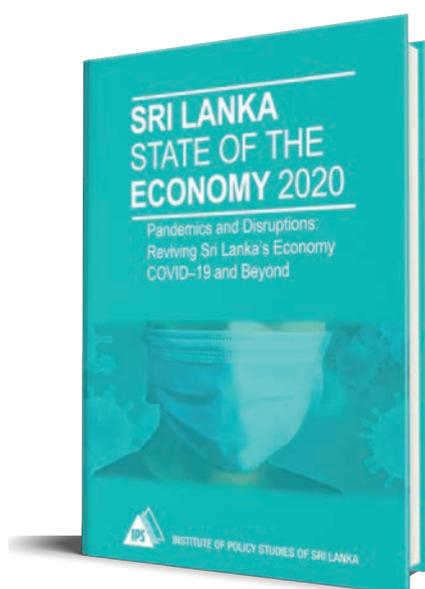




HARNESSING SOCIAL PROTECTION DURING PANDEMICS

From the IPS flagship publication 'Sri Lanka: State of the Economy 2020



Why is Social Protection Important?

Strengthening social protection systems is of critical importance to respond to shocks such as COVID-19. They play a vital role in addressing consumption shortfalls and supporting income and job security for affected communities. Social protection systems also “increase resilience, contribute to preventing poverty, unemployment and informality and are powerful economic and social stabilisers that can contribute to a swift recovery”.¹ Evidence from previous crises such as the Ebola outbreak in West Africa has shown that the lack of effective social protection systems during health epidemics can aggravate poverty, unemployment and informality, leading to a vicious circle of even greater fragility. By

contrast, countries with effective health and social protection systems with greater coverage are considered better prepared to respond to pandemics.

Social Protection Responses to COVID-19

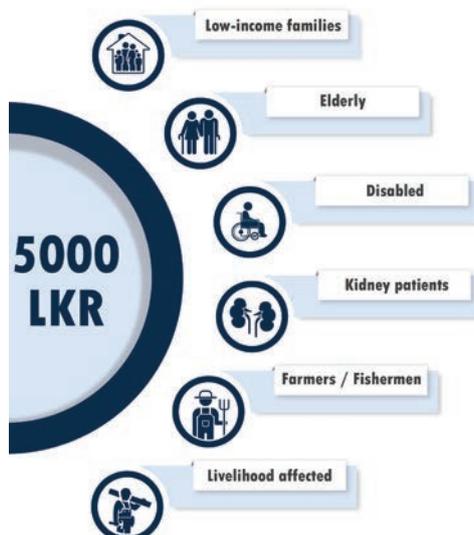
Many countries around the world have been taking various measures to strengthen their social protection systems in response to the COVID-19 pandemic. These include social assistance measures like cash and in-kind transfers, social insurance measures like pensions, unemployment benefits, social security contribution waivers/subsidisation, and active labour market related measures such as wage subsidies and training measures. Overall, social assistance measures such as conditional and unconditional cash transfers, in-kind support like food or voucher schemes,

and social pensions has accounted for over 60% of total social protection measures adopted by countries worldwide in response to the pandemic.

The Government of Sri Lanka (GOSL) too introduced a relief package that included both financial and non-financial assistance to help individuals and households that were affected by the pandemic. One of the key measures was a social protection measure, i.e. a monthly cash transfer of LKR 5,000 for two consecutive months (April and May 2020) to various vulnerable groups. This social protection measure was based on a number of existing social protection schemes like the Samurdhi cash transfer programme, disability assistance, elders' assistance, assistance for kidney patients and the farmers' and fishermen's pension schemes. In addition, committees were set up in each Grama Niladhari (GN) division/ward to identify and approve other deserving individuals and families for this cash grant.

Horizontal Expansion

Sri Lanka's social protection response to COVID-19 showed a horizontal expansion/scaled-up coverage compared to the pre-COVID-19 level; it covered not only the current beneficiaries of the programmes considered (e.g. Samurdhi, elder's assistance and disability assistance programmes) but also those who were in the waitlists as well as individuals and families selected by the Committees.



¹International Labour Organization. (2020). *Social Protection Responses to the COVID-19 Crisis: Country Responses and Policy Considerations*, ILO Brief, 23 April 2020.

Vertical Expansion

This social protection measure also indicated some level of vertical expansion, i.e. higher level of benefits compared to their pre-COVID-19 levels. Yet, the level of generosity of the benefits (compared to the pre-COVID-19 levels) varied from 0% to over 100% depending on the beneficiary category (see Figure). For example, over 100% increase in benefits was seen among the current beneficiaries of the Samurdhi and Elders assistance programme while beneficiaries of the disability assistance programme and kidney patients allowance merely received their regular monthly allowance of LKR 5,000.

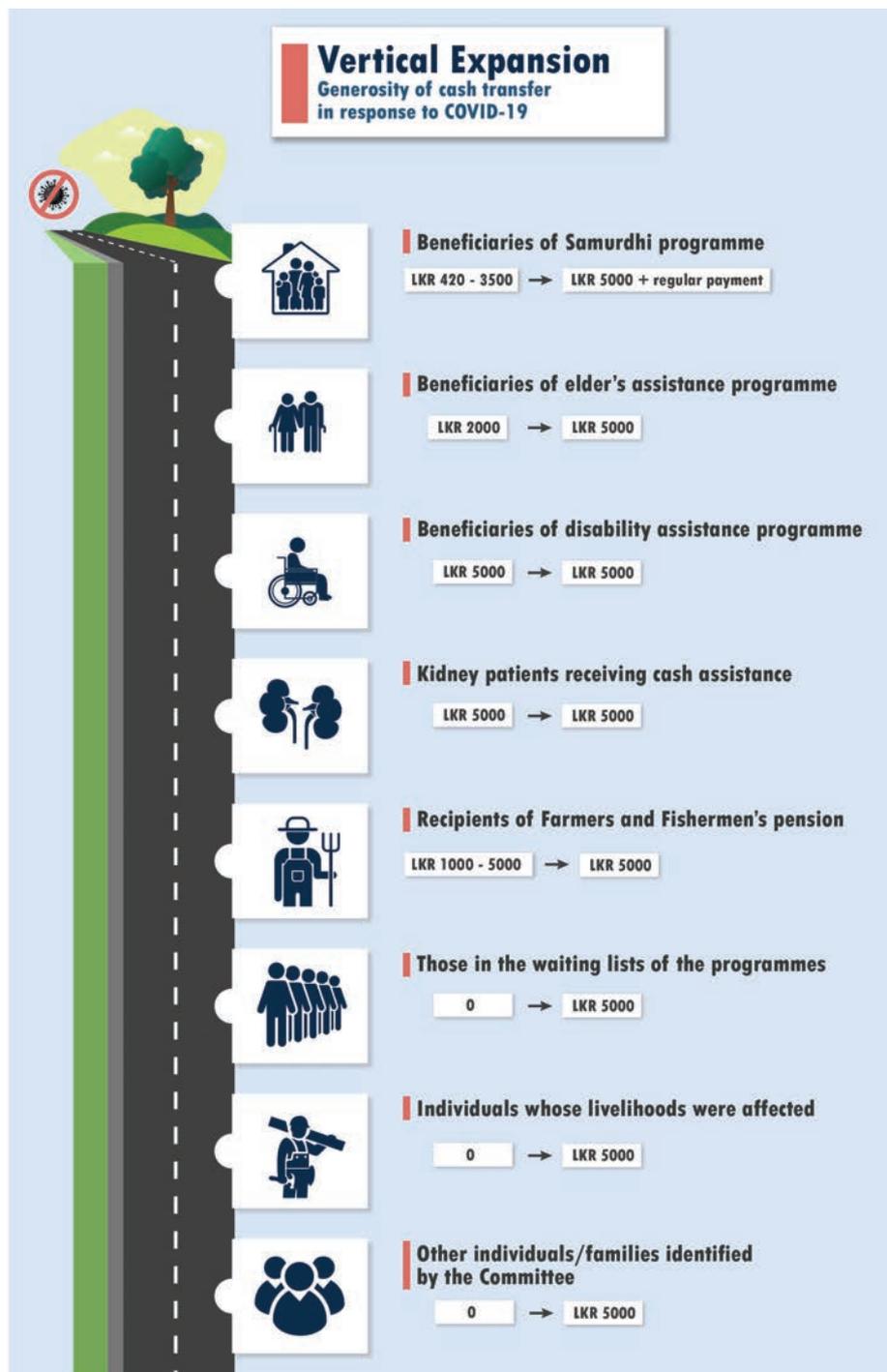
Despite the horizontal and vertical expansion, the cash transfer scheme had a number of limitations. Disintegrated nature of the current social protection system and operation of multiple distribution channels has led to various inefficiencies in the implementation and delivery process while long queues to collect cash allowances and delays in distributing grants were also observed in some areas.

Conclusions and Policy Suggestions

Social protection can play a vital role to address consumption shortfalls, restore incomes and livelihoods, and thereby contribute to the recovery process. Nevertheless, immediate/short-term measures like distribution of cash assistance are often inadequate to sustain the recovery and to mitigate future crises. Long-term measures are required to strengthen Sri Lanka's social protection system in order to enhance its preparedness and build resilience against future crises.

Integrated Social Protection System: The COVID-19 pandemic highlights the need for an integrated social protection system and a unified and coordinated structure at the national level as well as at the divisional level in Sri Lanka. The existing system is a fragmented system with parallel structures.

Scaled-up /Universal Coverage: The COVID-19 pandemic has also



shown that not only the poor and vulnerable, but all segments of the population require protection. This calls for a universal social protection system, including social protection floors.

Digitisation of Payments: Digital payment systems are key to improve efficiency of the delivery process without delays and higher transaction costs, while complying with health guidelines to combat a pandemic. They do not require both physical mobility of people and payments in cash. Thus, it is time for Sri Lanka too to move towards a digital payment system for delivery of cash transfers.

This Policy Insight is based on the comprehensive chapter on "Harnessing Social Protection During Pandemics" in 'Sri Lanka: State of the Economy 2020' report - the flagship publication of the Institute of Policy Studies of Sri Lanka (IPS). The complete report can be purchased from the Publications Unit of the IPS.



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