

# **ILO SOCIAL SECURITY INQUIRY**

## **Findings from Sri Lanka Pilot Implementation 2005**

# Outline

## ➤ Findings

- Formal Sector
- Social Security 'Facilities'
- Informal Sector

## ➤ Problems Encountered

# **SOCIAL SECURITY INQUIRY – SRI LANKA (SSI SL)**

## **1. QUESTIONNAIRE FOR THE MINISTRY OF FINANCE (MOF)**

**Topics - Health, Education, Social Security and Revenue**

**Source - Budget estimates of the Sri Lankan Government, Financial Statements of the Provincial Councils and the Sri Lanka National Health Accounts (SLNHA)**

## **2. QUESTIONNAIRE FOR THE MINISTRY OF LABOUR (MOL)**

**Topics – General information - population, employment, wages & poverty**

**Sources – Department of Census and Statistics, Central Bank and MOL**

## **3. INDIVIDUAL QUESTIONNAIRES FOR THE SCHEMES**

**Topics - Schemes - Pension schemes, EPF and ETF, Farmer's, Fisherman's, Self Employed**

**Facilities - Health, Education, for Poverty Alleviation, Support for elderly, disabled, unemployed and micro insurance and micro finance**

**Sources: Published documents & consultation with officers from individual schemes**

# Findings

# Categorization of Social Security Schemes in Sri Lanka

- Formal sector social security schemes
- social security 'facilities'
- Informal sector

# Social Security Schemes in Sri Lanka

## Formal sector social security schemes

- Government Pension Schemes
- Employees' Provident Fund (EPF)
- Employees' Trust Fund
- Farmers' Pension and Social Security Benefit Scheme
- Fishermen's Pension and Social Security Benefit Scheme
- Pension and Social Security Benefit Scheme for the Self-Employed Persons

# Government Pension Schemes

- Public Services Pensions Scheme
- Public Servants Provident Fund
- Contributory Pensions Fund
- Widows & Orphans Pension
- Armed Forces
- Local Government

# Government Pension Schemes

## Expenditure under the Pension Payments, 2002 & 2003

| Item   | 2002              | 2003              |
|--|-------------------|-------------------|
| Compensatory Pension Gratuities                                | 25,728,459        | 26,673,852        |
| Widows & Orphans, Widowers & Orphans, Teachers & W & OP & PSPF | 5,094,259         | 4,415,650         |
| <b>Total</b>   | <b>30,822,718</b> | <b>31,089,502</b> |

## Total Number of new Pensioners 2002 & 2003

|                                    | 2002    | 2003    |
|------------------------------------|---------|---------|
| Total number of pensioners payable | 394,625 | 400,583 |
| Total number of new pensioners     | 24,084  | 26,302  |



# Employees' Provident Fund (EPF)

## Summary results of EPF

|             | <b>Expenditure<br/>(Million)</b> | <b>Revenue<br/>(Million)</b> | <b>Registered<br/>Persons</b> | <b>Active<br/>Contributors</b> | <b>No. of<br/>Beneficiaries</b> |
|-------------|----------------------------------|------------------------------|-------------------------------|--------------------------------|---------------------------------|
| <b>2003</b> | <b>17,331</b>                    | <b>61,491</b>                | <b>9,725,000</b>              | <b>1,997,000</b>               | <b>108,024</b>                  |
| <b>2002</b> | <b>12,886</b>                    | <b>55,098</b>                | <b>9,308,000</b>              | <b>1,984,000</b>               | <b>110,995</b>                  |

*Source: EPF Annual reports 2002/2003*

# Employees' Trust Fund (ETF)

## Summary results of ETF

|             | <b>Expenditure<br/>(Million)</b> | <b>Revenue<br/>(Million)</b> | <b>Active<br/>Contributors</b> | <b>No. of<br/>Beneficiaries</b> |
|-------------|----------------------------------|------------------------------|--------------------------------|---------------------------------|
| <b>2003</b> | <b>4,864</b>                     | <b>9,006</b>                 | <b>1,717,221</b>               | <b>151,992</b>                  |
| <b>2002</b> | <b>4,297</b>                     | <b>8,715</b>                 | <b>-</b>                       | <b>155,805</b>                  |

Source: ETF Annual reports 2002/2003

# Farmers' Pension and Social Security Benefit Scheme

## Summary results of Farmers' pension scheme

|      | Expenditure ('000) | Revenue ('000) | Persons Registered | No. of Beneficiaries |
|------|--------------------|----------------|--------------------|----------------------|
| 2002 | 256,588            | 5,098,428      | 674,000            | 19,687               |
| 2001 | 219,116            | 4,468,792      | 648,000            | 14,928               |

*Source: Agricultural and Agrarian Insurance Board Annual Report, 2002, Assessment of the Farmers' and Fishermen's Pension and Social Security Benefit Scheme in Sri Lanka, AAIB administrative data.*

# Fishermen's Pension and Social Security Benefit Scheme

## Summary results of Fishermen's pension scheme

|      | Expenditure<br>(‘000) | Revenue<br>(‘000) | Persons<br>Registered | No. of<br>Beneficiaries |
|------|-----------------------|-------------------|-----------------------|-------------------------|
| 2002 | 10,541                | 571,001           | 48,000                | 790                     |
| 2001 | 9,550                 | 507,145           | 47,000                | 397                     |

*Source: Agricultural and Agrarian Insurance Board Annual Report, 2002, Assessment of the Farmers' and Fishermen's Pension and Social Security Benefit Scheme in Sri Lanka, AAIB administrative data.*

# Pension and Social Security Benefit Scheme for the Self Employed

## Summary results of self employed persons' pension scheme

|      | Expenditure<br>(‘000) | Revenue<br>(‘000) | Persons<br>Registered | No. of<br>Beneficiaries |
|------|-----------------------|-------------------|-----------------------|-------------------------|
| 2003 | 5,986                 | -                 | -                     | -                       |
| 2002 | 7,216                 | 146,608           | 72,000                | 289                     |
| 2001 | 4,991                 | 110,250           | 60,000                | 108                     |

*Source: Social security board performance report, 2003, Social security board annual reports, 2001/2002, Assessment of the pension and social security benefit scheme for the self-employed persons in Sri Lanka, AAIB administrative data.*

# Other Formal Sector Social Security 'Facilities'

- Samurdhi National Programme for Poverty Alleviation
- Public Health System
- Free Education
- Approved Private Provident Funds
- Agrahara Medical Insurance Scheme

# Samurdhi National Programme for Poverty Alleviation

- Estimated coverage – 1,200,000

|      | Expenditure    | Revenue        |
|------|----------------|----------------|
| 2003 | 12,358,118,000 | 12,358,118,000 |
| 2002 | 13,189,768,000 | 13,189,768,000 |
| 2001 | 13,914,558,634 | 13,914,558,634 |

- Many Sub-Programmes – Rural development, agro development, livestock and fisheries development, marketing development, industrial development, HR & institutional development, maha sangam, banking society, Other loan facilities, media, social protection, “nene nuwan’ scholarship programmes.,etc

# Public health care system

|      | Expenditure    | Revenue        |
|------|----------------|----------------|
| 2002 | 25,690,464,146 | 25,690,464,146 |
| 2001 | 23,506,762,515 | 23,506,762,515 |

Source: Sri Lanka National Health Accounts (SLNHA Phase 3), 2000-2004

## Facilities Provided

- Services of curative care
- Services of rehabilitative care
- Ancillary services to medical care
- Medical goods dispensed to out-patients
- Preventive and public health services

**Total benefit expenditure, 2002: 19,634,140,505**



# Free education

**Total coverage:** 4,227,666

|             | <b>Expenditure (Million)</b> |
|-------------|------------------------------|
| <b>2003</b> | <b>39,000</b>                |
| <b>2002</b> | <b>37,209</b>                |
| <b>2001</b> | <b>28,283</b>                |

## **Facilities Provided**

- Free primary and secondary education
- Provision of free text books and material for school uniforms
- Scholarship programmes
- Nutritional programmes
- Free higher education
- Travel grants to postgraduate studies
- Technical education and training., etc

# Approved Private Provident Funds

- ❑ Administered by the Labour Secretariat at the Department of Labour.
- ❑ Implemented by individual organizations
- ❑ Coverage – 200 individual funds by individual companies
- ❑ Adheres to requirements of EPF Act
- ❑ Required to maintain the minimum requirements of the EPF

# Agrahara Medical Insurance Scheme

|      | Expenditure (Million) | Revenue (Million) |
|------|-----------------------|-------------------|
| 2003 | 256                   | 215               |
| 2002 | 295                   | 213               |
| 2001 | 310                   | 211               |

*Source: Ministry of public Administration*

## Facilities Provided

- Medical insurance cover
- Personal accident and natural death insurance cover
- Loan protection insurance cover

# Other Social Security 'Facilities'

- Social protection for the elderly
- Social protection facilities available for the disabled and Ranaviru Sevana
- Special support for health development and relief for catastrophic illnesses
- Facilities for unemployed
- Family and Children and Orphanages
- Housing Facilities and Benefits
- Other facilities

# Informal sector

## Three largest categories in the informal social security sector

1. Funeral Aid Societies
2. Community Development Organizations
3. Welfare Organizations

# Micro – Insurance

- Yasiru
- The women's Development Foundation in Hambanthota
- SANASA
- The National Forum of People's Organization

# Micro Finance

Micro financing facilities available in Sri Lanka are provided by:

- State
- Private Sector
- Non- government Sector
- Informal groups

# Extended social security measures provided by NGO's

- Reduced violence against women
- Reduced violence in the home environment
- Provide environmental protection as a means of social interpretation
- Helping mental stability through counseling
- Aids and sexual disease prevention
- Contributing to family social events



The image features a green background with a repeating pattern of small, semi-transparent circles. A large, semi-transparent circle is centered on the page, containing the text 'Problems Encountered'. The text is in a bold, black, sans-serif font. The overall aesthetic is clean and modern, with a focus on geometric shapes and a monochromatic color scheme.

# Problems Encountered

# Problems Encountered

## 1. Data

- Questionnaire
- Availability
- Compatibility

## 2. Clearance

## 3. Cooperation

## 4. No clear display of benefits to institutions

# 1. Data

## Questionnaire

- The Scheme's Questionnaire is too detailed, complex and time consuming
- MOF and MOL questionnaires in the inquiry are not compatible with the data available in the Sri Lankan system
- MOF Data – Sri Lanka does not rigidly follow GFS. Together with the data in NHA, health data in Sri Lanka could be presented in the requested format. But the sectors of education and social security had minimal data appropriate to complete the inquiry.
- MOL Data –requested data was unavailable or not analysed in the format requested by the inquiry (i.e. age, gender and poverty related etc).
- Most schemes could not be filled out beyond section S\_C, i.e., number of beneficiaries by age and gender, average benefit level and average benefit payment etc.

# 1. Data

## Availability

- Responsibility – Reluctance by officials to take responsibility for providing detailed information – leading to inaccessibility of data
- Available (off the shelf) Reports – Insufficient detail in terms of benefits, claims and expenditures
- Record Keeping – On the whole not very detailed and up to date, (i.e. though there are many disability, elders homes, data is not centrally situated, at present there is no overall monitoring system)
- Certain schemes do have the total number of contributors but not the actual number of active contributors.
- Some schemes make it a point not to maintain sex wise desegregations as a policy
- Approved private provident funds – There are over 200 entities, therefore data collection is an extensive exercise. Though these entities are required to report their annual accounts to the Labour Secretariat, that does not occur on a regular basis.

# 1. Data

## **Compatibility**

- MOL numbers and CSD numbers do not coincide
- Numbers presented in annual reports vary from year to year
- Samurdhi – data from programme does not fit into the format of the questionnaire because of structural differences (i.e. number of sub programmes) and availability of data .
- Changes in Ministries – Periodic changes in Ministries and their departments cause difficulties in data collection and compilation, creating issues of compatibility of data.

## **2. Lack of Clearance**

- Even with reference from the ILO, we were unable to obtain satisfactory attention from certain organisations.
- Government clearance was required in certain instances.

## **3. Inadequate Co-operation of Junior level staff**

- There is a substantial amount of their time consumed with no incentive.
- Time Frame – The inquiry time could clash with other important activities in their departments.

## **4. Advantages to data providers**

No clear display of the benefits to the institutions; Heads of departments and junior staff need to be educated on the benefits of the exercise to them as professionals.