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Sri Lanka's initial social protection response to COVID-19

An assessment of the value of the COVID-19 support to Sri Lankan households

April 2020

Purpose

This is a summary of the second paper of a series of **UNICEF Sri Lanka Policy Briefs** that aim to provide evidence to support the Government of Sri Lanka in its social protection response to the economic crisis created by the COVID-19 pandemic.

This second brief examines the value of LKR 5,000 per household provided through a range of social protection measures in response to COVID-19.

It uses data from the 2016 Household Income and Expenditure Survey (HIES), making adjustments for changes in the number of recipients of programmes included in the response.

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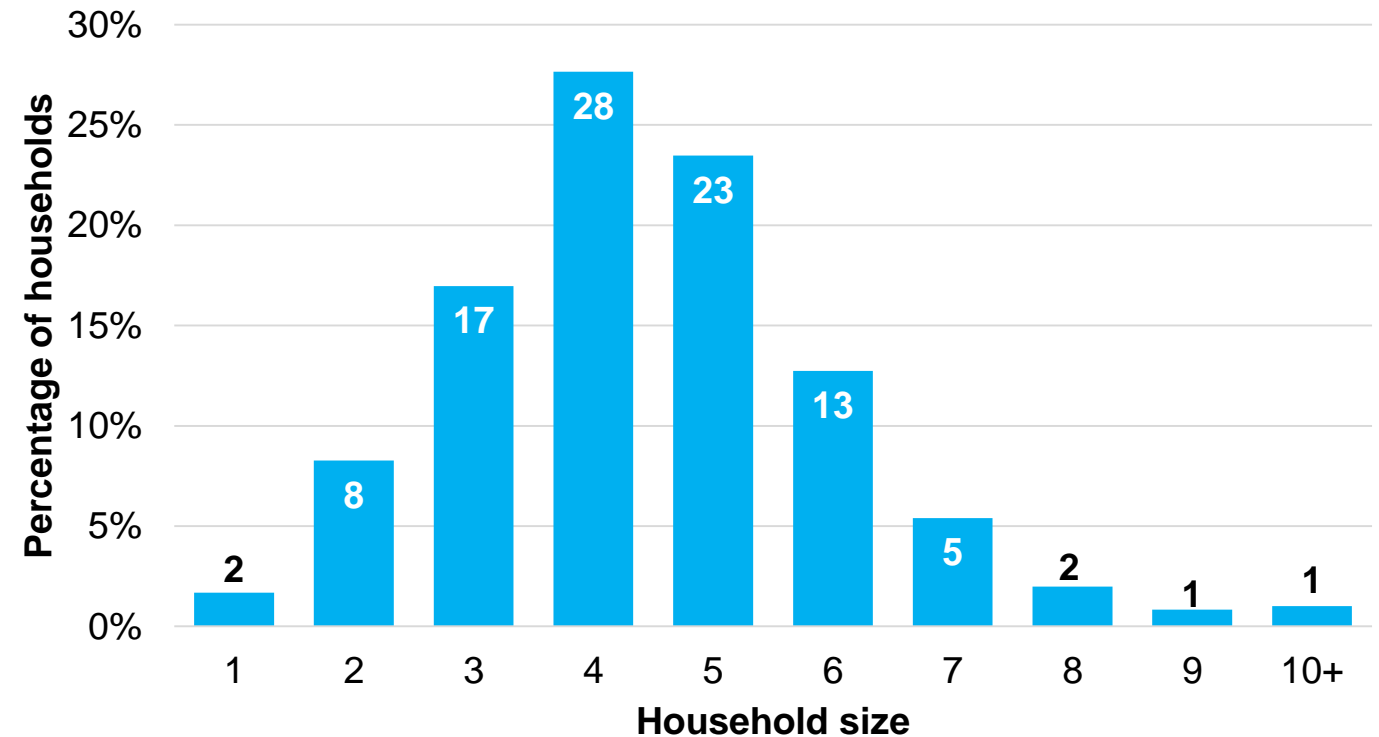
Households in Sri Lanka have different compositions with implications for benefits to individuals

The **average household** in Sri Lanka comprises **4.5 members**

In reality, **household sizes vary significantly**, from 1 to more than 10 members

The majority (81%) of households comprises **between 3 to 6 people**

Proportion of households of different sizes across Sri Lanka



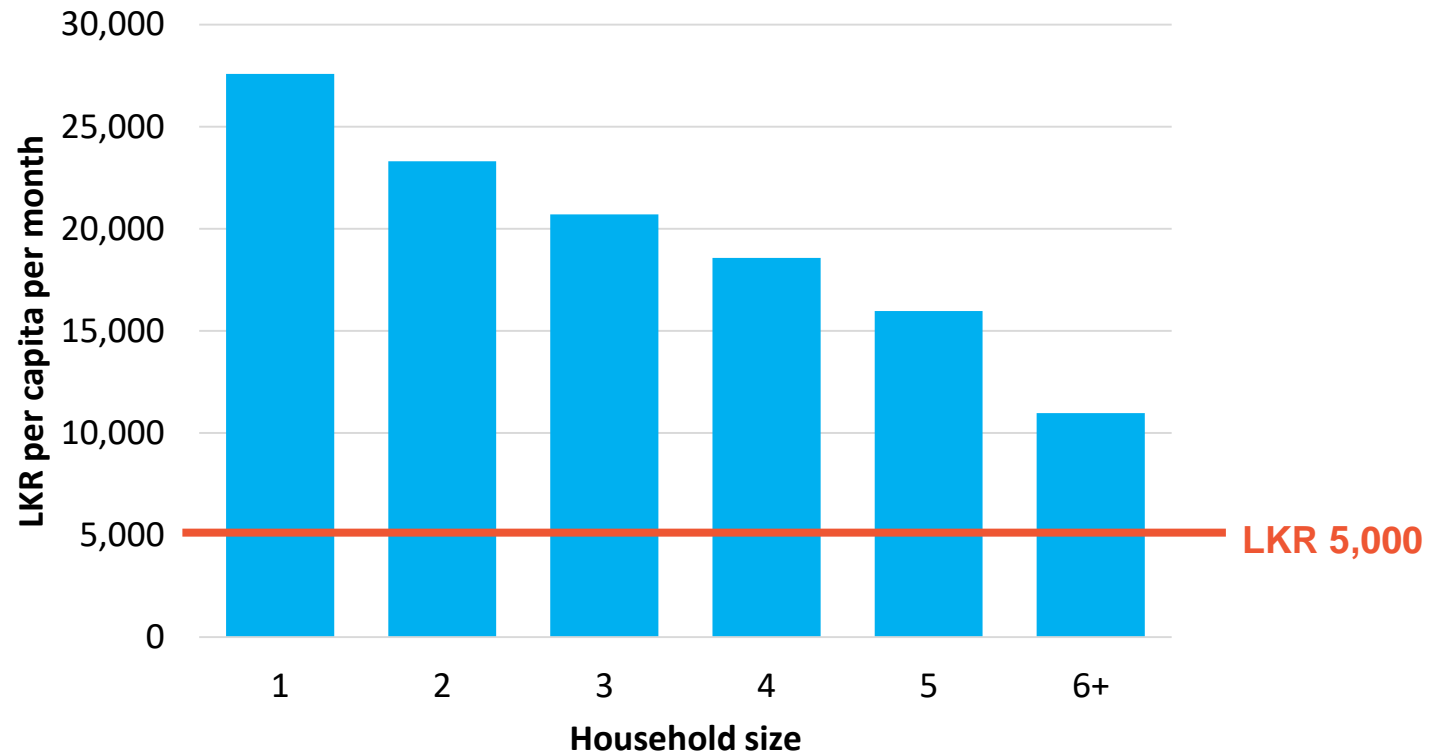
Larger households are more likely to be living on low incomes

The larger the household, the lower its consumption.

In a household with **two people**, per capita consumption is **twice** that of a household with **six or more members**.

If the Government is to be equitable to all citizens, larger households should receive higher transfers

Per capita monthly consumption of households across Sri Lanka, by size of household



The effective value of the LKR 5,000 household transfer varies significantly depending on household size

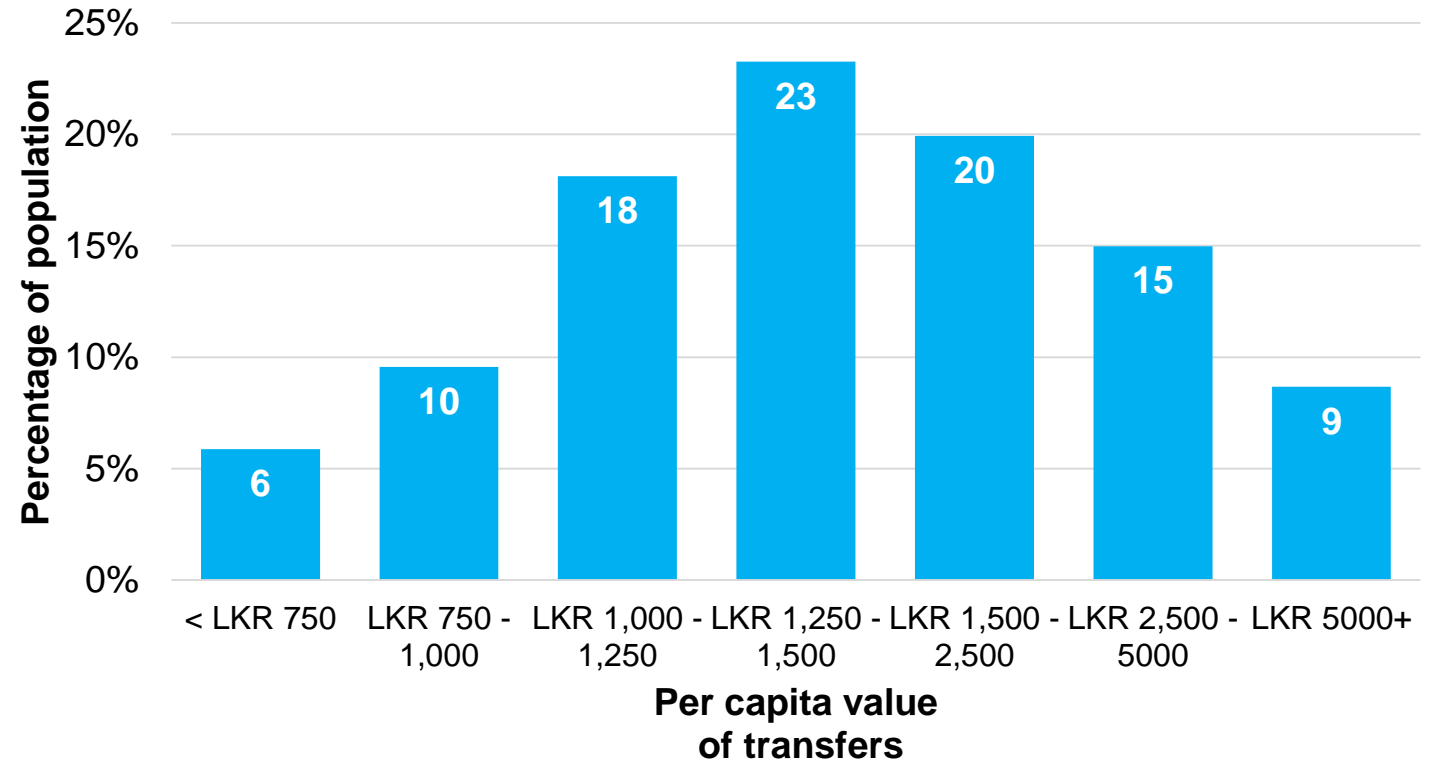
Although a household receives LKR 5,000, the **average transfer to an individual is 1,250**.

In reality, the **effective monthly transfer** to each individual **varies significantly**.

15% will benefit from **less than LKR 1,000**, while **only 24%** of recipients will benefit from **more than LKR 2,500**.

In the **largest households**, the effective transfer falls to **below LKR 500**.

Proportion of individuals – among recipients of the COVID-19 support – receiving different effective monthly values of the transfer



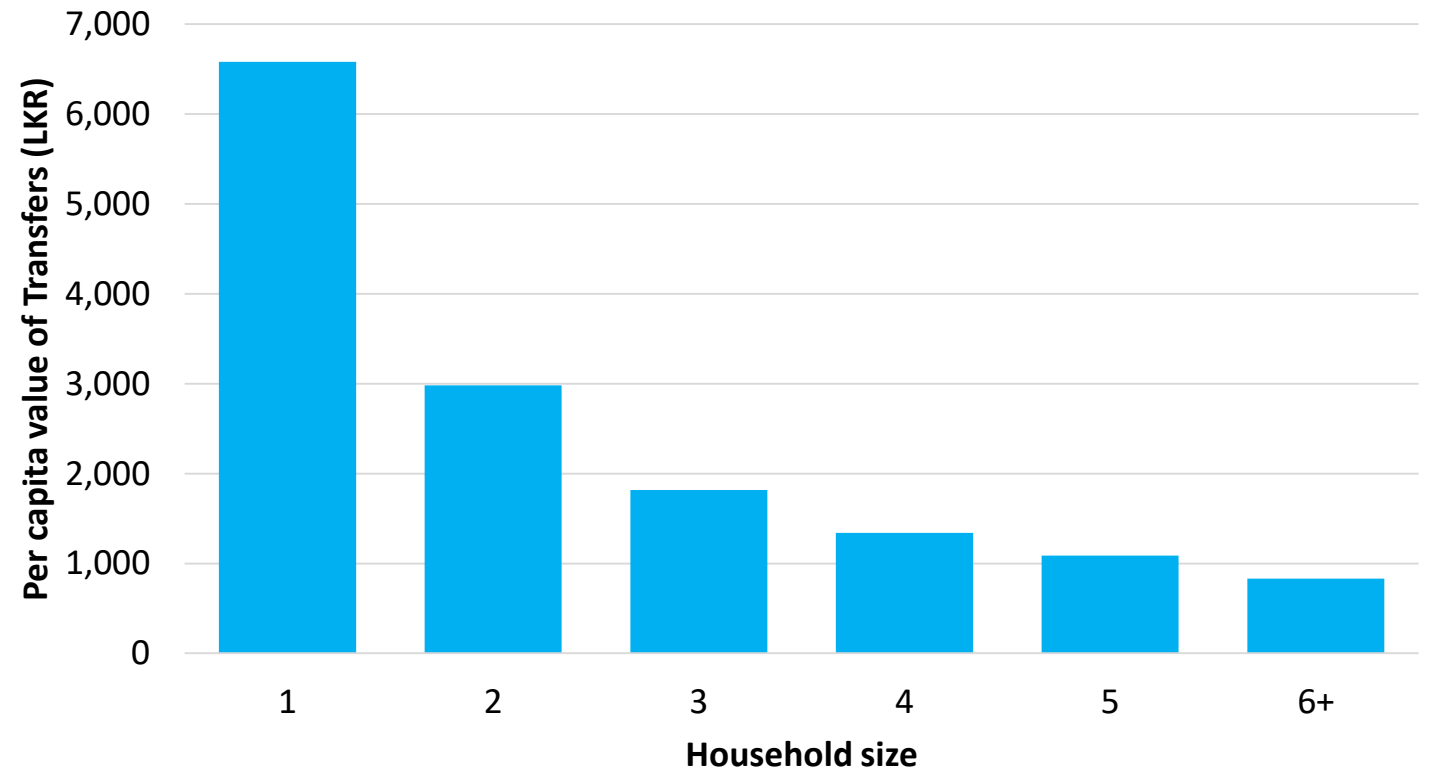
Larger households, who tend to be poorer, are receiving lower transfers

Social protection is more **equitable** when each person benefits from the **same effective transfer**.

This could only be achieved if the value of the household transfer is based on the **number of household members** (although this could encourage people to join recipient households);

Ideally, transfers are provided on an individual basis – or in the case of children to their female parent/caregiver.

Per capita value of transfers – among recipients of the COVID-19 support – as a function of household size



The LKR 5,000 household transfer is inadequate to cover the normal requirements of a household

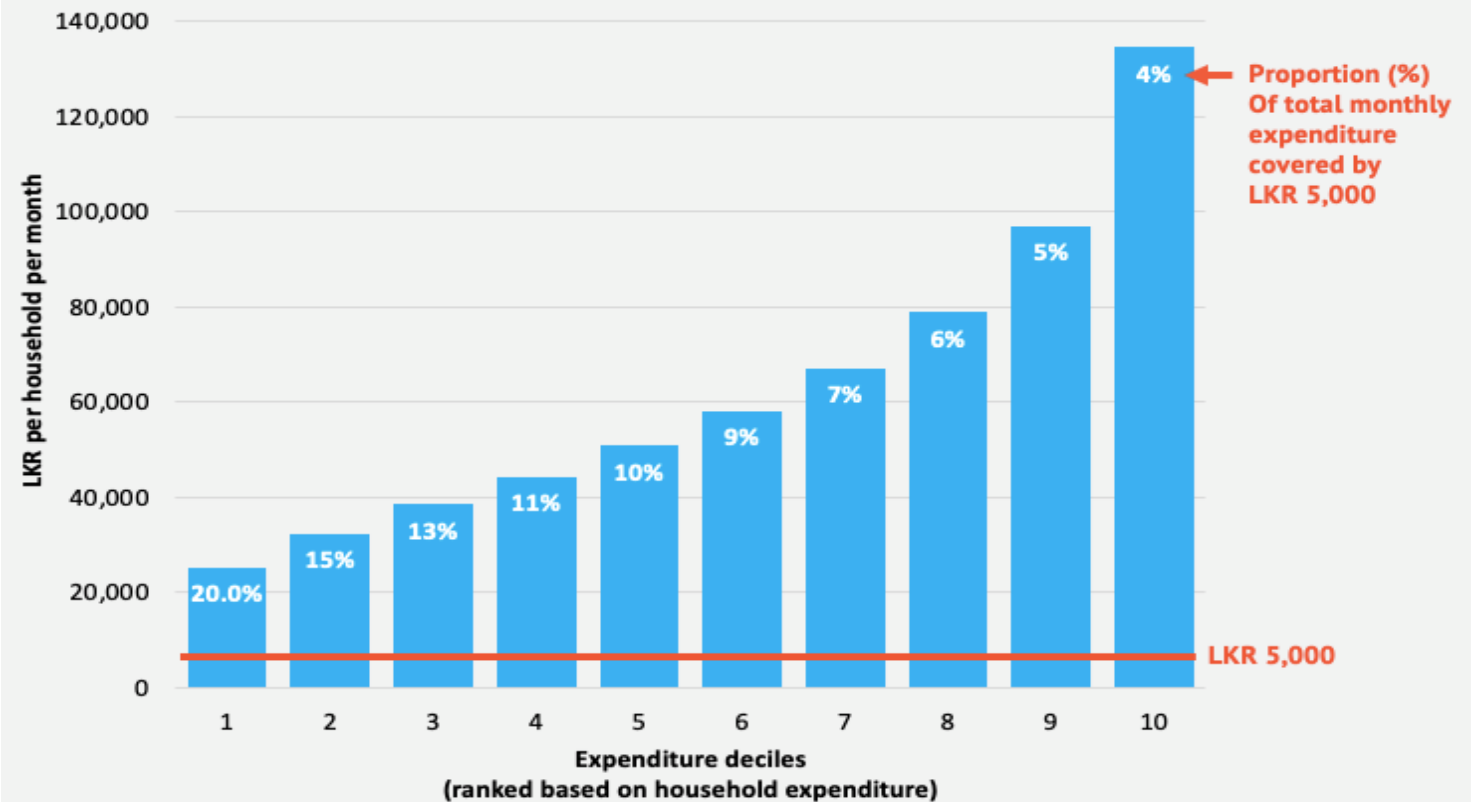
During normal times, **average monthly consumption of households is LKR 68,313**

LKR 5,000 only covers **7.3% of the normal requirements** of a household

Even among the **poorest households**, support covers **less than 1/5** of what is normally consumed, while it covers only **21%** of normal food expenditure

In the current COVID-19 context, the income of many households will have dropped to zero

Average monthly expenditure per household, and the proportion (%) covered by the LKR 5,000 transfer by decile across wealth distribution



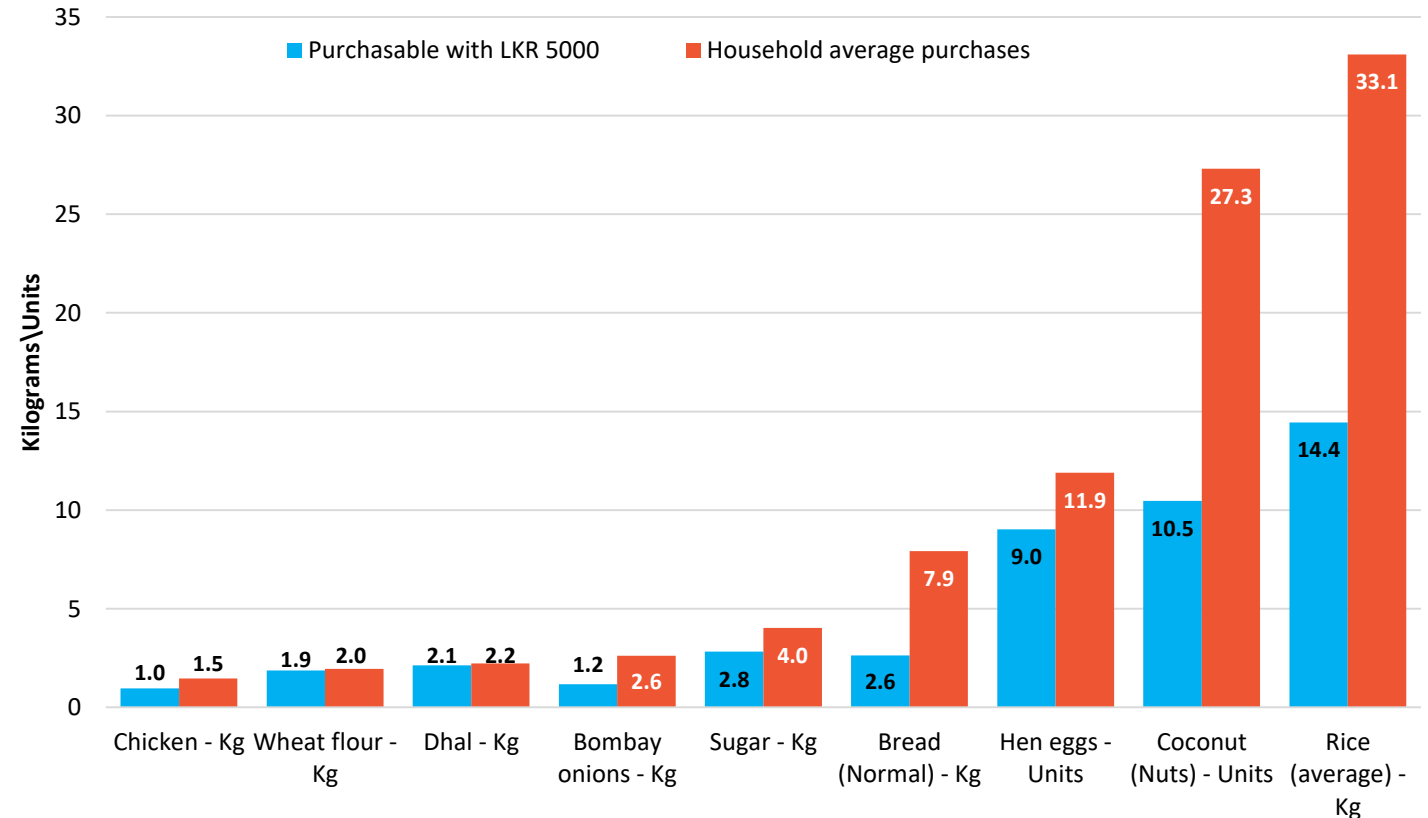
Many families in Sri Lanka struggle to consume adequate diets

The situation of undernutrition in Sri Lanka:

17% of children below the age of 5 in Sri Lanka are **stunted**; **15%** are **wasted**.

Looking at the **basket of food** that is bought by an average household, and what a household can **afford** for **LKR 5,000**, the benefit is **inadequate to guarantee families with a normal diet**.

Amount of food product basket purchasable with LKR 5,000



The Senior Citizens' Allowance in international comparison

A (temporary) transfer of **LKR 5,000** is equivalent to **8.5%** of **GDP per capita**.

While this is a significant increase from the standard value of the Senior Citizens' Allowance (LKR 2,000), it is low in international comparison.

An average pension transfer would be around **15%** of **GDP per capita**, or **LKR 8,800**.

The COVID-19 crisis builds a strong case for an increase in the transfer of the Senior Citizens' Allowance

Sri Lanka could strive to match Nepal, implying a value of LKR 18,100

Household transfers are paid to the male head of household when there is a couple, leaving the woman disadvantaged.

Internationally, social pensions are provided on an individual basis, which promotes higher gender equality.

The Disability Allowance in international comparison

The **Disability Allowance** was increased to LKR 5,000 in 2019, so not increased now.

This value corresponds to **8.5%** of **GDP per capita**.

An **internationally comparable value** for a disability benefit would be **LKR 8,800**, equivalent to **15%** of **GDP per capita**.

People with disabilities experience additional costs, which should be covered by a higher transfer

If Sri Lanka provided what Nepal provides during normal times to its differently abled people, the value of the transfer would be LKR 12,900 per month

The Samurdhi programme compared to child benefits worldwide

The **average transfer per person** provided by **Samurdhi** during the COVID-19 crisis is **LKR 1,319** per month, (**2.2%** of **GDP per capita**), assuming that transfers are distributed on an equal basis within the household, including to children.

Compared to family and child benefits worldwide, the value is very low.

If Samurdhi were to match the average value for a child benefit, internationally, it would increase to 4% of GDP per capita, equivalent to LKR 2,350 per person. The average household transfer would increase to LKR 9,071.

Initial responses to COVID-19 by the Government have expanded support by provision of a transfer of LKR 5,000 to millions of households

However, the value is insufficient to meet the living standards of people during normal times

Transfers will need to increase significantly to guarantee minimum support needed to individuals suffering losses in jobs and incomes as a result of the COVID-19 crisis