



Poverty and Social Protection/Security

SUMMARY OF KEY ISSUES FROM PREVIOUS UPR CYCLES

UPR Info will provide the language for this sector to each factsheet.

NATIONAL FRAMEWORK

Sri Lanka has a long history of poverty alleviation programmes but poverty remains widespread. The provision of free public health and education, despite their unevenness in spread and quality, has been a buffer against widespread entitlement failure. But neither enjoy the status of rights economic and social rights are not recognised as fundamental rights and are not judicially enforceable. Samurdhi, Sri Lanka’s flagship social protection programme, despite its limitations, is critical and is currently undergoing ‘reforms’. But these ‘reforms’ are being undertaken in the context

of rising inequality in the post-war period and the turn towards austerity post-2015 along with Sri Lanka signing an agreement with the International Monetary Fund, all of which adversely affect anti-poverty and social protection measures. There two social main security schemes—Employees Provident Fund (EPF) and Employees Trust Fund (ETF)—for workers in the organised sector; while these schemes are subject to much scrutiny and debate, social security schemes in the unorganised sector remain too weak.

CHALLENGES

Development and economic growth have not been rights-based but uneven and created economic insecurity and vulnerability.

IMPACT

Whilst poverty in some absolute terms has reduced from 23 per cent (2002) to 6.7 percent (2012/13), a significant proportion of the population is near poor. About 40 per cent of the population lives on less than 225 rupees (app. UD \$ 1.5 per person) per day and multidimensional poverty measures classify an additional 1.9 million people as poor. Moreover, levels of inequality have steadily increased, and leave many at risk of falling into extreme poverty due to shocks such as illness, inflation, natural disasters, etc.

Notwithstanding upward revision of daily wages—often offset by declining levels of work—communities in the Estate sector, largely Hill Country Tamils, continue to lag significantly behind in terms of access to education, housing, health, water and sanitation. Oppressed caste communities, female-headed households and persons living with disabilities also face barriers and discrimination in access to economic and social entitlements.



CHALLENGES

IMPACT

Post-war north and east have seen increasing economic insecurity and precariousness.

Spending levels on education, health and social protection have failed to keep up with GDP growth. Samurdhi—the largest social protection scheme lacks a rights-based approach and has a number of weaknesses.

Social security for the working poor is inadequate or undermined by weaknesses in governance.

Poverty rates in the north and east are amongst the highest in the country, labour markets are weak and that those suffering from physical disabilities, ex-combatants and widows, are particularly vulnerable to exclusion. Food insecurity and indebtedness remain very significant concerns, and worsened since 2010. Post-war proliferation of banking and financial infrastructure, public and private, and aggressive marketing of leasing, pawning and micro-finance have spurred unsustainable levels of household indebtedness.

The transfers are meagre and at poverty line levels. Samurdhi is not rights-based, it is a scheme and its entitlements have no constitutional or legal foundation and are thus amenable to arbitrary changes as per executive discretion. There is a high level of coercion and control in imposition of conditionalities; this includes mandatory deductions that are arbitrary. Samurdhi recipients, a very large proportion of whom are women, are pressed into 'voluntary' activities, such as cleaning public places or canals. High level of arbitrariness, lack of transparency and accountability in the administration of the scheme. This enables further concentration and arbitrary exercise of their power by Samurdhi officers, often political appointees. Samurdhi has become increasingly loan based, with cheap loans becoming an exit pathway.

Even though they should be considered shareholders due to the capital accumulated from compulsory savings, Samurdhi households are never consulted in decision-making regarding the use of the money in Samurdhi banks. There is a lack of sex-disaggregated data on different aspects of the scheme.

The process to 'reform' Samurdhi, which is being supported by the World Bank as part of broader welfare reforms, is not transparent and appears to be focussed on efficiency at the cost of justice. Of particular concern is that these welfare reforms, which are being undertaken without extensive consultation.

Workers in the informal sector--almost 70 per cent of the workforce—have little meaningful social security. The Employees Provident Fund (EPF) and Employees Trust Fund (ETF) for the formal sector workers is dogged by inappropriate leveraging in financial markets, mismanagement, and lack of transparency and accountability. Many plantation companies, state-owned ones in particular, have not been remitting their EPF and ETF contributions potentially compromising the social security of Estate workers already amongst the poorest in the country.

RECOMMENDATIONS

1. Commit to the recognition of economic and social rights in the constitution, including the right to a universal and adequate social protection/security for all, and their judicial enforcement.
2. Take steps to ensuring a decent living wage to all workers.
3. Undertake a thorough evaluation of the failures of the livelihood programmes, especially in the north and east, and initiate meaningful measures to expand opportunities for decent work and secure livelihoods.
4. Take immediate steps to address the chronic multi-dimensional poverty and economic insecurity in the Estate sector through higher wages and greater access to health, housing, water and sanitation, and education.
5. Review levels of indebtedness, especially in the north and east, and introduce checks on activities of banks and institutions engaged in lending, including microfinance, and leasing.
6. Guarantee universal and dignified access to meaningful levels of social protection, especially for women, persons with disabilities, the elderly and war-affected communities.
7. Ensure that all anti-poverty programmes, including welfare and social protection programmes especially Samurdhi, are rights-based approach and centred on justice and accountability rather than only on efficiency.
8. Ensure that welfare reforms are transparent, undertaken with meaningful consultation and are driven by the recognition to further justice and a rights-based approach
9. Take concrete measures to ensure effective social security for the large mass of workers who are in the informal or unorganised sector.
10. Safeguard the interest and rights of workers in the governance of the EPF and ETF, and endure maximum transparency and accountability.