CENTRE FOR A SMART FUTURE

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BEYOND ASWESUMA

INVESTING IN TRANSFORMATIVE SOCIAL PROTECTION

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Introduction

Sri Lanka's polycrisis since 2019 has demonstrated that existing social protection systems are inadequate not only because they are underfunded, but they lack information, are too fragmented, lack coordination between institutions and are not robust or dynamic enough to understand structural issues or capture the different ways in which people can be vulnerable or need support. It has demanded that we invest more meaningfully in social protection, going beyond the targeted schemes of social safety nets towards universal social protection, and seeing it has something that is not charity or a handout, but a right that every citizen is entitled to.

The impacts of COVID-19 lockdowns followed by a crushing economic crisis provided Sri Lanka the perfect opportunity to rethink what social protection means for the country, who it should be for, what it should entail and how it should be operationalised. (Bhan 2023) Unfortunately what we saw was a heavy focus on one new cash transfer programme Aswesuma, which replaced the existing Samurdhi programme. A detailed critique of the Aswesuma programme is available in the following section, and this Policy Brief also presents some pathways to the new government and policy makers to strengthen social protection in Sri Lanka.

Our framework for transformative social protection draws from the seminal paper by Stephen Devereux and Rachel Sabates-Wheeler in 2004, where they urged a shift towards policies that centered social equity, and 'policies that relate to power imbalances in society that encourage, create and sustain vulnerabilities'. (Devereux and Sabates-Wheeler, 2004) They distinguished between social protection measures like targeted cash transfers and insurance schemes as 'economic protection' and were not necessarily social protection and noted that "If the need for social protection is defined in the narrow "safety net" sense, as mechanisms for smoothing consumption in response to declining or fluctuating incomes, then the focus of interventions will logically be on targeted income or consumption transfers to affected individuals".

The National People's Power (NPP) policy statement of 2024 contains strong language on social protection, stating that the NPP views "social protection and welfare as a core responsibility of the state" and that they aspire to provide "a universal social protection system based on the life cycle approach for all Sri Lankans." The activities detailed in that section go beyond the traditional protective and preventive measures like cash transfers to various vulnerable groups and social insurance and pension funds to promotive measures like establishing care centres and regulations for care centres, and support for care workers. It falls slightly short at transformative measures that address concerns of social equity and exclusion - for example better social protection policy or regulations for the informal sector, like minimum wage laws for domestic workers.

The National Social Protection Policy of Sri Lanka which was launched by the previous government in August 2024 states its mission is to "develop and manage an effective and efficient social protection system which enables all citizens to access social protection by enabling cohesion in planning, greater coordination in implementation, and monitoring and evaluation". While there is a lot of language on existing issues of fragmentation, lack of coordination between agencies, duplication of welfare, there is also mention in the policy statement on working towards "progressive realization of universal social protection to cover all citizens across the life cycle with special attention to the poor and vulnerable". Overall, the policy remains narrow in its formulation of what social protection means, defining it as "policies and programmes that help individuals and societies to manage risk and volatility, protect them from poverty and inequality, and help them to access economic opportunity throughout the life cycle."

For the new NPP government, this is an opportune time to revise the National Social Protection Policy and the strategy document that is meant to accompany it. It's a belated opportunity to start building a transformative long term vision on social protection that is not only meaningful but one that can go beyond just being a policy document, to actually laying a strong foundation for implementation. It is also necessary to have a strong lead institution that has the vision and the oversight powers to convene not just the schemes and programmes that are by the Government, but also schemes and even pilot programmes by development actors and civil society to see how everyone engaged in social protection in Sri Lanka can consolidate, avoid duplication, share learning experiences and information and work together in a more holistic way. While World Bank project documents state this as a key objective in their support for social safety nets projects in Sri Lanka and is also mentioned in the National Social Protection Policy, we don't see this actually being carried out. Furthermore, it raises the question about whether the institution to lead this should be the Welfare Benefits Board, and whether it even has the capacity.

Why Beyond Aswesuma?

The objective of Sri Lanka's recovery process must not be to recover to a point where people can make ends meet, but one where the recovery is just and equitable, and people experience a better quality of life within this lifetime. While economic indicators have improved, inflation and utility tariffs have decreased, the impact of 2021-2023 is still deeply felt among the working classes and even the middle class. Availability in no way indicates affordability, and the absence of queues in the city is no indication that life is back to normal. (Colombo Urban Lab 2024)

Our ongoing research with the working class poor in Colombo shows that families are still unable to afford to eat three meals a day, have experienced significant asset loss and are trapped in cycles of debt. For example, in a household survey in a low income settlement in Colombo in December 2024, we asked households receiving Aswesuma and not receiving Aswesuma what their key expenses were, whether they were able to meet them and how they met them if not. We saw no significant difference between those who receive the cash transfer and those who don't, mainly because the amounts received (LKR 5000 – 8500) are inadequate to meaningfully support needs. Most household expenses are for utility bills like electricity or repayment of debt. On the topic of debt, it appears the cycles of debt from the informal credit market continue to trap households, with many borrowing more money on high interest or pawning/selling assets as negative coping strategies. When asked what they borrowed the money for, the reasons mostly included to buy food, to pay electricity bill or prevent electricity disconnection or to pay back another loan. The gendered burden of this crisis continues to add fuel to the fire burning in households since 2020. (Perera 2024)

Furthermore, other external crises like climate impacts - from heat stress and decreasing air quality create further financial and health implications on people who are already struggling. We need to rethink how we understand poverty and vulnerability and look at transforming Sri Lanka's approach to social protection from that lens, instead of one that focuses heavily on increasing efficiency and inclusion errors.

Since 2020 our research and advocacy on social protection in Sri Lanka has shifted significantly once we more deeply understood the existing gaps and vulnerabilities of the working class poor, particularly in Colombo. While we have engaged with communities and the informal sector on housing and land rights, livelihood, infrastructure and public space for example - it was through COVID-19 lockdowns and the economic crisis that deepened our understanding of how shocks and crisis are experienced and how that impact can vary based on several variables, that one single shock - like electricity disconnection or selling of an asset - can set families back years. (Colombo Urban Lab 2022, 2023a, 2023b) It reverses gains made in nutrition and education of their children, depletes savings and assets. It was with this engagement on the ground that we have continued to push for two key asks –

1. To move away from targeted schemes and to invest in universal social protection schemes. Targeted schemes imagine poverty and vulnerability presenting itself in a particular way and assume the deprivation or absence of certain factors - like not having a permanent structure for a house or having low levels of education as indicators of people in need of a safety net. However, people can be in need of a safety net even with many assets and to be deprived of social protection especially at a time of crisis simply by virtue of having achieved certain human and development milestones is a deprivation of their socio-economic rights.

2. To see social protection as a constellation of investments and interventions that need to happen in parallel and incrementally and not to assume that one key programme can be an adequate safety net. 2021 - 2023 is an important reminder that impacts on households due to the compounding crisis stemming from global shocks, austerity measures and fiscal adjustments cannot be cushioned by one or even a handful of welfare measures. Having a cash transfer during then was important, but it only allowed people to meet basic needs and did not address nutrition, learning loss, livelihood support and even contributed to increasing the gendered burden of the crisis.

This Policy Brief comprises two sections. The first is a critical review of the Government of Sri Lanka's new social safety net programme - 'Aswesuma'. It also includes a commentary of the World Bank Independent Evaluation Group's review published in October 2024. The second contains a set of recommendations for strengthening social protection measures in Colombo, with a focus on the informal sector and working class poor families. Both sections are based on our primary research and deep engagement with communities and policy makers on these issues since 2020.

Aswesuma, Sri Lanka's new social safety net programme

As part of the World Bank supported 'Social Safety Nets Project' (Project ID P156056), in 2022, the Government of Sri Lanka introduced a new social security scheme named Aswesuma to replace the previous Samurdhi scheme. The project was financed through an International Development Association (IDA) credit of US$75 million. The project development objective (PDO) was to contribute to "the improved equity, efficiency and transparency of Sri Lanka's social safety net programs for the benefit of the poor and vulnerable". Key components of this project included Technical Assistance to support the implementation of the Welfare Benefits Act - which included strengthening the capacity of the Welfare Benefits Board, development of a secure, flexible and unified Social Registry Information System (SRIS) and development of a national social protection strategy. The Welfare Benefits Board (WBB) is the implementing body of the new scheme and key milestones of Aswesuma were prior actions in the World Bank Development Policy Options and monitored by the World Bank.

Aswesuma has not had the transformational impact that was promised or expected, as targeted social security never could. However, it has been the face of social protection efforts since 2022 and pitched as the antidote to harsh fiscal austerity measures, with little else rolled out in parallel. Two significant improvements we note in Aswesuma are that cash transfer amounts across the categories are higher than Samurdhi allocations, and that the transfer is made directly into beneficiary bank accounts.

However, the shortcomings of the programme are significant. Here are some of our main areas of concerns -

1. The ability and capacity of the Welfare Benefits Board to implement Aswesuma appears weak, and there are serious questions about whether they are capable of being the primary institution for administering all welfare schemes in the country. This view is reinforced by the findings of the World Bank's Independent Evaluation Group (IEG) of the project's Implementation Completion Report. For instance, it noted that the average processing time of Aswesuma applications deteriorated from 30 days at the start of the programme to 90 days at the end of the World Bank project closing in June 2023, not meeting the target for a reduction to 10 days. The IEG noted, "the initiative did not meet its target, with the average processing time increasing rather than decreasing, suggesting potential inefficiencies in the system that could have affected the timely support of vulnerable households."

2. Aswesuma is a targeted scheme using proxy means testing to select people using criteria that was developed in 2019, when socio-economic conditions were very different. During a time where Sri Lanka was still recovering from COVID-19 impacts and during an unprecedented economic crisis, that welfare eligibility criteria developed in 2019, long before these crises were used to select beneficiaries in 2023 is of serious concern.

3. Issues regarding data security and information disclosure. There has been no information about data security and storage of the data collected for the social registry database, whether the WBB in fact has the capacity for managing such an amount of data., what the rights of its' usage and sharing are.

The World Bank's IEG has rated this project as 'overall moderately unsatisfactory', raising serious concerns that both the government of Sri Lanka and the World Bank would need to publicly address. The World Bank must respond about what measures are being taken to address the shortcomings of the project, including the capacity of the WBB through the new Social Protection (SP) Project for Sri Lanka (Project ID P178973), with a further USD 200 million IDA credit.

Procedural issues

The WBB called for applications in 2022 for people to be included in the new registry and in 2023 began an enumeration exercise whereby all those who applied to receive welfare benefits were scored across a 22 indicator list to determine their eligibility. According to the WBB website, 3,744,494 applications were received to be included in this registry, out of which around 50 per cent (1,894,140 applicants) were selected for Aswesuma. Selected applicants are grouped into four categories; transitional, vulnerable, poor, and severely poor based on an assessment of their current assets.

Many households did not know that the transition from Samurdhi to Aswesuma required new enumeration or did not know anything about having to apply for Aswesuma. Information about when and how the enumeration would take place was not shared ahead of time and reported that they rushed home from work when neighbours called about enumerators visiting the community. Our fieldwork in Colombo and monitoring in other districts revealed that the lack of awareness and confusion regarding the scheme created unnecessary stress and tensions between communities at a time when people were barely making ends meet. (Feminist Collective for Economic Justice 2023a) The WBB did not publicise how the district level allocations were arrived at, and families did not know what their scores were and how far they were from the cut off mark. If we are to believe that the new system leaves no room for politicisation or corruption, all this information must be made public.

Among those who were not selected for Aswesuma, 1,028,885 filed appeals according to the WBB website. Additionally, 84,374 families who have been selected to receive benefits under the programme have appealed to be placed under a higher benefit category. In response to the large number of people who did not get selected for Aswesuma, the government implemented an appeals and objections process to allow individuals to appeal their exclusion from the programme at their respective Divisional Secretariats (DS). We have observed critical information gaps in the appeals and objections process at the household level. Many were not aware of the deadline for filing an appeal, or where they should go to file an appeal. In addition to the gap in information, there was also the time spent on the appeals process (travelling to the DS, time spent waiting in line, etc.) for a payment that they may or may not be deemed eligible for. This made the entire process a tedious one, resulting in some households choosing to not appeal the existing list.

Problematic Methodology

Most of the criticism regarding the Aswesuma scheme is targeted towards its methodology for identifying its recipients. While the scheme came into effect only in 2023, the indicator list was developed as far back as 2019, when socio-economic conditions were very different. It was gazetted under the Welfare Benefits Act No. 24 of 2002 as the 'Methodology for identifying low-income families for welfare benefits payments' by the then Finance Minister Mangala Samaraweera (GoSL Extraordinary Gazette No. No. 2128/24, June 2019).

The 22 indicators include a series of criteria to determine a household's vulnerability or eligibility and is a more rigorous approach to selection, as opposed to relying on a single variable like electricity usage which has also been suggested, or based on income like the Samurdhi criteria. However, we believe that the list of indicators being used for Aswesuma penalise people for having worked hard and invested towards a good life. For example, those with a permanently built house, an indoor flush toilet, using over 60 units of electricity a month and cooking using a gas cylinder, have a motorbike or a three-wheel, have a safe source of drinking water and main source of lighting is not kerosene - receive a score of '0' (zero) on each indicator. This affects their overall score, affecting their chance of making the cut off mark to get selected for Aswesuma. Our research with working class poor communities in Colombo shows that families that have all these assets are also unable to put three meals on the table, have cut back on nutrition and medications, find it difficult to send children to school daily and are severely in debt, even to the extent of borrowing to eat. (Colombo Urban Lab 2023)

Using asset based targeting imagines poverty presenting itself in a particular way and leaves room for more exclusion errors. (Feminist Collective for Economic Justice 2023b) According to a 2023 UNDP report on multidimensional vulnerability of Sri Lankans, as many as 12.34 million people (55.7%) are multi-dimensionally vulnerable (UNDP, 2023) and yet only two million households have been selected as beneficiaries under Aswesuma, highlighting again the narrow understanding of poverty and vulnerability.

In addition to the immediate benefit of receiving a cash transfer, the inclusion in a social welfare registry also means being eligible for future welfare benefits or specific support like the cash transfers during COVID-19 lockdowns or access to low interest loans. For example, the Government has justified the increase of tariff hikes such as electricity or price of kerosene stating that the impact on the poor and vulnerable households would be offset by cash transfers through Aswesuma which was clearly not what transpired on the ground.

Many development experts have highlighted the dangers of targeted social security programmes. For example, a report by Human Rights Watch on Jordan's Takaful social welfare programme funded by the World Bank "found that asset-based profiling can force some people into an unacceptable trade off between their right to social security and the assets they need to exercise other economic and social rights, such as their rights to a decent living, health, and food". (Human Rights Watch, 2023) Civil society even in Sri Lanka continued to question why the World Bank supports the government in targeted schemes, especially when similar programmes have failed in other countries.

Data security and privacy concerns

There has been no information about data security and storage of the data collected for the social registry database and whether the WBB in fact has the capacity for managing such an amount of data. A significant amount of personal and economic information was collected at a household level during the Aswesuma enumeration, including photographs of the home, individuals and assets. We find it of serious concern that the full list of beneficiaries which includes people's full name, address and cash transfer amount is publicly available on the WBB website for anyone to peruse.

According to the World Bank project implementation report, the geotagged Welfare Benefit Information System (WBIS) is completed and at least one staff member from each DS division has been trained on how to use it. There is no information about who else would have access to this data set, how it will be linked with other information collected or other databases. Further concerning in the IEG report it notes, “An audit of the WBIS was not completed by project closing, falling short of meeting the target (IRI 9). The audit was, however, expected to be conducted by June 2024. The purpose of the system audit was to identify any vulnerability to the system.”

In July 2023, the landing page of the WBB website featured ‘People’s comments’ where one of the comments in Sinhala translated to – “People who are in perfect health with no illness or disability are protesting in demand for handouts. The money they ask for comes from the tax funds generated by hardworking taxpayers. Those taxpayers who work hard don’t do so to pay for the sustenance of people who are idle and don’t earn an income. Being a woman doesn’t give you the right to live off others. A majority of the Sri Lankan workforce comprises of women” While this glitch was taken down eventually, it begs the question about whether the WBB has the technical expertise to handle such a large data system with integrity and security.

Fiscal constraints

In 2023 and 2024, ‘limited fiscal space’ was often cited as the key reason for opting for a targeted scheme. It was framed as a choice between expanding the safety net and transferring a smaller amount of money to each person versus selecting the most vulnerable and transferring them a larger amount of money. Going by this rationale, it is unclear why such low amounts were allocated to three categories (transitional - LKR 2,500, vulnerable - 5,000 and poor - 8,500) except for the severely poor category that has been allocated LKR 15,000 a month for three years. Even those with Chronic Kidney Disease were allocated only LKR 5,000 a month when dialysis costs per session can range from LKR 20,000 to 25,000, and many have been relying on private healthcare given the crippled status of the country’s healthcare system. We have not seen a justification of how the allocations were arrived at, when it was arrived at, and how these allocations are expected to respond to the higher cost of living.

Furthermore in 2023 and 2024 we did not see any meaningful cutbacks on government spending elsewhere, and while Sri Lanka met the social protection floor set by the IMF programme, we remain one of the underfunded social security systems in the region. Sri Lanka has spent 0.6% of GDP on social welfare in the last few years, while Nepal spends 1.3% of GDP, India 1.5% and Maldives 1.1%. In the Budget 2025 presented in February 2025 by the new NPP government, there was an increase in the amount allocated for Aswesuma as well as an increase in the amounts allocated for each category. However, as we have consistently argued, it remains just one welfare benefit that is inadequate to support households across the country.

Highlights from the World Bank Independent Evaluation Group (IEG)review

The IEG review of the project’s Implementation Completion Review (ICR) reveals a complicated implementation of the project since 2016. The actual coming together of the project seems to have taken place in 2022 and much of the work done within a year has led to some unsatisfactory outcomes, including the inability of the World Bank to actually assess whether objectives were achieved due to lack of information and data. The rush of the rollout may be due to the fact that it was linked to a World Bank Development Policy Operation with strict deadlines and milestones to reach, as opposed to a stand alone project which may have given space for a more considered and careful rollout. The ICR and the IEG rated the outcome of the project ‘moderately unsatisfactory’ while the Bank performance was rated as 'moderately satisfactory’ by the ICR and 'moderately unsatisfactory’ by the IEG. Below are three key excerpts from the IEG report.

Page 7, Outcomes - In all, IEG finds that progress toward the achievement of the overarching objective of improving equity of Sri Lanka's social safety net program to be modest. The WBIS' grievance redress mechanism was weak, and an audit of the system was not completed by project closing. Although the coverage of the poorest 20 percent in welfare programs increased, it fell short of the target, and the portion of welfare beneficiaries in the poorest 20 percent also increased but did not meet the intended goal. The delay in payments and the completion of a survey to measure the equity and efficiency of targeting further complicates the assessment of the reach to the poor and vulnerable. Therefore, while there are indications of progress, conclusive evidence on the extent of reach to the intended beneficiaries is lacking as of the latest available data.

Page 12, Risk to development outcomes - In this context, this ICR Review notes that institutional arrangements and core capacities were adequacy built, including through the implementation of the Act, the establishment of WBB, and the development of SRIS. But the issues appear to be rooted in the actual operationalization of the system, notably with (i) insufficient targeting of the poorest, thus falling short of the desired levels/intended outcomes under this project period; and (ii) lack of improvement in the average processing time for new applications for welfare benefits programs. As noted above in the first paragraph, Sri Lanka continues to pursue its social protection development efforts, including with World Bank’s financial and technical assistance, with a focus on progressive improvements in equity, efficiency, and transparency of social safety net programs.

Page 17, Rating on Bank Performance (Moderately unsatisfactory) - Significant shortcomings in the quality-at-entry, which pertained to project readiness, and in the quality of supervision, notably institutional and implementation arrangements, M&E, and inadequate adjustments made at the second and third restructurings.

Towards a constellation of social protection

This section presents a series of recommendations for strengthening social protection measures in Sri Lanka, with a focus on the informal sector and working class poor families in Colombo. If implemented in parallel and incrementally over time would relieve different impacts on families, as well as enable long term gains in livelihood, health, education to name a few. These recommendations are based on our primary research in Colombo and ongoing engagement with communities and policy makers on these issues since 2020. Various schemes and programmes from Sri Lanka as well as other countries are used to illustrate the diversity of support and programmes that can be devised. Further, we have highlighted valuable knowledge pieces and discussion points raised in two UNICEF Sri Lanka Working Papers.

[1] Investing in urban infrastructure of care

Our research shows that women in low-income settlements have shouldered much of the burden of crises over the last few years. Whether it is time poverty, nutrition intake, livelihood opportunities - the impact has been relentless. In these communities, one income alone does not suffice with many getting further pushed into informality and taking on a second job or starting a small business to make ends meet. Working mothers find it hard to enter the formal work force or have a regular schedule in their informal jobs - whether it is a daily wage job or a home based business - because of their care duties. For those without backup support - for example a family member who can look after younger children - it is sometimes impossible to do full time or regular work. They have to juggle dropping and picking children up from school, looking after them once home, and on days when schools suddenly close (for example due to heat stress or weather-related issues) they are unable to go to work at all. Women tend to take on low paying or exploitative work with flexible hours and closer to home as a result. This is why precarious work like working for manpower agencies are more appealing for women in the informal sector, even without the benefits.

Investing in infrastructures of care like day care centres and creches in low income communities, afterschool programmes where children have a safe place to come back to from school and be occupied until their parents are finished with work would go a long way. These already fall under the mandate of the Colombo Municipal Council but are unfortunately not functional. For these infrastructures to exist and actually care, they would have to be well resourced with well-paid trained personnel (who could be from the community itself, creating economic opportunities and trust among parents) and adequate facilities that are easily accessible.

Case Study:

Sri Lanka could well learn from the experiences of the Bogota Care Blocks in Colombia. The idea was first shared in 2019 by then Mayor Claudia López. The first woman to be elected mayor, Claudia López envisioned Care Blocks as a way of rethinking unpaid care work. *"It is not only about recognizing and redistributing care",* she explained in occasion of the first Block, "*but institutionalizing it to free up time and opportunities for caregivers [...] so that they find all the services they need in their neighborhood, in a nearby perimeter*".

Care Blocks in Bogota are located in different parts of the city, designed to be within walking distance to those who access it, with free transport available to those who are not close by. Their infrastructure and services provide proximate and simultaneous care to caregivers and care receivers and follow a land-use planning model that integrates care and tactical urban planning with a gender perspective. To put it simply, caregivers can go work, take classes or skills training, do laundry for free, go swimming and engage in other leisure activities while the city provides free caregiving at the care blocks centre to the elderly, children and persons with disabilities - freeing up the time of the caregiver who can engage in the various activities mentioned above during that time.

According to the City Government of Bogota, *"between October 2020 and May 2023, Bogota inaugurated 19 Care Blocks and two Care Buses, which have provided more than 420,000 services since March 2021. They have trained more than 12,000 women in alliance with the National Training Service (SENA in Spanish) and supported more than 500 on their road to high school graduation. In addition, we have transformed the lives of more than 86,000 caregivers who, for the first time, have had the time and services to rest, exercise, and promote their own autonomy".*

What makes these programmes actually transformative is that they are enshrined into law - the Care System in Bogota became city law in March of 2023, ensuring continuity, permanence, and expansion of the Care System in incoming Administrations.

Source: Moro 2024 and Observatory of Public Sector Innovation, 2022 and 2023

[2] Universal school meal programmes

In Colombo, majority working class families interviewed for our research reported that their children attend Government schools that do not have a school meal programme. Many schools also mandate what kind of food can be brought - for example no buns and biscuits and only nutritious food like pulses or rice and curry. Some even go as far as giving a weekly menu of food that must be sent. Our research shows that learning loss was high in 2022 - 2023 when families could not afford such meals for their children, opting to keep them home on those days. (Institute of Development Studies and Colombo Urban Lab, 2023) Where students did have access to a school meal programme we saw that parents were more likely to send the kids to school despite other hardships like inability to afford transport costs. A universal school meal programme across all grades would positively impact nutrition and school attendance, as well as relieve some financial burden on the household budget. Some schools follow a contract system where an external party provides the meals, or a school meal programme could also employ parents of the students to cook or supply, creating income generation as well. Such programmes should not depend on free time and labour to be put in by parents as is sometimes the case, because it means it is offset elsewhere and usually it is the mother's time and income opportunity.

[3] Strengthening laws to safeguard domestic workers

While Sri Lanka has a national minimum wage under the National Minimum Wage of Workers Act, No. 3 of 2016 that prohibits employers from paying their employees below this amount, it remains low at LKR 17,500 per month as per the passing of the National Minimum Wage of Workers (Amendment) Act No.48 of 2024 in September 2024. (Ministry of Labour and Foreign Employment, 2024)

However these laws are applicable only to private sector workers and not enforceable for informal workers, including domestic workers. In our research we see a wide spectrum of daily wage amounts, particularly for domestic work. It ranges from LKR 800 a day to LKR 2500 a day. Domestic workers also lack other benefits like maternity or sick leave, paid days off, access to pension funds - their daily or monthly income solely depends on them being able to come to work every day. This means that women are particularly vulnerable, having to juggle household and care work. Urban women in low income settlements also have high rates of non-communicable diseases which require monthly clinic visits (resulting in time off work). (Weerasekera et al, 2020)

Transformative social protection measures for these workers could include strengthening the legal labour framework to set minimum wages, mandatory paid leave, maternity benefits, contracts between employer and worker to name a few. For over a decade, the Domestic Workers Union in Sri Lanka has demanded legal protection for domestic workers. They have advocated for the inclusion of domestic workers within the Wages Board ordinances, inclusion of domestic workers in the EPF/ ETF and enrolment of domestic workers in the minimum wage law and gratuity as key changes that need to be made.

[4] Climate linked protection for outdoor and informal workers

Cities are becoming hotter every year, with record breaking temperatures being reached every year. Our research with outdoor informal workers and vendors in Colombo shows how heat stress and even prolonged periods of rain affect their products/produce, income and health. Unfortunately, these workers have little to no choice but to continue working in these conditions to earn their daily income, at the risk of their health.

Better protection for these workers could also look like improved public infrastructure like shade, public taps and bathrooms, better vending facilities without requiring to formalise and specific health support during times of heat stress or bad air quality. There are also financing schemes like parametric insurance that could present some ideas for how to think about different ways of targeting outdoor informal workers to provide better support from climate related impacts.

Parametric insurance has gained popularity as a way of providing some safeguards to informal or vulnerable workers from climate related income loss. Parametric insurance works on the basis of predetermined triggers and payout schemes that facilitate swift claims settlements. Research from different cities show that working closely with targeted beneficiaries is crucial to get their buy in but also to make it meaningful. It must be complemented by other types of support and be localised. While these schemes are not without challenges - for example its financial feasibility if payouts become too frequent due to climate risks increasing fast – and requires various parties including governments to build climate resilience that would eventually enable insurers to raise the payout thresholds. Recent research looking at addressing impacts on vulnerable communities from heat stress explore such financing mechanisms alongside actionable recommendations, including raising awareness about extreme heat, leveraging innovative financial mechanisms, implementing government risk-reduction policies and fostering impactful public-private partnerships. (World Economic Forum, 2025)

Case Study:

An example from India is the Extreme Heat Income Insurance – a partnership of an organisation of informal workers (the Self-Employed Women's Association, or SEWA), an insurance technology firm (Blue Marble), and a nonprofit (the Adrienne Arsht-Rockefeller Foundation Resilience Center). It is a micro-insurance product paid out when temperatures reach a specific threshold. SEWA is the group policyholder and ICICI Lombard is the local insurer. The algorithm triggers a payout based on three days of satellite-assessed temperature data, within six 10-day cycles. (Ro, 2023) This means that unlike other insurance schemes, there is no burden on the policy holder to show proof of loss - the recorded weather triggers the payment once the temperature exceeds the predetermined threshold. It was designed and thresholds agreed following focus group discussions with women outdoor workers in Gujarat, where it was also revealed that the women were willing to contribute a monthly amount to the schemes. Organisations involved in this also had other support like shelter material and protective gear being made available to policy holders, pooled savings mechanisms for home insulation material for example. If a payout was triggered, the women could opt to stay at home instead of going to work and yet be able to meet necessary needs like food and medicine; or they could even use that money to buy material like tents or gloves to safeguard them at work that they otherwise would not have been able to afford. (Desai, 2023 Ebrahimi 2024, The Straights Times, 2024)

[5] UNICEF Sri Lanka nutrition focussed cash transfers

During the economic crisis, UNICEF Sri Lanka implemented nutrition-sensitive short-term cash transfers in districts with high burdens of child undernutrition. A detailed report on an empirical investigation on this programme holds a lot of valuable takeaways for future programmes in terms of how it can be designed and implemented. (Headey et al 2024) What made this successful was that it was not only a cash transfer programme, but also had other components like home visits, access to support groups, nutrition calendars and other awareness material to enrich the benefits of the cash transfer.

Eligible households received LKR 6,750 per month per eligible child for five months plus additional nutrition interventions to augment the income effect. At the end of the programme in January 2024, 114,043 households had benefitted. The review interviewed 498 caregivers and the findings revealed that UNICEF cash transfers were widely appreciated. 97% of caregivers felt the transfers had improved their children's diets, including 57% who said their children's diets were much better. The main factors associated with parents believing that the transfers improved their child's diets were the presence of food markets with sufficient quantities of a wide array of foods, receiving nutrition messages by phone, pamphlets, TV or SMS, regular attendance in a mother's support group, and having ever received in-person counselling. Caregivers did not report much conflict over decision-making around the use of cash. High food prices (82 per cent) and poverty (53 per cent) were the most widely cited challenges to using UNICEF cash transfers to improve diets, while 36 per cent said the amounts transferred were too low.

[6] A lifecycle social protection system in Sri Lanka

In a June 2023 UNICEF Sri Lanka Working Paper, analysis conducted by a group a development specialists suggests an alternative approach to take the first steps to building an inclusive universal social protection system that more adequately and comprehensively protects the wellbeing of all Sri Lankans over the life cycle and provides the basis for a more sustainable growth trajectory. (Sibun et al, 2023) It presents a series of options for Sri Lanka to invest in universal lifecycle programmes – a universal child benefit (UCB), universal disability benefits and a pension- tested old age benefit – which can be introduced over time to progressively build an effective national social protection floor. The scenarios range in scale, speed of roll-out and level of investment. The report details monthly transfer amounts for each of the four options, level of investment needed in LKR and as a percentage of the GDP.

The Working Paper states that the four proposed lifecycle scenarios (minimum, modest, generous and vision) in the report would be an effective way to reach a high proportion of all households in Sri Lanka either directly or indirectly. In all scenarios, coverage is highest among households with low and middle incomes, thereby being an effective way to also capture the so-called "missing middle". The authors also note that the suggested scenarios would also achieve high indirect coverage across all age groups, making them highly inclusive and also a popular policy choice. The analysis shows that all four options would lead to substantial increases in consumption, in particular for recipients in the poorest decile. Since each of the scenarios achieve high levels of coverage across all households in Sri Lanka, they would also boost average consumption across the aggregate national population, which is likely to translate to a range of significant broader impacts on households' social and economic wellbeing and enable people to invest in their capabilities.

The authors note “By increasing consumption and stimulating demand in local economies, as well as by contributing to a healthier, more educated and hence more productive workforce, the analysis shows how investments today are predicted to contribute to economic growth, thereby supporting economic recovery and building resilience. This shows that, even though it might be challenging to find fiscal space in the current context, investing in social protection is a socio-economic necessity and a highly strategic policy choice.”

In a July 2023 UNICEF Sri Lanka Working Paper, Verite Research uses the above scenario based framework to analyse financing options for Sri Lanka. The report states “Currently, the Government has limited fiscal headroom with which to scale up its investments. In addition, at present, the vast majority of the country’s spending on non-contributory social protection programmes is funded by multilateral organizations, and hence cannot be considered sustainable financing sources.” (De Mel et al, 2023)

This Working Paper sets out a series of financing options that the government can adopt to meet the financing requirements for more comprehensive social protection in Sri Lanka, based on the premise that “fiscal space should not be considered a static concept that is restricted by current budgetary limits, but that the creation of fiscal space is a process, with a variety of options to find additional resources for social protection financing”. The study explores the potential of (1) Increasing tax revenues; (2) Eliminating illicit financial flows; and (3) Reallocating or reprioritising public expenditures. Each option is quantified in terms of its potential revenue generation, providing lower and higher estimates, with an analysis on the feasibility of their implementation, and the likely equity impacts they would have.

Concluding thoughts

While Aswesuma is riddled with issues, the alternative is not to do away with cash transfers but to make it universal – expand it, remove targeting and allocate more funding. By focussing more on creating an “efficient” system to minimise inclusion errors, the WBB and the World Bank created far more exclusion at a time when people needed support in ways not required before. Cash transfers are important for a households and they are important for the economy. But to put Sri Lanka on an equitable road to recovery as well as build sustainable systems along the way, we have to start at least incrementally and learn from the lessons of the past systems. It requires us to think of social protection beyond cash transfers but as a constellation of support, where various schemes or investments build on or complement each other, meeting different needs of the country while also delivering transformative change. Programmes also need to be accompanied by other supportive measures or structures like some of the examples above highlight - like the UNICEF nutrition focussed cash transfers being complemented by nutrition calendars, home visits and support groups; or the heat insurance also providing shelter material and protective gear to policy holders. Finally, it also requires us to think of social protection as a right and not a handout. That it is not something that is being paid out of “hard working people’s taxes” into the hands of people seen as dependents or free riders on the system, and whose spending patterns are judged or have to conform to a particular way of life to be acceptable to receive social protection. Only when we start framing social protection from the lens of social equity and not economic protection alone, would it really be transformative.

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