagement with academia, think tanks and CSOs were also valuable in building a dialogue around improved social protection systems. The pandemic response highlighted the impact of ‘speaking with a common voice’, and while partners were effective in

Figure 3: Universal Child Benefit options



supporting the government in the response, further strengthening and alignment of these partnerships, particularly in times of crises, will have a profound impact on addressing the needs of the most vulnerable children and families.

Lessons Learned

Advocacy efforts focused on building on existing programmes to work towards achieving a UCB:

UNICEF pushed for the progressive establishment of a UCB - made more urgent due to the crisis - by generating evidence, building capacity and advocating at the highest levels. However, the introduction of a large and new policy/programme can be seen as an insurmountable task for policymakers, particularly during crises periods. An important lesson and shift in UNICEF's advocacy was the importance of not only offering a pathway to progressively achieve a UCB, as proposed by UNICEF in its investment case, but to ground or base such a pathway in existing programmes. For example, Sri Lanka currently offers a scheme which provides vouchers to all pregnant mothers for ten months, which could form a basis for building a programme that could help all children in Sri Lanka during the first 1,000 days of their lives, giving them the best possible start in life, which is particularly crucial in the context of a crisis. UNICEF is advocating with the government to expand the age of eligibility for the scheme and strengthen its operational delivery, so to ensure that mothers continue to receive the support until their children reach their second birthday. This would be a more practical and concrete steps towards the establishment of a UCB and is an avenue worth exploring further.

Working in tandem with the government before and during the crisis was key:

UNICEF's extensive collaboration with the government prior to the pandemic focused on building an effective and inclusive social protection system created a strategic window for UNICEF and partners to support the government's response to the COVID-19 crisis. Building trust through a series of initiatives – such as training events, focused and strategic analytical assessments and effective dissemination of findings among key stakeholders – led to a mutually beneficial partnership that helped identify challenges and contributed to the government's response.

Way Forward

Advocating for the expansion of the pregnant and lactating mothers voucher scheme:

Currently, pregnant and lactating mothers receive 10 vouchers of Rs. 2,000 each for nutritional foods, for six months of pregnancy and four months post-delivery. UNICEF will continue advocating for the expansion of these nutritional food vouchers to ensure that mothers receive this support until their child reaches the age of 2 years, thereby supporting the vital first 1,000 days of life.

Producing a policy proposal on Samurdhi reform:

Having identified some limitations of Samurdhi, Sri Lanka's flagship social protection programme, UNICEF is developing a policy proposal on Samurdhi reform. The policy reform proposal will explore options for universal social protection based on the lifecycle approach, thereby ensuring that vulnerable groups such as children, the elderly, and people with disabilities will be covered by social protection systems. This proposal will use the social protection gaps exposed by the COVID-19 pandemic to advocate for a more universal social protection system.

Producing a social protection Public Expenditure Review (PER):

Given Sri Lanka's fiscal constraints, UNICEF is developing a PER of the government social protection expenditures to highlight the space for investment in social protection. Building on these initiatives, UNICEF will then, in collaboration with government, conduct a comprehensive fiscal analysis to identify concrete options to promote an ambitious fiscal stimulus, promoting rapid economic recovery and an opportunity to implement a UCB.

Engaging further with civil society: UNICEF will increase its engagement with civil society and work towards building public demand for child-sensitive social protection. UNICEF has partnered with CSOs to engage in awareness building by providing the wider population with the information and knowledge they need to demand reforms that are meaningful to them.

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Prepared by
UNICEF Social Policy and Social Protection
Programme Group
3 United Nations Plaza New York, NY, 10017, USA

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Visual Communication Design:
Benussi & the Fish

Copy editing:
Laura Evans