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SRI LANKA**

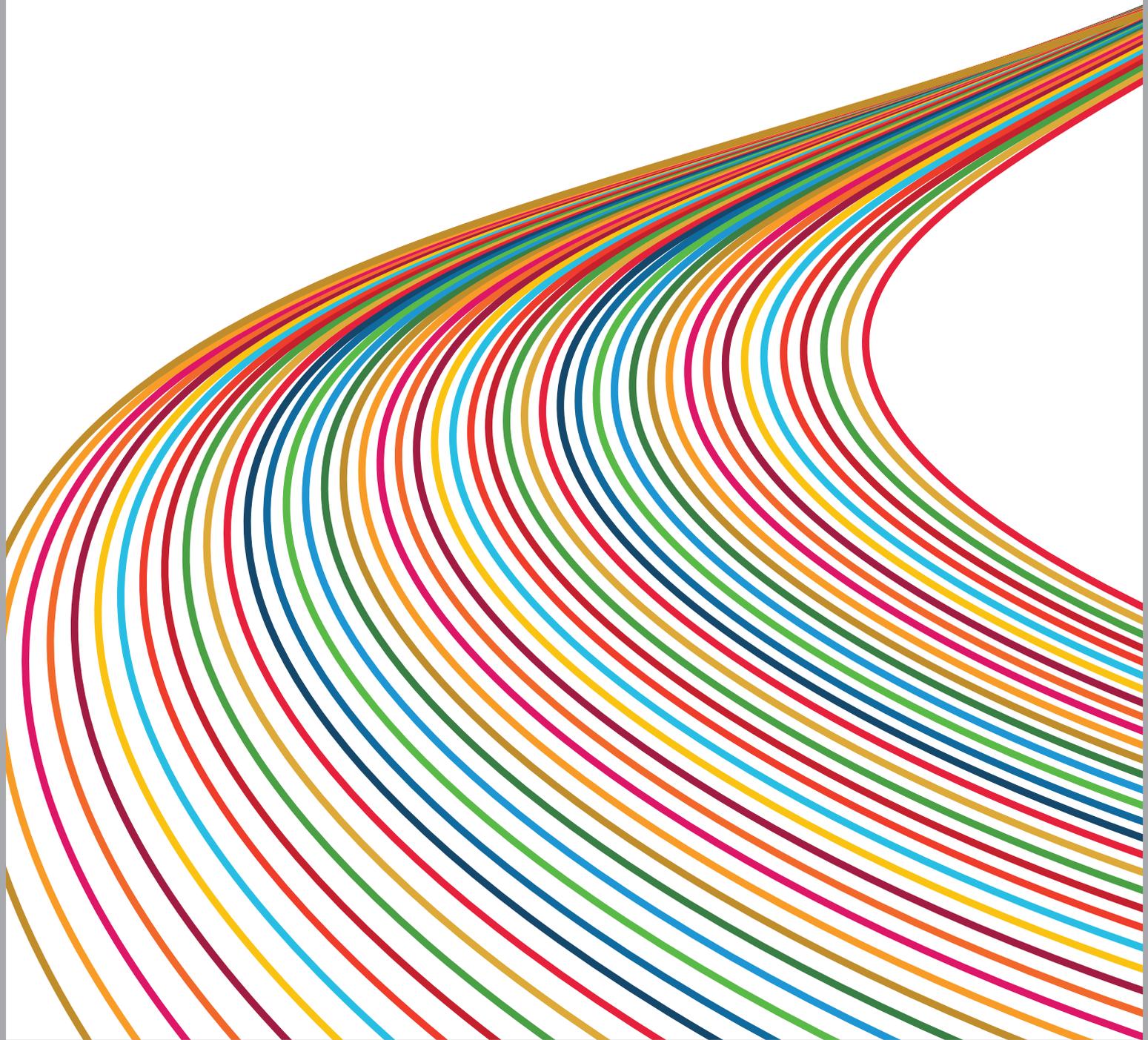
TOGETHER FOR SUSTAINABLE DEVELOPMENT



**COVID-19  
RESPONSE**

# **UN ADVISORY PAPER: IMMEDIATE SOCIO-ECONOMIC RESPONSE TO COVID-19 IN SRI LANKA**

June 2020  
(revised July 2020)





# TABLE OF CONTENTS

<b>I</b>	<b>EXECUTIVE SUMMARY</b>	<b>2</b>
<b>II</b>	<b>THE PEOPLE WHO MUST BE REACHED: LEAVING NO ONE BEHIND</b>	<b>5</b>
<b>III</b>	<b>STRATEGIC PRIORITIES</b>	<b>7</b>
	1. Health First: Protecting Health Systems and Services during the Crisis	
	2. People First: Social Protection and Other Basic Services	
	3. Economic Recovery: Protecting Jobs, Micro, Small and Medium Sized Enterprises, and Informal Economy Workers	
	4. Social Cohesion and Community Resilience	
	5. Macroeconomic Response and Multilateral Cooperation	
<b>IV</b>	<b>‘BUILDING FORWARD’ AND CONCLUSIONS</b>	<b>34</b>
<b>V</b>	<b>HOW THE UN WILL SUPPORT</b>	<b>36</b>
	<b>ANNEXES:</b>	<b>37</b>
	A. Summary of Recommendations	
	B. Summarized Matrix of Vulnerable Groups and Proposed Responses	
	C. The Government of Sri Lanka’s Macroeconomic Response to COVID-19	
	D. Snapshot of Indicative UN Support	

# I. EXECUTIVE SUMMARY

This **UN Advisory Paper: Immediate Socio-Economic Response to COVID-19 in Sri Lanka** (henceforth, Advisory Paper) has been developed in accordance with the agreement with the Government of Sri Lanka (henceforth, the Government or GoSL); its purpose is to inform and support a national COVID-19 socio-economic response effort. It complements the Government's Strategic Preparedness and Response Plan (SPRP) on the direct health response to the pandemic.<sup>1</sup>

The Advisory Paper advocates for the following **five strategic priorities for immediate socio-economic response**, in line with the UN (Global) Framework (launched on 27 April 2020):

1. Health First: Protecting Health Systems and Services during the Crisis
2. People First: Social Protection and Basic Services
3. Economic Recovery: Protecting Jobs, Micro, Small and Medium Sized Enterprises (MSMEs) and Informal Economy Workers
4. Social Cohesion and Community Resilience
5. Macroeconomic Response and Multilateral Cooperation

**The Advisory Paper focuses on an immediate socio-economic response to COVID-19 over the next 12 to 18 months.** It recommends immediate measures to meet the most pressing socio-economic needs and stem the most exigent socio-economic impacts, and medium and long term measures that connect this response to the 2030 Development Agenda, as well as to policy and institutional measures that would help Sri Lanka remake its society and economy to be future fit—to seize new opportunities and manage emerging risks. The Paper benefits from the UN's long-standing presence in Sri Lanka, ongoing response efforts in partnership with the GoSL, civil society and private sector, and is informed by international good practice.

**The GoSL took early measures to prevent the spread of COVID-19** by instituting curfews and social distancing measures, activating testing and quarantine procedures, delivering food and maintaining essential services, and suspending incoming passenger flights. Sri Lanka has managed its immediate COVID-19 caseload of 1,869 confirmed cases, 736 active cases and 11 deaths to-date (11 June 2020).<sup>2</sup> A potential surge remains a risk as curfews ease. Fatalities from other diseases are continuing amidst the pandemic, and curfews have made accessing essential healthcare more difficult in places, particularly for vulnerable groups with specific healthcare needs. In prioritizing **Health First (1)** the UN recommends: strengthening health system capacity and preparedness for emergencies; maintaining equitable access to essential health services, particularly for at-risk and vulnerable groups; and developing a comprehensive plan for sustainable medium-term health financing.

**The Government has recognised the vulnerability of Sri Lankan households to the economic fallout** by committing Rs. 50 billion (USD 270 million or 0.33% of GDP) in monthly transfers, most with a value of Rs. 5,000 each, to beneficiaries across the country in April and May. The Central Bank of Sri Lanka (CBSL) has supported affected firms in the form of 150 basis points in monetary easing since the start of 2020, with suspensions of loan payments and a concessional refinancing programme of Rs. 50 billion (0.33% of GDP) for activities affected by the pandemic. The Government has also committed 0.1% of GDP for quarantine and containment measures; USD 5 million to the SAARC COVID-19 Emergency Fund; a Petroleum Stabilization Fund (PSF) built utilizing the lower international prices of oil; and a presidential contributory fund that has raised Rs.1.4 billion (USD 7.4 million) to-date.

<sup>1</sup> Led by the World Health Organization (WHO) for the UN in Sri Lanka.

<sup>2</sup> Health Promotion Bureau. [www.hpb.health.gov.lk](http://www.hpb.health.gov.lk)

Sri Lanka's graduation to upper middle-income status in 2019 has likely been affected by socio-economic impacts of COVID-19. Despite steady progress in poverty reduction (4.1% lived below the national poverty line in 2016<sup>3</sup>), most families still live in some degree of income insecurity. Nearly a million Sri Lankans live within 20% of the national poverty line (i.e. 8.7% of the population).<sup>4</sup> Moreover, living standards remain low,<sup>5</sup> which means that a majority will likely find it challenging to withstand economic shocks on the scale of COVID-19. Income inequality remains stubbornly high; with Gini measurements recording at 0.45 in 2016 (compared to 0.48 in 2012<sup>6</sup>) and the income share of the richest 20% of households remaining little changed at 50.8 (compared to 52.9 in 2012<sup>7</sup>). COVID-19's impacts are acutely felt by those underserved by ongoing social protection schemes, having further knock-on effects on aggregate demand, and thus the economy. Where health and nutrition services are being redirected to meet emergency needs, or where curfews and social distancing measures are disrupting people's access to their delivery, this is impacting vulnerable groups that depend on them. School closures are depriving education and social development opportunities for 4.2 million students<sup>8</sup>, and highlighting gaps between those able and unable to access remote learning opportunities. Women are shouldering additional caregiver responsibilities during curfews. They are facing higher risks of sexual and gender-based violence (SGBV), with the national hotline on domestic violence recording 463 cases in March-April 2020 compared to 123 cases in February-March 2020.<sup>9</sup> In prioritizing **People First (2)** the UN recommends scaling-up and expanding social protection; maintaining essential food and nutrition services; securing sustained learning for all children and adolescents; supporting the continuity of social services and access to shelters; supporting survivors of SGBV; and ensuring continuity and quality of water and sanitation services.

Measures to reduce the transmission of COVID-19 are translating into real income shocks for Sri Lankan firms and households. More than 58.7% of the country's labour force are informal economy workers<sup>10</sup>, and seriously impacted by job and income losses and in turn, by their lack of access to social protection benefits and income replacement options. MSMEs, accounting for 99.8% of enterprises and employing 27% of the total labour force<sup>11</sup>, are worst-hit with less reserves and limited access to relief and formal-sector credit. The World Bank estimates a 19% drop in migrant remittances for 2020<sup>12</sup> depriving one in every eleven Sri Lankan households of a direct contribution to household income.<sup>13</sup> In this situation, both low and middle-income earners are likely to experience economic shocks, with knock-on impacts on household food security and indebtedness. Women represent a large percentage of frontline and essential workers dealing with the pandemic; are highly represented in some sectors most impacted by the crisis (e.g. apparels, MSMEs<sup>14</sup>), and bear a disproportionate burden in the care economy. Traditionally, women-operated businesses have more limited savings, assets, access to formal-sector credit, and business development opportunities. In prioritizing **Economic Recovery (3)** the UN recommends: protecting workers from COVID-19 related health risks in the workplace; protecting jobs and incomes and stimulating employment; and ensuring continuity and resilience of businesses, especially of MSMEs, with a special focus on vulnerable workers.

On the one hand, the crisis has generated shared interests between different groups, strengthened the social contract, and improved social cohesion, as demonstrated by examples of social solidarity and community initiative from around the country. At the same time, incidences of stigmatization, exclusion and hate-speech stand to counter these positive narratives. The effects of disasters and climate change remain a largely unmitigated threat to health, food security and livelihoods, particularly for the poor, which COVID-19 further compounds. The frequency and variability of extreme weather conditions poses risks to livelihoods and access to services, compounding vulnerabilities and further challenging the pandemic response. The

<sup>3</sup> Asian Development Bank. <https://www.adb.org/countries/sri-lanka/poverty>

<sup>4</sup> Institute of Policy Studies (2019). 'Alleviating Poverty in Sri Lanka: Take a Broader Look at Poverty Measures!', Wimal Nanayakkara, in 'Talking Economics' Blog post, 18/March/2019. <https://www.ips.lk/talkingeconomics/2019/03/18/alleviating-poverty-in-sri-lanka-take-a-broader-look-at-poverty-measures/>

<sup>5</sup> World Bank (2017). Part 1: Understanding Poverty in Sri Lanka (<https://www.worldbank.org/en/news/feature/2017/03/02/part1-understanding-poverty-sri-lanka>) and updated according to the World Bank's PovCalNet, which utilizes data from the Department of Census and Statistics.

<sup>6</sup> Household income and expenditure survey 2016, Department of Census and Statistics, Sri Lanka.

<sup>7</sup> Ibid

<sup>8</sup> School Census Report, 2017, Ministry of Education

<sup>9</sup> Ministry of Women and Child Affairs and Social Security

<sup>10</sup> Sri Lanka Labour Force Survey 2017

<sup>11</sup> Sri Lanka National Policy Framework for SME Development

<sup>12</sup> Migration and Development Brief: COVID-19 Crisis Through a Migration Lens.

<https://www.knomad.org/publication/migration-and-development-brief-32-covid-19-crisis-through-migration-lens>

<sup>13</sup> Weeraratne, Bilesha. 2019. Migration and remittances: Impact on financial behavior of families left behind in Sri Lanka. Colombo 7.

<sup>14</sup> Institute of Policy Studies

<sup>14</sup> Over ¼ of non-agricultural microenterprises are women-led.

immediacy of responding to COVID-19's impacts needs to be consolidated to include all of government and all of society (communities, civil society, the private sector, worker's organizations, the media, and development partners) in the recovery process. In prioritizing **Social Cohesion and Community Resilience (4)** the UN recommends: improving community resilience, participation and equitable service delivery; promoting social dialogue, advocacy and citizens' engagement; and protecting fundamental freedoms and the Rule of Law.

As a small, open economy, Sri Lanka is not immune to the multidimensional macro-economic shocks of the pandemic. The CBSL forecasts the Sri Lankan economy to grow at a rate of 1.5% in 2020, down from an earlier forecast of 3.5%. Estimates from development partners predict growth contractions in 2020 followed by modest recovery in 2021. OECD forecasts that the global economy will contract 6% in 2020, and 7.6% if there is a second wave of COVID-19 infections. A socio-economic response that meets the needs of those affected will entail large-scale fiscal outlays, within an already constrained fiscal environment. In prioritizing **Macro-economic Response and Multi-lateral Collaboration (5)** the UN recommends: assessing immediate and long-term fiscal financing options; and undertaking immediate measures and long-term reforms for sustainably financing Sri Lanka's recovery and development plans, leveraging on broader financing solutions.

The Advisory Paper recommends the following **principles to guide the immediate socio-economic response**:

- **Leaving No One Behind**: The socio-economic response should be guided by the SDG principle to 'Leave No One Behind', ensuring that the most vulnerable don't fall through the cracks after the relief-phase and that socio-economic inequalities are reduced between provinces, communities and population groups.
- **'Build Forward'**: The socio-economic response should aim to be 'future fit': strengthening capacities of institutions and communities to perform better, cope with future shocks, and seize new economic and governance opportunities. The national response should effectively link to the 2030 Development Agenda, be well-situated within national development planning and implementation frameworks, and contribute to advancing innovation, resilience and social cohesion.
- **'Whole of Government' and 'Whole of Society'**: The socio-economic response should be action-oriented and dynamic, integrated and well-coordinated across 'whole of government'; and inclusive of 'whole of society'.

## II. THE PEOPLE WHO MUST BE REACHED: LEAVING NO ONE BEHIND

Most Sri Lankans are impacted by COVID-19. At the same time, some groups are more affected than others, either belonging to a group that has been worst hit, or already vulnerable or excluded, and therefore further exposed. Groups with multiple vulnerabilities or facing several forms of discrimination are most affected. The 2030 Agenda, which the GoSL is committed to, is guided by the principle to 'Leave No One Behind'. Addressing the needs of vulnerable groups will minimize any backsliding on Sri Lanka's attainment of the SDGs. It can also strengthen social cohesion in the country.

### PEOPLE WHO MUST BE REACHED IN SRI LANKA

(PLEASE REFER ANNEX B - SUMMARIZED MATRIX OF VULNERABLE GROUPS AND PROPOSED RESPONSES)



**PEOPLE WITH COVID-19 AND PERSONS IN QUARANTINE AND THEIR FAMILIES** face health impacts; income and job losses; and the risk of stigma because of perceived transmission risks.



**HEALTHCARE PROVIDERS AND FRONTLINE WORKERS** face higher transmission risks; higher workloads impacting physical and mental well-being; periods of separation from families; and the risk of stigma because of perceived transmission risks.



**PEOPLE IN POVERTY AND LOW-INCOME WORKERS** face increased risks of transmission due to living and working conditions, pre-existing health conditions, and poor health and nutrition; loss of jobs and wages; and the risk of falling deeper into poverty and adopting negative coping mechanisms like borrowing, cutting down on nutrition, and withdrawing children from school. The homeless and persons living in informal urban settlements face additional difficulties practicing social distancing and accessing assistance.



**INFORMAL ECONOMY WORKERS INCLUDING GIG ECONOMY WORKERS** face insecure employment; are unable to take leave if they or their family members are ill; and lack social protection benefits.



**WOMEN** are highly represented in health and essential services and face higher transmission risks; highly represented in some of the worst-hit sectors and have a harder time returning to work or recovering businesses; impacted by interrupted health and nutrition services; shouldering additional caregiver responsibilities during curfews; and at higher risk of SGBV with reduced access to protection and justice services. Female-headed households, widows and abandoned women face additional challenges accessing relief and finding employment, and heightened SGBV risks.



**CHILDREN (INCLUDING CHILDREN IN CARE INSTITUTIONS)** are impacted by reduced family incomes, and thus reductions in the quantity and quality of meals; interrupted schooling, with disproportionate effects on those unable to access remote schooling opportunities; interrupted access to school feeding and other health and nutrition services (which is also an extra cost for their families); and at higher risk of violence, child abuse and child labour.



**MIGRANT WORKERS (SRI LANKANS WORKING OVERSEAS)** face travel restrictions; difficulties practicing social distancing due to living conditions; challenges accessing health and other basic services due to migration status, language and cultural barriers; loss of income and jobs; higher risks of exploitation including human trafficking and human smuggling; challenges securing employment upon return; and risks of stigma due to perceived transmission risks and perceived additional strains they are placing on the economy.



**MINORITIES INCLUDING ETHNIC MINORITIES AND PEOPLE LIVING WITH DIVERSE SEXUAL ORIENTATION AND GENDER IDENTITIES** face increased levels of scrutiny; risks of stigma and discrimination; fear of backlash from other groups; and risk of social tensions and violence. COVID-19 related health and safety practices may have unintended impacts on religious and cultural practices.



**THE ELDERLY** face higher risks of transmission and higher (global) mortality risks; may be deprioritized when accessing emergency or planned care for other diseases and medical conditions; and difficulties accessing basic services, essentials and care (from paid care-workers or family members) during curfews.



**PERSONS LIVING IN INSTITUTIONAL SETTINGS (PRISONS, DETENTION CENTERS ETC)** face increased risks of transmission due to living conditions; separation from family due to restricted family visits; and constrained access to legal aid and other remedies during curfews.



**PERSONS LIVING WITH DISABILITIES** face challenges receiving public health and safety information; and difficulties accessing basic services, essentials and care (from paid care-workers or family members) during curfews.



**REFUGEES, IDPS, REFUGEE RETURNEES AND ASYLUM-SEEKERS** may be unable to or reluctant to access basic services and medical care; and face loss of jobs and income.



**PERSONS LIVING WITH HIV/AIDS AND OTHER CHRONICAL MEDICAL CONDITIONS** may face disrupted access to regular medical care, health services and medicines; and the risk of stigma because of perceived 'additional' transmission risks.

### III. STRATEGIC PRIORITIES

**1 HEALTH FIRST: PROTECTING HEALTH SYSTEMS AND SERVICES DURING THE CRISIS**

1 NO POVERTY, 3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 10 REDUCED INEQUALITIES

NATIONAL POLICY FRAMEWORK VISTAS OF PROSPERITY AND SPLENDOUR: A PRODUCTIVE CITIZEN AND A HAPPY FAMILY 4

Health systems are being overwhelmed by COVID-19, which poses risks of direct mortality and mortality from other illnesses where treatment capacity is reduced or displaced due to the pandemic response. Minimising disruptions to Sri Lanka’s primary healthcare system is a key part of mitigating the social costs of the pandemic and ensuring the most vulnerable can continue receiving the health services they need, when they need it. Sri Lanka has achieved significant milestones in improving the health status of the population, comparable to more developed economies. It is important to protect gains in this area and explore opportunities for moving towards the goal of universal health coverage. Sri Lanka is currently at the third stage of four levels of COVID-19 transmission, i.e. cluster of cases (grouped in place and time). As the country emerges from curfew, there is need for flexibility in mitigation and containment strategies to account for sub-national differences in risk, capacity and vulnerability to COVID-19 outbreaks.<sup>15</sup> The Sri Lanka Preparedness and Response Plan (SPRP) guides the health sector response to the COVID-19 outbreak and is aligned to this socio-economic response paper.<sup>16</sup>

To complement the health sector response to COVID-19 and to maintain the delivery of essential services, under **Health First the UN recommends: strengthening health system capacity and preparedness for emergencies; maintaining equitable access to essential health services, particularly for at-risk and vulnerable groups; and developing a comprehensive plan for sustainable medium-term health financing.** The virus is likely to remain for an extended period in the absence of an effective vaccine or treatment, therefore, there is a need to balance public health concerns regarding COVID-19 with the need to re-commence economic activities. Fatalities due to COVID-19 are a small fraction of Sri Lanka’s fatalities due to health-related issues in 2020. Fatalities from other diseases are continuing amidst the pandemic, and curfews have made accessing essential health care much more difficult in some places, particularly for vulnerable populations such as women, young infants, the elderly, IDPs, asylum-seekers and refugees, and internal and inbound migrant workers, with specific healthcare needs.

#### FOCUS 1.1: STRENGTHENING HEALTH SYSTEM CAPACITY AND PREPAREDNESS FOR EMERGENCIES

Sri Lanka’s Ministry of Health reports that 80-90% of COVID-19 cases in Sri Lanka are asymptomatic, mild and moderate. The current health system capacity is adequate to manage this immediate caseload. A batch of 750 nurses have already been trained on ICU and HDU care and 137 ICU beds are ready for the management of cases. However, further capacity both in terms of beds and human resources is needed to manage potential surges of cases. There is also a need to factor health needs that will arise in response to other seasonal illnesses such as Dengue Fever and other communicable diseases as well as mental health and psychosocial conditions.

<sup>15</sup> World Health Organization. 2020. COVID-19 Operational Guidance for maintaining essential health services during an outbreak. Interim Guidance 25 March 2020. Geneva: World Health Organization Headquarters.  
<sup>16</sup> The SPRP can be accessed at: [http://www.health.gov.lk/moh\\_final/english/public/elfinder/files/publications/2020/SPRP.pdf](http://www.health.gov.lk/moh_final/english/public/elfinder/files/publications/2020/SPRP.pdf)

For any public health emergency, safety of frontline workers should be top priority. This means adequate stocks of appropriate PPE and lab consumables need to be secured, ensuring essential services are not disrupted by shortages, and healthcare workers are equipped for their full safety. Considering that a majority of frontline workers are women including midwives, nurses and community health workers, it is important to ensure that they have appropriately-sized equipment, and access to adequate hygiene and sanitation facilities and products when working in healthcare and quarantine facilities. The epidemic response has seen local innovation in manufacturing of protective equipment and lab consumables and there is further scope to encourage local enterprise and innovation for this purpose.

Enhanced surveillance capacity of the country is crucial for rapid identification and detection of suspected COVID-19 cases and other communicable diseases. Specifically, systematic surveillance at community level for Influenza like Illness (ILI) and Severe Acute Respiratory Illness (SARI) is needed to detect early signals of community transmission. These measures should be part of longer-term capacity building in pandemic and all-hazards emergency preparedness. A robust laboratory strategy, which includes laboratory networking, quality assurance and adequate workforce capacity is important for rapid detection and case management.

## RECOMMENDATIONS

### IMMEDIATE

- **Strengthen infrastructure and human resources capacities of Sri Lanka's 133 secondary and tertiary hospitals, helping the health system to respond to the emergency.** This can be done in two phases, the first through a comprehensive assessment of each facility, and second through the development and maintenance of a real-time database to guide plans for infrastructure development and investment decisions.
- **Expand the ICT-enabled Health Emergency Management System at district level that frequently updates, reports and shares critical data, helping to guide effective decision-making during COVID-19 and future health emergencies.** This data set should include situation updates on the pandemic, early warning indicators and response updates, and be shared frequently with key decision makers at regular review meetings, both at national and district levels.
- **Sustain contributions to evidence generation and research by sharing Sri Lanka's best practices and participating in clinical trials and studies, helping inform the global effort on COVID-19.** The Ministry of Health should continue providing policy and technical leadership by sharing experiences and best practice globally, including to the Solidarity Trial and Unity Studies, extending full support to epidemiologic studies about the disease, and documenting its national response to COVID-19.

### MEDIUM AND LONG TERM

- **Review Sri Lanka's SDG 3 National Action Plan for Health and Well-being for a stronger focus on universal health coverage and health system resilience, improving Sri Lanka's emergency preparedness in the context of COVID-19 and future emergencies.**
- **Review Sri Lanka's International Health Regulation (IHR) core capacities and broader pandemic preparedness and address weak areas and gaps, improving Sri Lanka's preparedness for public health emergencies.**

## FOCUS 1.2: MAINTAINING EQUITABLE ACCESS TO ESSENTIAL HEALTH SERVICES WHILE PRIORITIZING VULNERABLE AND AT-RISK GROUPS

As curfews ease, Sri Lanka's health system faces the difficult task of balancing its priorities for the COVID-19 response with maintaining the delivery of essential health and nutrition services. The pandemic has disrupted a broader reorganization of service delivery as part of the Ministry of Health's Essential Service Package (ESP) announced in 2019. Continuity of these services is critical to ensuring equitable access to essential health services. The highest-priority services are:<sup>17</sup>

- Essential prevention, vaccination and treatment services for communicable diseases, particularly vector-borne diseases;
- Family planning services and maternal and reproductive health including antenatal and postnatal care, delivery services, emergency obstetrics and newborn care;
- Care and treatment services for severe malnutrition;
- Care of vulnerable populations and marginalized groups;
- Supplies and medications for ongoing management of chronic diseases and mental health conditions;
- Continuity of critical inpatient therapies;
- Management of emergency health conditions and common acute presentations that require time-sensitive intervention; and
- Auxiliary services, such as basic diagnostic imaging, laboratory services, and blood bank services.

The populations most in need of these health services could be described as also most vulnerable to severe cases of COVID-19, such as the elderly, persons with pre-existing medical conditions and persons with disabilities; those with vulnerability linked to social determinants of health – such as ethnic minorities, women and girls, pregnant women, SGBV survivors, children, and informal economy workers; and vulnerability linked to specific situations, such as IDPs, refugees, migrant workers, and people living in institutional settings.<sup>18</sup> To ensure continuity of care, there is a need to review and adapt service delivery according to available facilities and situations for example, through post-natal care at home, treatment of severe wasting without medical complications at primary health care level and targeted vaccination. Effective surveillance of potential COVID-19 cases requires integration of a number of information systems, from screening and testing of travelers at points of entry, points of contact in the community, medical history and recent interactions with the healthcare system. Automation and digitization of patient information systems is essential to facilitate tracking and targeting of essential services to all in need and to prevent persons from getting left behind.

Education, empowerment and engagement of communities are vital to the success of public health measures. A feedback-loop needs to be established between communities and government, to understand the effectiveness of messaging, ideally in partnership with community volunteers, community and religious leaders and social influencers. Preparedness measures are also needed to effectively reintegrate Sri Lanka's COVID-19-related inbound and outbound migrants (as of 17 May, over 38,983 outbound migrants have expressed their interest to return<sup>19</sup>) and around 1,300 registered asylum-seekers and refugees into the primary healthcare setup. COVID-19 related treatment and essential health services for these groups will present an additional cost to Sri Lanka's public health system.

<sup>17</sup> World Health Organization (2020). Maintaining Essential Health Services: Operational Guidance for the COVID-19 context. WHO Headquarters, Geneva  
<sup>18</sup> <https://interagencystandingcommittee.org/system/files/2020-03/COVID-19%20-%20How%20to%20include%20marginalized%20and%20vulnerable%20people%20in%20risk%20communication%20and%20community%20engagement.pdf>

<sup>19</sup> Information gathered from the 'Contact Sri Lanka' online portal.

## RECOMMENDATIONS

### IMMEDIATE

- **Develop and implement guidelines on continuity of essential health services during the COVID-19 pandemic in response to local transmission conditions, facilitating continuous monitoring of access, availability and utilization of services.**
- **Scale-up digital platforms to deliver essential health training services to meet immediate needs for reskilling healthcare workers and other frontline personnel to respond to COVID-19 and address fast-changing public health developments.** This initiative can build on resources developed at Open WHO and WHO Academy.
- **Strengthen the protection and capacity of health care workers to effectively engage with high risk and vulnerable groups without stigma and discrimination.**

### MEDIUM AND LONG TERM

- **Integrate telemedicine into Sri Lanka's primary healthcare system, helping to bridge gaps in access to healthcare services and reduce the degree of high-risk, person-to-person contact at healthcare units during the pandemic.** Successful integration will require buy-in, capacity and network of specialists and medical officers that are linked through a central digital platform.

### FOCUS 1.3: DEVELOPING A COMPREHENSIVE PLAN FOR SUSTAINABLE MEDIUM-TERM HEALTH FINANCING - SEEING HEALTH AS INVESTING IN PEOPLE AND PROSPERITY

The COVID-19 crisis and the containment measures adopted in Sri Lanka to contain its spread will likely have a significant impact on funding for health in the medium-term. The response to the outbreak demands higher government spending in the health sector, such as investments to increase the number of health workers, supplies to address the crisis (e.g. PPE and oxygen), the number of hospital beds (e.g. ICUs) and equipment (e.g. respirators), as well as in other sectors.

Sri Lanka's total health expenditure in 2017 was estimated at 3.8% of GDP, with nearly half of expenditure centrally funded by the Government.<sup>20</sup> While this level of health spending has helped Sri Lanka to achieve good health outcomes in the past, it is becoming increasingly insufficient to meet present demands, particularly in the current situation. Sri Lanka's package of health services needs to be expanded to a more comprehensive one; which among others need to cover a new set of health services to meet the needs of its aging population. The country's demographic and epidemiological transition means there is a growing number of elderly persons who will be increasingly making use of more costly and complex health services; and the increased prevalence of chronic conditions (not only among the elderly) means more continuous engagement with the health system, both of which translate into higher costs and demand for increased and sustainable financing to the sector.

Sri Lanka must protect gains in the health sector made thus far and explore opportunities for moving towards universal health coverage by 2030. The necessity to increase health spending in Sri Lanka in the context of the current fiscal constraints will require a new paradigm where health is seen as an investment and not simply as an expenditure item. Such an effort will benefit from strong Public Private Partnerships (PPPs).

<sup>20</sup> World Health Organization, 2019b. Global Health Expenditure Database. Accessed on 15 May 2020. Available at: <https://apps.who.int/nha/database/SelectIndicators/en>.

## RECOMMENDATIONS

### IMMEDIATE

- **Strengthen the health coordination platform for the delivery of essential services during and immediately beyond the pandemic, enabling the Government to coordinate plans, mobilize resources, and monitor and evaluate efforts, and helping development partners to coordinate support.**

### MEDIUM AND LONG TERM

- **Develop a comprehensive health financing assessment led by the Ministry of Health and Ministry of Finance, identifying the resource investments needed to meet Sri Lanka's changing healthcare needs and reposition health as an investment in the national development agenda.** This assessment should explore revenue options to finance the COVID-19 public health response through innovative financing solutions (e.g. taxation on alcohol, tobacco or sugar-sweetened beverages). This assessment can be integrated into the comprehensive Recovery and Development Finance Assessment (RDFA) proposed for costing national recovery and development planning.



2

### PEOPLE FIRST: SOCIAL PROTECTION AND OTHER BASIC SERVICES



### NATIONAL POLICY FRAMEWORK VISTAS OF PROSPERITY AND SPLENDOUR:

- A PRODUCTIVE CITIZEN AND A HAPPY FAMILY 4
- PEOPLE-CENTRIC ECONOMY 5
- A RIGHTEOUS DISCIPLINED AND LAW ABIDING SOCIETY 9

The COVID-19 pandemic is far more than a health crisis. The Government will need to adapt, extend and scale-up social protection and other basic services to mitigate COVID-19's impacts on households. Groups such as health workers and first responders, persons facing insecure and informal work and incomes, children, women, persons with disabilities, the elderly, persons in institutionalized settings, asylum seekers, IDPs and refugees will need focused attention. **Under People First the UN recommends: scaling-up and expanding social protection; maintaining essential food and nutrition services; securing sustained learning for all children and adolescents; supporting the continuity of social services and access to shelters; supporting survivors of sexual and gender-based violence; and ensuring continuity and quality of water and sanitation services.**

### FOCUS 2.1: SCALING-UP AND EXPANDING SOCIAL PROTECTION AS AN INVESTMENT IN HOUSEHOLDS AND THE ECONOMY

Prior to the COVID-19 crisis, a majority of Sri Lankans were already living on some degree of income security indicating that the vast majority lacked sufficient income to cope with any shocks or crises, such as the loss of a job or livelihood, or a sudden natural hazard. A UN working group in this area suggests a potential reduction in average household income of between 12-27%, depending on the duration and severity of the

crisis.<sup>21</sup> Reduced incomes lead families to adopt negative coping mechanisms, like cutting expenditure on food, resorting to pawning or borrowing, selling productive assets, and permanently withdrawing children from school so they can work to supplement household income.

The GoSL has recognized the need to support households and has provided over Rs. 50 billion in monthly transfers, most with a value of Rs. 5,000 each (approx. USD 27, provided in April and May) to beneficiaries across the country using existing and new social protection schemes. Sri Lanka's initial response compares favourably to other middle-income countries in Asia. The speed of registering new recipients and disbursing payments has been impressive. The UN working group finds that an estimated 66% of households have been reached, while at the same time 34% of households may not have been reached with current support, that 38% may have received more than one package of support, and that a third of children and those over 70 years, and around half of all single parents/caregivers, are likely missing out on support completely in the current response.<sup>22</sup>

The crisis is universal, with everyone at risk, not only those previously poor. Additionally, there's a need to help households better cope with a protracted recession extending into 2021. This highlights the importance of moving towards a more effective social protection approach in the medium and long-term, that extends beyond time-bound and one-off cash transfers, to address current gaps in coverage, transfer values and the level of investment needed for stimulating economic recovery. A universal lifecycle cash transfer approach could be the means to provide financial support to the majority of households in need and have significant impacts on household incomes, food security, nutrition, education, and protection (including SGBV prevention) without the risk of inadvertently excluding many intended beneficiaries, as occurs under more narrowly-targeted cash transfer responses. Those in the bottom three deciles would, on average, be in a better position than before the crisis, and there would be a significant reduction in income losses across those in the middle-income deciles, who have been hit particularly hard by the crisis.<sup>23</sup> This universal lifecycle cash transfer approach, as a countercyclical stimulus, would also minimize the depth of the recession in 2020-2021, enable the economy to recover more quickly<sup>24</sup> as well as provide a sound foundation for stronger future economic growth.<sup>25</sup> Universal lifecycle approaches to social protection are often more transparent, have reduced administrative costs compared to multiple parallel schemes, and are easily understood by citizens, which can increase trust in government and improve social cohesion.

## RECOMMENDATIONS

### IMMEDIATE

- **Provide monthly cash transfers to all families with children, the elderly and people with disabilities for six months, which would ensure a strong fiscal response to boost the economy and enable a quicker recovery while helping more households cope with COVID-19's socio-economic shocks.** Families would receive LKR3,000 (approx. US\$16) per child per month (0-18), provided to the female caregiver where present, while older people (65+) and people with disabilities (0-64) would receive LKR7,000 (approx. US\$38) per month. This

21 UN Social Protection Working Group. Tackling the COVID-19 economic crisis in Sri Lanka: Providing universal, lifecycle social protection transfers to protect lives and bolster economic recovery (Working Paper). This working paper brings evidence from analysis using the 2016 Household Income and Expenditure Survey and a Computable General Equilibrium (CGE) model based on the 2012 Social Accounting Matrix (SAM). The analysis considers an optimistic and a pessimistic scenario, in which income is subtracted from households, and considering two possible periods the shock would persist (three and six months).

22 Ibid. The analysis utilizes the 2016 Household Income Expenditure Survey together with additional assumptions to identify possible recipients of the support package and their background characteristics. Effective coverage is captured by identifying existing recipients of the different programmes and possible eligible recipients of the expansion of existing programmes and introduction of new programmes.

23 Many in this 'missing' middle group have small businesses or are self-employed, and therefore highly impacted by COVID-19.

24 A full range of findings and analyses of the impact of COVID-19 in households, the current social protection response, and the proposed universal lifecycle approach can be found in the in-depth paper: UN Social Protection Working Group. Tackling the COVID-19 economic crisis in Sri Lanka: Providing universal, lifecycle social protection transfers to protect lives and bolster economic recovery (Working Paper).

25 It is also in line with the new global thinking from the IMF and World Bank in the context of COVID-19. Managing the Impact on Households: Assessing Universal Transfers (UT). Special Series on Fiscal Policies to Respond to COVID-19. Washington, D.C., International Monetary Fund; <https://blogs.worldbank.org/jobs/covid-19-reinforces-case-fundamental-reform-our-social-protection-systems>

represents an investment of around Rs. 233 billion (1.5% of GDP) over six months. This package would be strongly pro-poor and provide support to 86% of the population, either directly or indirectly, as members of recipient households, and address coverage and impact gaps of the current response.

### MEDIUM AND LONG TERM

- **Initiate reforms to progressively move towards a modern social protection system based on the right and ability of everyone to access social protection as required, including during personal and covariate shocks.** A nationally defined social protection floor would typically guarantee at minimum the following: a) access to health care; b) basic income security for children (allowances to families with children); c) basic income security for those unable to work; and d) basic income security for the elderly, as well as social protection for those of working age (unemployment protection, old-age pensions, parental leave, etc.). Reforms should be undertaken informed by social dialogue and consultations with relevant stakeholders.
- **Adopt more effective social protection administration, including digitalized delivery systems that are also able to deliver assistance in emergencies, helping improve efficiencies, eliminate politicization, and reduce administrative costs.** This should include simplified and effective processes for registration, identification, payments, information management, monitoring and evaluation, communication, complaints, and appeals.

### FOCUS 2.2:

#### MAINTAINING ESSENTIAL FOOD AND NUTRITION SERVICES

Household income shocks result in increased food insecurity and worsening nutritional outcomes<sup>26</sup> due to reduced frequency and nutritional quality of meals, which is already observed with many families in the country. Food security issues can be exacerbated by supply disruptions to imports (Sri Lanka imports most field crops and feed materials, despite self-sufficiency in domestic rice production). Interruption to nutrition programmes and services can further negatively impact the nutritional status of women and children. Country studies also show that food and nutrition insecurity impacts girls more than boys, where there's more importance placed on boys' nutrition.<sup>27</sup> Limited stocks of essential nutrition commodities in healthcare facilities may lead to increased numbers of children with acute malnutrition. This issue is aggravated by school closures that deprive many children of school meals and essential health and nutrition services, such as iron and folic acid supplementation. Disruptions to food consumption can also have broader economic impacts on producers and traders, and on industries relying on foodstuffs as production inputs, and thus the economy.

It is important that the Government maintains essential food and nutrition services, with a focus on vulnerable groups, particularly children. The Ministry of Health has issued several interim circulars on the prioritization of routine health and nutrition services and intensified public awareness on appropriate and safe feeding for all children. Wasting, which prior to the crisis affected 15% of children under 5, must be addressed with greater urgency. The availability and quality of service delivery is inconsistent and varies across the country. This is further compromised by the absence of community-based treatment of children with severe wasting (without medical complications) and interrupted supplies of Thripasha. The Ministry of Education is planning to provide a one-month food ration to families with primary grade students who are missing school meals; however, financial resources are only adequate to cover Stage 1 schools (schools with less than 100 students). The Government is also promoting local agriculture to increase local food production, and the Ministry of Agriculture has developed a programme on productivity improvement, high-cost seed production, water conservation, urban agriculture and E-marketing.

26 WFP's 2012 National Nutritional Survey found levels of acute malnutrition between 14-35% across 25 districts surveyed.

27 Country Gender Assessment, FAO, 2019.

## RECOMMENDATIONS

### IMMEDIATE

- **Increase investments into facility- and community-based programs for early detection and treatment of wasting, including decentralization of the treatment of severe wasting without medical complication to Primary Health Care level, which allows more children to be successfully treated.**
- **Ensure the steady availability of nutrition commodities, such as Thriposha, therapeutic food (BP 100) etc. to treat children with acute wasting effectively and quickly during the pandemic.** Stocks should be in place to meet a potential surge in MAM/SAM (moderate and severe acute malnutrition) cases either due to direct impact of infection or secondary effects of COVID-19 on access to services, income, food security, and caring practices.

### MEDIUM AND LONG TERM

- **Reform supply chains for government food programmes – e.g. school nutrition - to use locally-sourced foods and feeds, helping to reduce reliance on imported food, stimulate domestic agriculture production and employment, and guard against future food shocks.** Supply chains involving smallholder farmers can make government food programmes more financially sustainable by reducing central administrative overheads and allowing for better local monitoring of food-stocks. This should also include setting-up local production of Ready-to-Use Nutrition-Rich Food (RTUF).
- **Improve and streamline the Thriposha programme, better equipping the programme to deliver including during emergencies.** This includes enhancing the premix formula and energy density of Thriposha (including potentially using rice as main raw material), improving Thriposha's production process, quality control, packaging, and shelf-life, and reviewing targeting to ensure optimization of the programme.
- **Scale-up the use of digital technologies for small-scale local farmers to ensure supply during emergencies and improve overall efficiency of agricultural value chains.** Digital inputs can inform cropping and cultivation decisions, while an e-agriculture platform can help drive better market outcomes by connecting buyers and sellers, and create better private-public linkages in food distribution, reducing food wastage and strengthening domestic production supply chains in the medium term.

### FOCUS 2.3: SECURING SUSTAINED LEARNING FOR ALL CHILDREN AND ADOLESCENTS, PREFERABLY IN SCHOOLS

Nationwide school closure has disrupted learning for 4.2 million students.<sup>28</sup> Accessibility to and quality of alternative learning programmes vary significantly, with disadvantaged children least served. Inequities in access to alternate learning modalities, will likely translate into inequality in access to education that will be apparent when children return to school. With incomes negatively impacted, it will be more difficult to purchase books, toys and games which contribute to stimulating children. Children at risk of dropping out or already out of school will face greater challenges returning to school, particularly if they are required to supplement their family's incomes or to look after their younger siblings. School closures and restrictions

28 School Census Report, 2017, Ministry of Education

on movements disrupt children's routines and social support, while also placing new stressors on parents and caregivers who may have to find new childcare options or forego work. Stigma and discrimination related to COVID-19 may make children more vulnerable to violence and psychosocial distress. Children and families who are already vulnerable due to socio-economic exclusion or those who live in overcrowded settings, including in alternative care institutions and detention centers, are particularly at risk. Children of refugees and asylum-seekers do not have access to free education. Children are at a crucial developmental stage where the human capital of the country is being formed; the deprivation of nutrients, education, and adequate and protective environments can have lifelong impacts.

To secure sustained learning for all children and adolescents, the Ministry of Education and National Institute of Education (NIE), in partnership with the private sector, activated an e-platform<sup>29</sup> and televised lessons in Sinhala/Tamil, targeting Grade 5 and Ordinary/Advanced Level classes. With support from development partners, the MoE and NIE also developed Grades 1 and 2 print-based materials for nation-wide distribution. Some level of continuous learning programmes are also being organized within the provinces. The MoE has drafted an Education Response Plan for adaptation and operationalization by the provinces, with a focus on continuous learning; safe school re-opening; and children's well-being. This plan is yet to be finalized and costed. The Ministry of Education also activated a coordination mechanism between national and provincial levels, guided by the Presidential Task Force. Further, the Ministry of Education, together with the Ministry of Health drafted a safe school operations guideline which is being finalized. Similar plans and adaptations will be needed for the country's Technical and Vocational Training Institutions.

## RECOMMENDATIONS

### IMMEDIATE

- **Ensure that national guidance on decision-making on preschool and school re-openings engages national and subnational stakeholders so that decisions are context-specific and informed by a cross-sectoral analysis of education, public health and socio-economic factors.**
- **Scale-up continuous remote learning programmes for students not returning to school immediately, and capacity building for teachers to support remote learning teaching methods, helping expand remote learning opportunities to more children, particularly for the most vulnerable.** These programmes should be appropriately flexible to deliver education services through low- or no-tech mediums for the most marginalized, such as through TV, radio and printed materials. Programmes can also engage parents, caregivers and communities to help facilitate a continuous learning process.
- **Implement an education action plan for the 2020/2021 academic year that addresses learning loss owing to past school closures and anticipating future risks, in order to help mitigate access and learning gaps and prevent worsening learning inequalities.** This should include alternative academic calendars, an adjusted approach to exams, as well as large-scale remedial programmes. This learning plan should include measures for tracking returning and retention rates of students and incentives for return and retention.

### MEDIUM AND LONG TERM

- **Use the ongoing Education Reforms to strengthen education plans, systems and finances to be more inclusive, risk-informed and sustainable to increase the sector's long-term resilience.** This will include updating the sector plan and its financial framework, along with

29 E-thaksalawa (free of charge)

transformation of the curriculum, materials, teacher education and assessment in a coherent manner, to better equip students with future-fit skills in the post-COVID-19 new normal.

- **Narrow the 'digital gaps' in education through sustainable Public Private Partnerships (PPPs), helping expand digital learning solutions for children.** The Government can work with the private sector to scale-up appropriate learning content, platforms and infrastructure to bridge learning gaps, providing more students with remote learning opportunities through digital and non-digital mediums.

#### FOCUS 2.4: SUPPORTING THE CONTINUITY OF SOCIAL SERVICES AND ACCESS TO SHELTERS

The Government has recognized the importance of supporting the continuity of social services and access to shelters and approved access of social workers to vulnerable communities, even during curfews. People in institutions are more vulnerable as hygiene practices in institutions are often substandard, physical distancing is challenging, and caregivers are likely to commute between the facility and the community, risking spreading the virus. Before the crisis, there were 11,132 children in 374 alternative care institutions, the vast majority of whom were in alternative care because their families lacked financial resources to care for them.<sup>30</sup> The National Child Protection Authority ensured that the 1929 child helpline was fully staffed and open 24 hours a day even during curfews. The Department of Probation and Childcare Services adopted digital case management for the care and protection of children, including a response system for children in childcare institutions. To protect people from transmission risks, the Attorney General facilitated the release (on bail) of 2,961 adult prisoners.<sup>31</sup> However, children, young people, and women detainees with young children living in prisons have not yet been considered for release. Frontline officers need further training and resources to extend coverage of protection and psychosocial services for children, women and persons with disabilities. Women and children in quarantine centres and vulnerable sections of the child population need more focused attention and coordinated responses.<sup>32</sup> Shelters need additional financial resources to adopt health and safety measures and continue providing services to increasing numbers of SGBV survivors.

### RECOMMENDATIONS

#### IMMEDIATE

- **Establish temporary shelters in each district through government and non-government entities to support the increased numbers of SGBV survivors with continuity of lifesaving and survivor-centered care.**
- **Extend cash assistance to families of children from care institutions who were recently reunified or can return home to ensure continuation of family-based care.**
- **Implement COVID-19 health and safety guidelines for shelters and undertake rapid infrastructure improvements, better equipping them to respond to shelter needs during and beyond the pandemic.**

<sup>30</sup> National Policy for Alternative Care in Sri Lanka (2019). Department of Probation and Child Care Services.

<sup>31</sup> This includes those unable to pay fines or bail, imprisoned for minor offences, who had completed the better part of their prison term, or suffering from illnesses.

<sup>32</sup> This includes children in institutions, living on the street, in homes for the disabled, and in childcare centres who have been/will be temporarily reunified with their families during the pandemic.

- **Ensure that children's homes are adequately resourced (food, medicine, hygiene products) to provide for the well-being of resident children.**

#### MEDIUM AND LONG TERM

- **Consider asylum-seekers and refugees as a vulnerable category, improving their access to welfare support, employment and public education.** Asylum-seekers approaching Sri Lanka should be granted access to asylum procedures.

#### FOCUS 2.5: SUPPORTING SURVIVORS OF SEXUAL AND GENDER-BASED VIOLENCE (SGBV)

Physical containment during curfews and socio-economic stressors, combined with disruption to social services and protective networks, is resulting in increased levels of violence against women and children further exacerbating the physical, emotional and mental wellbeing of women and children within already abusive settings. In the three-week period between 16 March to 7 April 2020, the proportion of child cruelty cases as a total of all reported child protection complaints to the 1929 child helpline rose from 10% to 40%.<sup>33</sup> The COVID-19 pandemic is also compounding existing inequalities, increasing greater harm and risks to women and girls.<sup>34</sup> Measures deemed necessary to control the spread of the disease are not only increasing the risk of exposure to SGBV for women and girls, but also limiting a survivor's ability to distance themselves from their abusers and access services and support. The national hotline of the Ministry of Women and Child Affairs and Social Security had recorded approximately 2,442 calls during the latter part of March to early April, of which 463 were domestic violence cases (compared to 123 cases in the month before).<sup>35</sup> Helplines have reported that survivors face transportation limitations and are reluctant to call the police, especially when children are involved.

Survivors of SGBV require specific support during this pandemic. The Government, with development partners and civil society, has taken key initiatives to address the issue, such as the activation of the 24-hour 1938 helpline; issuing guidelines to enact SGBV Care Centers in hospitals; provision of longer-term contraceptives to minimize unwanted pregnancies; and risk communication. Further, hygiene supplies and dry rations were provided to women and girls in quarantine centers and communities, and PPE equipment to female health care workers. However, stronger advocacy and coordination is needed to ensure a multi-sectoral approach to SGBV, particularly on legal support. There is also a need to strengthen the Police response to prioritize complaints received on domestic violence, and address resource limitations of the Police - Women and Children's Units, the National Child Protection Authority, and the Department of Probation and Childcare. Additionally, issues of stigma against gender minorities, commercial sex workers and people living with HIV/AIDS have to be addressed. Given the levels of violence against both girls and boys, careful attention should be paid that boys are not left out of protection measures during this time.<sup>36</sup>

### RECOMMENDATIONS

#### IMMEDIATE

- **Increase government resources to meet the increased need for SGBV-related support and**

<sup>33</sup> National Child Protection Authority.

<sup>34</sup> A media report stated that "hospitals have reported an increase in the number of women victimized by domestic violence visiting the OPD amidst the virus scare".

<sup>35</sup> Ministry of Women and Child Affairs and Social Security.

<sup>36</sup> Existing data has shown that approximately 14% of both adolescent girls and boys reported experiencing some form of sexual abuse whereas 31% of adolescent boys and 25% of adolescent girls surveyed experienced emotional and mental abuse. [www.developmentpathways.co.uk/wp-content/uploads/2017/08/SriLankaPolicyBrief\\_web-1.pdf](http://www.developmentpathways.co.uk/wp-content/uploads/2017/08/SriLankaPolicyBrief_web-1.pdf)

services, including through remote solutions, to meet needs of survivors for psychosocial counselling; legal and police support; case management; and referrals to other services.

The 'Mithuru Piyasa' Centers can be further resourced and supported to meet the increased risk and incidences of SGBV as a result of COVID-19.

- **Introduce measures to fast-track processes for obtaining Protection orders for SGBV survivors, enabling them to distance themselves more quickly and seek justice and support.**

#### MEDIUM AND LONG TERM

- **Put in place mechanisms for short- and medium-term review and analysis of SGBV trends during the curfew and subsequent establishment of normalcy, to adjust and direct response efforts.**

### FOCUS 2.6: ENSURING CONTINUITY AND QUALITY OF WATER AND SANITATION SERVICES

The COVID-19 crisis impacts Water, Sanitation and Hygiene (WASH) services in healthcare facilities, schools and vulnerable communities (including in crowded urban settlements), which is central to infection prevention and control, patient safety, and child and maternal health. The crisis is likely to overburden rural community-managed water schemes due to increased water usage and demand, and drought conditions in some districts. Limited access to clean water in pre-schools/schools and community facilities will negatively impact critical health and hygiene promotion activities needed to bolster infection prevention and control efforts. If the crisis is coupled with another outbreak, such as dengue and/or a natural disaster, the water supply capacity is likely to be overwhelmed and water quality challenges may arise.

Since the onset of the crisis, the National Water Supply and Drainage Board has provided uninterrupted services to affected people in quarantine centers and vulnerable communities, also giving immediate attention to operation and maintenance issues. Temporary water supply (water trucking and temporary storage facilities) was provided to cater to the increased water demand for disease prevention. The government has developed a comprehensive WASH Response Plan to address gaps in the sector, such as the lack of national norms/guidelines for WASH in Health Centre Facilities (HCF), and effective data management systems that inform evidence-based policies and interventions.

#### RECOMMENDATIONS

##### IMMEDIATE

- **Undertake rapid infrastructure improvements and upgrades to WASH facilities and services for all schools, early childhood centers, healthcare facilities, quarantine centers and places with higher concentrations of workers (e.g. public markets) and public interactions (e.g. government offices, playgrounds), to mitigate health risks.**

##### MEDIUM AND LONG TERM

- **Scale-up wastewater, fecal sludge and garbage management in all schools, early childhood centers, healthcare facilities and quarantine centers, to prevent an increase in water/vector-borne diseases and the spread of COVID-19.**



3

### ECONOMIC RESPONSE AND RECOVERY: PROTECTING JOBS, MICRO SMALL AND MEDIUM SIZED ENTERPRISES (MSMEs) AND INFORMAL ECONOMY WORKERS



NATIONAL POLICY FRAMEWORK  
VISTAS OF PROSPERITY AND  
SPLENDOUR:

PEOPLE-CENTRIC ECONOMY 5

COVID-19 and its containment - border closures, curfews and social distancing measures - have drastically changed supply and demand of/for goods and services, disproportionately impacting trade, exports, construction, retail and tourism, with deleterious impacts on jobs, wages and enterprises in Sri Lanka. Under **Economic Response and Recovery the UN recommends: protecting workers from COVID-19 related health risks in the workplace; protecting jobs and incomes and stimulating employment; and ensuring continuity and resilience of businesses, especially MSMEs.** Low-income earners, informal economy workers, MSMEs, migrant workers and women are especially vulnerable, and require focused attention.

### FOCUS 3.1: PROTECTING WORKERS FROM COVID-19 RELATED HEALTH RISKS IN THE WORKPLACE

As curfew conditions ease, strong measures are needed for protecting workers from transmission risks. The GoSL's guidelines on workplace health and safety need to be paired with industry-specific health and safety protocols, steady access to equipment and supplies, training and outreach, and compliance monitoring. Specific measures are needed for workers most at-risk (healthcare workers, essential service workers, those with high degrees of public interaction, those working in confined spaces, and those with limited access to health and safety information and equipment), and should include training on health and safety practices, free or subsidized equipment and supplies, infrastructure improvements, and increased access to health services.

#### RECOMMENDATIONS

##### IMMEDIATE

- **Put in place industry-specific COVID-19 Standard Operating Procedures (SOPs) and compliance monitoring measures for workplaces for 6-18 months, with the active involvement of employers and workers' organizations, to mitigate health risks.** The Department of Labour and the National Institute of Occupational Safety and Health (NIOSH) can be mandated and resourced to monitor public and private sector compliance, including through spot-checks.
- **Ensure the steady availability of masks, sanitizers and temperature screening devices and their free and subsidized provision to at-risk workers and low-income workers, helping all categories of workers protect themselves.** This can be done by expediting border movement and clearance, promoting local production of PPEs and other goods, and if needed, temporarily subsidizing or controlling prices.

### FOCUS 3.2: PROTECTING JOBS AND INCOMES AND STIMULATING EMPLOYMENT

COVID-19 is having sweeping impacts on employment, causing severe contractions or halting economic activity altogether in some sectors. Global hours worked could drop by 10.5% during the 2nd quarter of 2020, equivalent to 305 million full-time workers with a 48-hour workweek.<sup>37</sup> In response, workers are facing a loss of income, in many cases leading them and their families to (deeper) poverty<sup>38</sup>, increasing both food insecurity and household indebtedness (the percentage of households classified as indebted was already as high as 59.7% in 2016<sup>39</sup>). Good practice shows that it is useful to combine payments to households with support to firms, provided it is conditional to workforce retention. This way, firms can avoid or minimize layoffs, remain in business, and supply goods and services to consumers during recovery. Providing continuity of support to firms and workers hit hardest by the crisis is crucial to provide space and capacity for firms to adapt to a fundamentally different operating environment – both during and after the pandemic. Structured, industry-specific assistance to workers should effectively channel support towards workers in occupations particularly affected by the COVID-19 crisis as a result of unemployment, unpaid leave, or reduced earnings. Support should be flexible enough to respond to how the crisis affects different sectors over time; and respond to the differing needs of formal sector employees, employees previously outside the formal sector, and own account workers.

Emergency employment programmes, effective in Sri Lanka's post-Tsunami and post-war recovery phases, can be utilized to generate short-term jobs and stimulate local economic recovery. Cash-for-work and job guarantee schemes can be organized around public infrastructure rehabilitation and environmental clean-ups, improving direct and indirect livelihood security for workers, with benefits to environmental protection and climate change mitigation.

During curfews, women are balancing additional (unpaid) care-work with paid work. While schools remain closed, they will find it difficult to work remotely or return to work. These difficulties are compounded for female-headed households (25.8% of households<sup>40</sup>), widows, single mothers and women with disabilities. Work conditions for women can be improved by free or subsidized care services, tailor-made upskilling and upward mobility opportunities, and better work-life-balance provisions, serving as an opportunity to closing (rather than widening) inequalities in labour-force participation and unemployment in the country.<sup>41</sup>

In Sri Lanka, the contribution of informal sector employment to total employment is around 58.7%.<sup>42</sup> They are highly vulnerable in the COVID-19 context. They are at higher exposure risks with less protection, and they have no guaranteed access to paid leave, health insurance or unemployment benefits if they or their families fall ill. They are in insecure employment, often fall outside the scope of labour laws and social protection benefits, and lack access to information. A 2-track approach is needed for this group. Informal economy workers need targeted relief measures and access to information and services, helping them cope with the shocks of income and job losses. In the medium term, the Government should encourage their transition to the formal economy, improving their conditions of work and helping build their resilience to future emergencies.

The Government has put in place several measures attending to the well-being of its 1.8 million migrant workers<sup>43</sup>, such as setting up the 'Contact Sri Lanka' portal for workers wanting to return, issuing temporary travel documents to undocumented workers, and facilitating their repatriation and quarantine. Building on this, a comprehensive strategy should ensure that this group is fully integrated into the national response, including into national social protection and income replacement measures. Migrant workers need immediate support to mitigate transmission risks, receive adequate compensation, secure Recognition of Prior Learning (RPL) and completion of service certifications, access legal support in the event of unfair wage

37 ILO now casting model. <https://unstats.un.org/unsd/ccsa/documents/covid19-report-ccsa.pdf>

38 How COVID-19 is changing the world: a statistical perspective. <https://unstats.un.org/unsd/ccsa/documents/covid19-report-ccsa.pdf>

39 Household Income and Expenditure Survey (HIES) 2016. Department of Census and Statistics

40 Ibid

41 Prior to COVID 19, labour force participation rate for men is 73% and 33% for women. Unemployment is 3% for men and 7.1% for women. Sri Lanka Labour Force Survey Annual Report 2018.

42 Sri Lanka Labour Force Survey 2017.

43 Sri Lanka Bureau of Foreign Employment, 2012.

cuts or terminations, and safeguard against the risks of human trafficking and smuggling. Proactive measures are needed for women migrant workers, including access to healthcare, psychosocial support, and legal support, to reduce their vulnerability to being trafficked (or re-trafficked) for labour and sexual exploitation. Further measures are needed for the migrant workers anticipated to lose jobs and return and the 230,000-250,000 workers that leave annually for foreign employment.<sup>44</sup> The strategy should look at reskilling and upskilling, registries and referral systems for rapid deployment, and early communication with former and new employers for remigration. Expediting and simplifying skills recognition for migrant workers locally and internationally can help their reemployment prospects.

Active policies and investments are needed in workers' skills, to facilitate their reemployment and progress towards a more flexible, adaptable and fit-for-purpose workforce that thrives in a contracted labour market and meets emerging talent gaps. These should include job referral assistance, reskilling and upskilling opportunities, and linking between workers, employers and sectors, prioritizing women and young people who have more limited access to both training and formal sector jobs. All efforts recommended below should be designed through consultations with labour market partners.

## RECOMMENDATIONS

### IMMEDIATE

- **Provide a time-bound wage subsidy or partial unemployment grant to enterprises and workers in the worst-hit sectors, conditioned to employment retention, helping business continuity and stemming job losses.**
- **Implement short-term labour-intensive schemes, including cash-for-work schemes, helping generate short-term jobs and stimulating local economic recovery.**
- **Establish an Employment Income Support fund to channel support to workers hit hardest by the crisis.** The fund could provide continuity of support to daily wage and other workers, provide an entry point to integrate these workers into the social protection system, and serve as a useful step towards more universal social protection in Sri Lanka.
- **Develop and implement a comprehensive plan for protecting Sri Lankan migrant workers during and after the pandemic, helping to fully integrate workers still overseas and returning workers into national recovery planning.** This plan would look into scaling-up immediate support to workers based overseas including for safe travel, on-arrival screening and quarantine, and for returning workers supporting their reskilling, integration into the domestic labour force, and remigration. The Government can consider migrant workers' resource desks at district level to provide information to migrant workers and their families on COVID-19-related issues, legal assistance, health and safety, relief measures and re-employment opportunities.

### MEDIUM AND LONG TERM

- **Establish a national registry on employment gaps, reskilling and job matching enabling quick identification of labour gaps and surpluses, and reskilling and upskilling needs, and facilitating rapid deployments in the fast shifting post-COVID-19 labour markets.**
- **Update national and industry-specific registries of the informal economy through social dialogue to enable better outreach to and support for informal economy workers.**

44 National Policy & Action Plan on Migration for Employment for Sri Lanka 2020 – 2023 (2020). 2018 data.

Informal economy workers can be incentivized to register in order to become eligible for support. Additionally, these processes can be simplified and localized, enabling ease of access. Digital technologies can be used to outreach and register workers, but at the same time, alternative tools should be available for those without digital access.

- **Develop and support short-term reskilling and upskilling courses through government and non-governmental Technical and Vocational Training Institutions increasing workers' potential for (re)-employment both domestically and overseas.** The Government can work with labour market partners to map out which skill pools and employee profiles will be needed. This effort can benefit from Public-Private Partnerships (PPEs) to develop industry-ready courses. These can be offered through multiple mediums, including e-learning, radio and television and linked where feasible to formal certifications.

### FOCUS 3.3: ENSURING CONTINUITY AND RESILIENCE OF BUSINESSES, ESPECIALLY MSMEs

About 90% of businesses surveyed by ILO and the Ceylon Chamber of Commerce have shut-down or scaled-back during curfews, and some 59% report cash reserves of under 3 months, indicating significant threats to their survival.<sup>45</sup> Sri Lanka's tourism industry, which contributed 12.5% of GDP<sup>46</sup> and provided direct and indirect employment to 169,000 and 219,000 people respectively in 2018<sup>47</sup>, also just recovering from the 2019 Easter Sunday attacks, has suffered a major blow, in turn impacting a vibrant MSME sector of direct and ancillary services.<sup>48</sup> Recovery of the tourism sector calls for early support; enabling the sector to adjust and operate under new conditions, and improving its services and products to thrive in a more contracted tourism market.

MSMEs account for 99.8% of enterprises, employ 75% of all employment in the enterprise sectors (27% of the total labour force), and contribute to 52% of GDP.<sup>49</sup> Many smaller firms are unregistered and employing undeclared and low-skilled workers, including unpaid family members. With limited cash reserves, these enterprises have low capacity to absorb shocks and may fold altogether, causing job losses. Their informality hinders their access to finance and government services, including relief. The CBSL has announced monetary measures to support SMEs, such as interest rate cuts, debt restructuring, over-draft facilities, working capital and investment purpose loans. There is already some concern that these schemes are not reaching their intended targets or that banks have not yet fully extended this support. Possible additional stimulus measures should be considered, including waivers on payments due, additional tax cuts, formal sector credit schemes, and government procurement, helping MSMEs sustain productive capacities and mitigate financial distress. These enterprises stand to benefit from improved access to information, simplified and decentralized procedures, effective digital market platforms and technology transfers, making it easier for them to access services, grow their enterprises and alter their business models to better adapt to new economic conditions. Women-run businesses are highly represented in hard-hit sectors (e.g. apparels, tourism, MSMEs<sup>50</sup>) and women-operated businesses traditionally have more limited savings, assets, access to formal-sector credit, and business and skills development opportunities. Government measures should reach and target women-run businesses including home-based entrepreneurs, enabling them to continue or recover their enterprises.

COVID-19's economic impacts are immense, but also offer a chance to transform the economy to be more environmentally sustainable. A major portion of Sri Lanka's energy needs are being met by biomass and fossil fuels, each contributing to nearly 40% of the total energy demand. While the country spent approx.

45 ILO and Ceylon Chamber of Commerce. Impact of Covid-19 Survey Report 2020  
 46 <https://knoema.com/atlas/Sri-Lanka/topics/Tourism/Travel-and-Tourism-Total-Contribution-to-GDP/Contribution-of-travel-and-tourism-to-GDP-percent-of-GDP>  
 47 <http://www.statistics.gov.lk/EconomicStat/EconomicStatistics2019.pdf>  
 48 Tourism earnings fell by 71% for March compared to the same month in 2019, bringing cumulative losses in tourism earnings over the year to April 2020 to US\$754 million compared to the same period in 2019  
 49 Sri Lanka National Policy Framework for SME Development  
 50 Over ¼ of non-agricultural microenterprises are women-led.

US\$ 700 million on crude oil imports<sup>51</sup> in 2017, GHG emissions also grew steadily over the last decade.<sup>52</sup> Sri Lanka has pledged a 100% green energy generation by 2050.<sup>53</sup> Further, Nationally Determined Contributions commit to a 20% GHG emission reduction target in the energy sector by 2030.<sup>54</sup> The economic response, and specifically stimulus packages, offer opportunities for integrating strategies, helping the country build resilience to natural disasters and pandemics, and generating new, green economic growth trajectories.

## RECOMMENDATIONS

### IMMEDIATE

- **Promote immediate business continuity, expansion and diversification strategies for MSMEs through repurposing, innovation and public procurement, helping small businesses better cope with immediate shocks.** The Government, together with the Employers' Federation, can implement nationwide pro-bono business clinics (phone and online) for MSMEs at-risk helping them with business continuity and risk mitigation. MSMEs can be tendered to repurpose and service health facilities or meet the demand for PPEs etc. The Government can work with private sector to scale-up local innovation in the health sector (e.g. multi-patient ventilators, robotic health attendants etc). It will be useful to consider establishing an online clearinghouse where demand (to procure goods and services) can be matched with supply from MSME providers.
- **Activate an expanded package of support for MSMEs in the worst-hit sectors, developed in consultation with labour market partners, with a special focus on women-led and youth-led enterprises, helping them mitigate shocks and retain workforces.** This support can include grants, low-interest and soft loans, interest subvention and capitol guarantee schemes for banking loans, further tax reductions, simplified administrative requirements, debt restructuring, extensions on utility payments, and financing of asset purchases. All these measures should be time-bound and conditional to maintaining enterprises and retaining workforces. The Government can consider an additional structural adjustment package for small and medium scale hoteliers and restaurateurs to convert their establishments and services to greener and sustainable units. This can include support for developing new products, reskilling their employees and converting energy sources.

### MEDIUM AND LONG TERM

- **Establish a national business incubation and seed grant programme for start-ups and small businesses for women-led and youth-led businesses, making it easier for them grow their enterprises and alter their business models to better adapt to new economic conditions.** This would provide further support for MSME financing beyond debt instruments targeted at the acceleration and growth stages.
- **Accelerate the establishment of the proposed Digital Free Trade Zone (DFTZ) with a common logistics and online trading platform, helping MSMEs access global markets that they traditionally have limited access to.**
- **Develop a tourism revival road map and action plan to transform the tourism sector, with market-researched niche tourism foci—e.g. nature-based, wellness, cultural, domestic tourism—while promoting tourism to a 'Covid-safe' Sri Lanka with strong protocols and accessible health care.**

51 <https://www.ceicdata.com/en/sri-lanka/petroleum-products-supply-and-demand/petroleum-imports-annual-crude-oil-usd>  
 52 <https://www.adb.org/sites/default/files/publication/354591/sri-lanka-power-2050v2.pdf>  
 53 <https://www.adb.org/sites/default/files/publication/354591/sri-lanka-power-2050v2.pdf>  
 54 <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Sri%20Lanka%20First/NDCs%20of%20Sri%20Lanka.pdf>

- Facilitate new economic growth areas, with adoption of energy efficient and clean energy options for industries, especially for MSMEs and urban transport systems (e. g. switching from fossil fuel to biomass or other energy sources).

## 4 SOCIAL COHESION AND COMMUNITY RESILIENCE



In addition to Government action to stem the spread of the virus, Sri Lankans have shown high levels of community resilience and social solidarity. However, there's a risk that institutions of government are over-stretched or under-functioning, affecting how they deliver on commitments and services to communities, and putting the vulnerable further at risk. As communities come under economic and social stress, social cohesion can weaken, and public trust can wane. Managing a complex response will require bringing together the 'whole of government' (including the judiciary, legislature, oversight institutions, decentralized and devolved structures etc) and the 'whole of society' (including communities, civil society, workers' organizations, the private sector, media and development partners). The crisis can present a window of opportunity to bring communities together, foster solidarity, and fast-track critical reforms. **Under Social Cohesion and Community Resilience the UN recommends: improving community resilience, participation and equitable service delivery; promoting inclusive social dialogue, advocacy and citizens' engagement; and protecting fundamental freedoms and the Rule of Law.**

### FOCUS 4.1: IMPROVING COMMUNITY RESILIENCE, PARTICIPATION, AND EQUITABLE SERVICE DELIVERY

As illustrated across the strategic priority areas on health, social protection and other basic services, and economic recovery, the impact of COVID-19 risks widening the inequality gap and leaving the vulnerable farther behind. Improving community resilience means addressing these gaps head-on through policies and programmes (as recommended across this Advisory Paper) and having the information needed to track the well-being of communities as they cope with impacts. COVID-19 reinforces the critical need for stronger disaggregated data and for integrated approaches to data management, both of which will help the Government to address the pandemic's cross-sectoral and disproportionate impacts. If in place, such an approach can help Government and other service-providers to develop more tailored-made support, ensuring coverage but also reducing exclusion errors and related losses, both critical in a situation where fiscal space is limited.

COVID-19's impacts could be further exacerbated by climate change and natural disasters. For example, heavier than normal monsoons are expected in 2020 and there is higher risk of floods and landslides. In this context, the Government's ongoing disaster preparedness measures are critical, and should factor contingencies for assisting disaster-affected populations including displaced populations if and while pandemic containment strategies are still in place.

To increase community participation, the Government, with civil society, can lead consultations with citizens using diverse channels and tools, including in this situation, online platforms. When exploring digital alternatives to citizens' participation, these efforts should not exclude those without digital access and literacy.

The Government has established the Presidential Task Force at the national level to coordinate COVID-19 containment and response measures. Ad hoc mechanisms for coordination at provincial and district level are also in place in some areas. While a centralized policy framework is vital, decentralized implementation is also essential, for efficiency, for targeted support, and for developing local solutions. Local level government institutions should be further supported to plan and deliver response measures, with the active involvement of civil society, community organizations and volunteers. Women and young people are already on the frontlines voluntarily organizing their communities, including setting-up cooperative systems for food distribution, collecting and distributing relief items etc in many places across the country. Proactive measures are needed to bring them also into coordination, planning and decision-making structures.

While digitization remains a key national priority, digitalization of the public sector – especially at sub-national and local levels – remains low. This seriously disrupted business continuity in the sector, and especially, the capacity of local level government institutions to deliver relief and services to communities. In line with the national policy framework, it would be important to speed-up and scale-up the digitalization of government workflow processes, services, and platforms for inter-institutional planning and prioritization. Here, immediate priority can be given to rapid digitalization investments that directly benefit the COVID-19 response (e.g. identification and documentation processes, e-procurement, remote working solutions for frontline government institutions and services etc). Efforts to step up digitalization must go hand in hand with updating relevant government rules and regulations, as well as ensuring adequate legal and regulatory frameworks.

## RECOMMENDATIONS

### IMMEDIATE

- Put in place rapid assessment tools to collect community data and track communities' well-being during the pandemic, helping to identify and tackle acute or localized vulnerabilities before they worsen.** The Government can partner with community volunteers and community-based organizations with well-established links to communities for this purpose.
- Conduct a nation-wide public consultation to better understand the challenges, priorities and needs of people relating to COVID-19 impacts, helping to inform decision-making and bridging links between government and citizens.** A wide range of mediums can be explored, both in-person and digital, adjusted to health and safety imperatives. This exercise can be led or undertaken in collaboration with Citizens' Groups, Civil Society Organizations, Trade Unions, the Human Rights Commission etc. Findings at community, divisional and district levels can be aggregated and shared in real-time with relevant government institutions.

### MEDIUM AND LONG TERM

- Update laws, rules and regulations related to digital i.d. and e-signatures on documents to allow for continuity of decision-making at all government departments, SOEs and other statutory bodies.**
- Scale-up infrastructure improvements, technical support and training for greater digitalization of local level government institutions, allowing these institutions to maintain continuity of services during emergencies.** As priority, this effort should look into low-cost digital solutions and tools that can help local level government institutions to outreach their communities.

## FOCUS 4.2: PROMOTING INCLUSIVE SOCIAL DIALOGUE, ADVOCACY AND CITIZENS' ENGAGEMENT

The COVID-19 crisis hit Sri Lanka in the midst of a political transition, between the November 2019 Presidential elections and Parliamentary Elections scheduled for April 2020, now postponed to August 2020. Sri Lanka has a long history of inter-party collaboration via parliamentary committees, and direct public engagement through Grama Sabhas (village forums) and Praja Mandalas (community forums at district level), though there are notable gaps in how women and young people are represented in these mechanisms. COVID-19 response efforts provide an opportunity to strengthen how civil society and citizens engage with decision-making in the country. It can inform policymaking but also improve trust between citizens and government. The Government has already taken steps to collaboratively engage with labour market partners, civil society and local communities to address gaps in service delivery. For example, a CSO network was requested to lead relief efforts targeting elderly-care homes and orphanages. This sets the precedence for continued collaboration between civil society, communities and government to coordinate service delivery.

The Government's communication efforts are strong, both in reach and frequency. But with many new policy decisions, multiple issuing authorities, and the presence of online misinformation, access to credible sources of information has become critical and will contribute to improved cooperation between citizens and authorities, helping to minimize transmission risks. Attention is needed to ensure that public information and outreach is undertaken simultaneously in all 3 languages (with formats and mediums for reaching persons with disabilities), ensuring it reaches all communities, especially those harder to reach due to remoteness, educational, cultural or language barriers.

Emerging incidents require attention, around discrimination, exclusion and stigmatization of COVID-19 patients, healthcare workers and other first responders, migrant workers, those in quarantine, ethno-religious minorities, and IDPs, refugees and asylum-seekers, where biased media reporting is contributing to fueling mistrust and social tensions. Addressing these issues quickly and fairly, through the clear communication of guidelines, strict enforcement of non-discriminatory policies, and dialogue and trust-building measures will be important for strengthening social cohesion in the country.

### RECOMMENDATIONS

#### IMMEDIATE

- **Provide digital alternatives to citizens to interact with key government institutions, (health authorities, independent commissions, local government authorities, and central government ministries), helping to maintain state-public interaction while social distancing measures remain in place.**
- **Establish a Technical Resource Group comprising private sector representatives, civil society representatives, and subject-matter experts, to provide technical inputs to the national response effort via platforms such as the PTF.** As priority, such a group should include expertise on issues of gender and SGBV. Similar resource groups can be considered at sub-national level. They should be broadly inclusive of different groups, including of women and young people. Relevant Parliamentary Oversight Committees, including the Parliamentary Committee on Gender can be invited to provide technical inputs to the national response.
- **Scale-up public information campaigns related to COVID-19 ensuring outreach to all, especially those that are traditionally hard to reach due to remoteness, language, education and cultural barriers.** These efforts are needed around the following key priorities: a) health and safety including personal hygiene b) SGBV prevention and means of redress c)

government relief measures and means of access and d) rules, regulations, circulars and laws relating to the emergency. Across these campaigns, information must be provided in all 3 languages and in disability-sensitive formats and mediums.

- **Address culturally sensitive issues, hate-speech and social unrest through dialogue in partnership with community-based organizations, faith-based organizations and religious leaders, helping to mitigate tensions and improve trust.** Work with media organizations to promote positive, alternative narratives for social cohesion. Highlight and promote stories of positive co-existence and social solidarity.

#### MEDIUM AND LONG TERM

- **Scale-up the conducting of virtual sessions and committee meetings at Parliament to enable outreach and public consultations during emergencies and generally.**

## FOCUS 4.3: PROTECTING FUNDAMENTAL FREEDOMS AND THE RULE OF LAW

While the Government's COVID-19 containment measures significantly contributed to mitigating its spread, enforcing these measures presented some challenges. This period has also disrupted court proceedings and the provision of legal assistance, thereby affecting people's access to justice. The Legal Aid Commission estimates that over 12,000 clients who rely on court-ordered maintenance are severely affected. Women and Children, who are parties to cases of maintenance are especially affected by their inability to attend courts, and disruption to services.

The GoSL and the judiciary have taken steps to facilitate access to justice. For example, virtual court hearings for remote testimonies were introduced enabling the uninterrupted functioning of the judicial system. This has helped to improve bail processes, minimize case backlogs and improve case-flow management. In the medium term, this could be an impetus for institutionalizing remote court hearings alongside other justice sector modernization measures, helping reduce the associate costs of in-person sessions and eliminating delays in the justice sector. Also, to minimize the risk of exposure in detention centers, a government appointed committee has recommended the release of 2,961 prison inmates such as those unable to post bail, those in jail for minor offences, and those suffering from illness. This was significant, given these centers currently operate at over two and a half times their capacity, which would challenge health and safety imperatives, including social distancing requirements.

Oversight institutions such as the Human Rights Commission, Right to Information Commission, and the National Police Commission have the potential to serve as credible sources of information, provide redress, and act as liaisons between the public and the government during COVID-19. These institutions are at the forefront of ensuring that containment and relief measures do not lead to discriminatory practices.

### RECOMMENDATIONS

#### IMMEDIATE

- **Facilitate remote testimony and develop operating protocols on the conduct of remote court hearings and sensitize penal/civil chain actors, helping the delivery of justice sector services and minimizing delays and backlogs as a result of COVID-19.** Remote

testimony provisions should be available to victims and witnesses including the Judicial Medical Officer, Government Analyst, and other expert witnesses. This can be done by operationalizing provisions of the Assistance to and Protection of Victims of Crime and Witnesses Act No. 4 of 2015 and the Evidence Ordinance.

- **Introduce alternative legal redress mechanisms to overcome specific prescriptive periods in the law, facilitating access to remedy despite interruptions to court proceedings.** For example, the provision to file an application (other than fundamental rights applications) with the Human Rights Commission should be looked into as priority.
- **Equip the Legal Aid Commission to expand and extend its services, including remote and virtual services, for groups such as prisoners, FTZ workers, migrant workers etc, enabling the uninterrupted provision of legal assistance for vulnerable groups.**

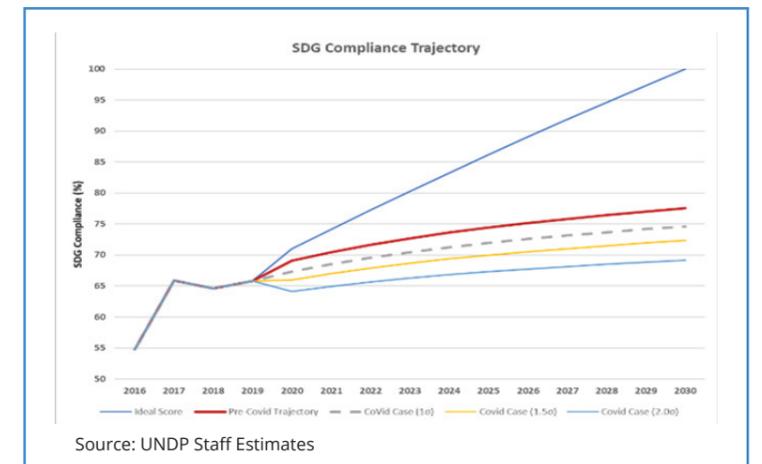
#### MEDIUM AND LONG TERM

- **Undertake reforms to introduce Special Provision Laws and procedures (similar to the Tsunami Special Provisions Act) to address specific legal challenges posed by crisis situations like pandemics** (e.g. failure to attend court due to quarantine).
- **Support the Human Rights Commission and National Police Commission to develop guidelines for law enforcement agencies on managing the pandemic response (e.g. curfew enforcement, quarantines), strengthening their oversight of law enforcement.**

short-changing, the opportunity for inclusive and resilient recovery. Under **Macroeconomic Response and Multilateral Cooperation the UN recommends: assessing immediate and long-term fiscal financing options; and undertaking immediate measures and longer-term reforms for sustainably financing Sri Lanka's recovery and development plans, leveraging on broader financing solutions.**

#### FOCUS 5.1: ASSESSING IMMEDIATE AND LONG-TERM FISCAL SPACE AND FINANCING OPTIONS

Sri Lanka will face considerable macroeconomic impacts from COVID-19. OECD forecasts that the global economy will contract 6% in 2020, and 7.6% if there is a second wave of COVID-19 infections. From a significant dip in growth, to further stressing public finances and debt sustainability, to maintenance of internal and external balance - the challenges will be enormous for Sri Lanka. The health and economic impacts of the pandemic taken together will strain the country's SDG progression, with the trajectory slowing down – or even 'backsliding' in the event of a prolonged crisis, resulting from a growth shock in excess of 1.5 standard deviations according to UNDP estimates.<sup>55</sup>



The CBSL forecasts the economy to grow by 1.5% in 2020, down from an earlier forecast of 3.5%. However, further estimates from development partners predict growth contractions in 2020 followed only by modest recovery in 2021. The supply-side shock associated with domestic containment and social distancing measures broadly translates into real income shocks for Sri Lankan firms and households, as already analysed in the preceding chapters. Sri Lanka risks slipping-back into Lower Middle-Income status in 2020, having only graduated to Upper Middle-Income status in 2019.

The Government's strong containment measures as reflected in the stringency index of the Oxford COVID-19 Government Response Tracker<sup>56</sup> and Google's COVID-19 mobility report<sup>57</sup> demonstrate that Sri Lanka rolled out early measures limiting economic activity to contain the virus' spread. As a result, in March 2020, Sri Lanka's Purchasing Manager's Index (PMI) for services sectors sunk 18 points below parity to its lowest level in five years. On the manufacturing front, abrupt cancellations and sharp contractions in forward orders of textiles and wearing apparel in the US and Europe led to significant production overruns, while disruptions to global value chains due to lower capacity utilisation in China (which supplied 40% per cent of Sri Lanka's cotton, synthetic and knitted fabrics in 2017<sup>58</sup>) pose significant challenges to Sri Lanka's near-term manufacturing capacity.

Sri Lanka's external sector is under pressure on several fronts. The CBSL expects the country's current account deficit to deteriorate to 3.1% of GDP in 2020 from 2.2% in 2019, largely due to reductions in tourism and remittances. Also, according to the CBSL, the country's tourism recorded an arrivals drop of 44% during the first four months of 2020 and a year-on-year earnings drop of around USD 750 million. Migrant workers are a bedrock of the Sri Lankan economy with a contribution of USD 6.7 billion to the national economy in 2019.<sup>59</sup> However, remittances are expected to contract sharply as labour markets in countries hosting Sri Lanka's migrant workforce – the Middle East, Italy, South Korea and broader Europe – come under pressure



5

#### MACROECONOMIC RESPONSE AND MULTILATERAL COOPERATION



The Advisory Paper's Strategic Priorities and recommendations have important financial implications. Many recommendations are low-cost or zero-cost policy directions. Others are already fully or partially allocated for within the Government's macro-economic response (Please refer Annex C). Others, such as moving progressively towards universal social protection are proposed as medium to long-term measures, to be considered now, but alongside efforts to generate more sustainable financing. Still, several key recommendations on containing the spread of COVID-19, maintaining health services, extending and increasing cash-transfers to vulnerable households, and helping business continuity and recovery of firms, entail large-scale fiscal investments. These recommendations are underpinned by the same principles: to put the needs of people especially the most vulnerable first, to minimize SDG regression, and to bridge recovery and national development.

Unlike other countries in South Asia, Sri Lanka faces significant constraints in funding these responses, especially in the immediate term. In the best of circumstances, most middle-income countries will not have the domestic resources and fiscal space to adequately fund the full portfolio of measures, and instead will need a carefully calibrated combination of domestic resource mobilization and external financing. These financing measures need to provide policymakers with enough latitude to make choices that are compatible with the 2030 Development Agenda and Paris Agreement commitments, setting the stage, rather than

55 Computations based on SDG Index & Dashboard numbers published by Bertelsmann Stiftung and the UN Sustainable Development Solutions Network. The analysis is based on set of assumptions and projections based on a time series regression model with shock simulations performed on the year of impact.

56 Hale, Thomas, Sam Webster, Anna Petherick, Toby Phillips, and Beatriz Kira (2020). Oxford COVID-19 Government Response Tracker, Blavatnik School of Government. Data use policy: Creative Commons Attribution CC BY standard.

57 Google COVID 19- attendance of Google users at retail and other personal service centres in Sri Lanka has declined by 84 per cent, and attendance at grocery and pharmacy stores by 82 per cent.

58 International Trade Centre Trade Map, Bilateral trade between Sri Lanka and China: Imports

59 Central Bank of Sri Lanka, BoP Accounts

amidst COVID-19-related lockdowns. The World Bank estimates that the unilateral shock of COVID-19 could reduce remittance flows from Sri Lankans working abroad by 19% in 2020, which, if realised, will be the largest annual contraction on record. A contraction of this magnitude would deprive one in every eleven Sri Lankan households of a direct contribution to household income.<sup>60</sup>

Capital flight from Sri Lanka's debt and equity markets has amounted to USD 400 million. The Colombo Bourse has lost nearly 22% of its value (equivalent to over 4% of GDP) in market capitalization since early February with significant selling of shares held by foreigners. The exchange rate has depreciated by 4% since early March. External financing is challenged by the tightening in the international credit markets for emerging market debt, particularly for Sri Lanka – that has witnessed a sharp increase in yield rates - effectively eliminating market financing options.<sup>61</sup> The country has sizeable external reserves (USD 7.2bil as of end April) that may help manage the situation, but only in the absence of a protracted crisis.

In this context, a rapid but rigorous assessment of fiscal space is needed to comprehensively determine the above costs of COVID-19 and the Government's capacity for further policy action. This rapid assessment should give way to a more comprehensive Recovery and Development Finance Assessment (RDFA) that can incorporate a wider array of financing sources for recovery and development, conforming to an Integrated National Financing Framework (INFF). Such an assessment could evaluate potential financing options from the public sector, the private sector, Public-Private Partnerships (PPPs), development partners, and international capital markets. A consistent recovery and development framework will impress the transparency and predictability needed for post-COVID financing. It will also help secure high-levels of government ownership necessary for 'Building Forward'. Risk measures need to be integrated into national recovery and development planning frameworks going forward, considering different risks, risk management measures, and risk financing measures (e.g. risk insurance for natural disasters, Catastrophe (CAT) Bonds, and contingency credit for pandemic-type risks).

## RECOMMENDATIONS

### IMMEDIATE

- **Undertake a rapid assessment of fiscal space and financing options available in the context of COVID-19, helping determine the government's scope for further policy action.**

### MEDIUM AND LONG TERM

- **Undertake a comprehensive Recovery and Development Finance Assessment (RDFA) that can incorporate a wider array of financing sources conforming to an Integrated National Financing Framework (INFF), to inform recovery and longer-term development financing.**
- **Integrate Risk Frameworks into national recovery and development planning, to better factor all risk factors including pandemic-type risks, risk management strategies, and risk financing in the future.**

## FOCUS 5.2: UNDERTAKING IMMEDIATE MEASURES AND LONGER-TERM REFORMS FOR SUSTAINABLY FINANCING SRI LANKA'S RECOVERY AND DEVELOPMENT PLANS, LEVERAGING ON BROADER FINANCING SOLUTIONS

60 Weeraratne, Bilesha. 2019. Migration and remittances: Impact on financial behavior of families left behind in Sri Lanka. Colombo 7. Institute of Policy Studies

61 Fitch downgraded Sri Lanka's Default Rating to 'B-' on 24 April citing concerns about foreign currency reserves and large upcoming external debt redemption

This unprecedented crisis requires unprecedented measures, including large-scale fiscal efforts. Immediate responses must be undertaken with an eye to the future. Development trajectories in the long-term will be affected by the choices Sri Lanka makes now. To effectively respond to the challenges posed by COVID-19 and its aftermath, the Government would benefit from a two-track approach: first, matching immediate needs with short-term fiscal consolidation measures and two, undertaking medium to longer term reforms in the areas of debt restructuring, revenue strengthening and public financial management to finance the full scope of recovery and development priorities. Taken together, these measures can contribute significantly to consolidating the fiscal position, reducing fiscal vulnerabilities and generating the fiscal space needed to finance COVID-19 recovery and beyond, to national development and future exigencies.

Sri Lanka's debt position is expected to worsen in face of the crisis. General government debt in 2019 amounted to 87% of GDP and will increase in 2020 due to a higher-than-anticipated primary deficit, lower growth, and exchange rate depreciation (impacting nearly half of the government debt portfolio). The Government's finances stand to be further strained on account of weakened revenue collection (particularly in the aftermath of wide ranging tax cuts undertaken in late 2019), higher debt service commitments (particularly on account of maturing foreign debt impacted by the depreciation of the Rupee), and general government expenses expected to increase due to COVID-19. The IMF estimates that Sri Lanka's fiscal balance will deteriorate markedly in 2020 in response to COVID-19, sinking to an overall deficit of 9.4% of GDP from a deficit of 6.8% recorded in 2019.<sup>62</sup> Recourse to government financing is likely to rely primarily on the domestic sector including accumulation of payment arrears in light of tightening external financing conditions. In this situation, the quality of expenditure financed both by debt and revenue becomes ever more important.

Drawing from the rapid assessment proposed above, it will be necessary to undertake immediate fiscal consolidation measures, that can assist the Government to maintain and scale-up the health response (1. Health First), extend social protection and essential services (2. People First) and mitigate income and job losses and help business continuity of firms (3. Economic Recovery). This immediate fiscal consolidation will largely come from short-term debt moratoriums. Immediate action is needed to secure debt moratoriums with major international creditors. Additionally, savings from lower-than-expected expenses on fuel subsidies should also be considered. The Government can consider drawing on the Petroleum Stabilization Fund, currently being considered for paying off outstanding debts in the energy sector, at least in part for this purpose. Combined, these two measures can put the Government in a more favourable position to finance health system preparedness measures, additional time-limited social protection measures, and extended and time-limited stimulus packages for firms and workers.

From here, it will be important to focus on medium and long-term measures, namely debt restructuring, revenue system strengthening and public finance management to generate fiscal space for recovery needs and development priorities.

Estimated additional fiscal space from medium and long-term fiscal consolidation measures	Estimated savings (% of GDP)
Revenue Administration	3.5-4.0
Debt restructuring	2.0-2.5
Public Finance Management	1.0-1.5
<b>TOTAL</b>	<b>6.5-8.0</b>

Source: IMF, World Bank and UNDP Staff estimates

Fiscal savings can be realized by reducing overlaps in service delivery between different levels of government and making sure that service delivery and decision-making is informed by evidence and occurring at the most efficient level of government. In Health First (1) and People First (2), there are a number of recommendations that focus on how essential services can be redirected or decentralized or can leverage on civil society and community service-providers. As observed in Social Cohesion and Community Resilience (4), increasing the involvement of sub-national and local governments to deliver COVID-19 response measures can generate financial efficiency gains,

62 Net lending and borrowing balance: IMF World Economic Outlook (WEO), April 2020

aside from increasing potential for more tailor-made solutions. As observed in People First (2), while ongoing social protection schemes such as Samurdhi have been effective in getting cash to families relatively quickly, these schemes have high exclusion errors, which mean many people are being left out and many others are receiving duplicate support, despite the Government's best intentions. Re-visiting the design and targeting of large expenditure items such as Samurdhi and improving how assistance is being delivered (including through greater digitalization) can generate fiscal space and improve the precision of delivering assistance to those who need it most. State-owned Enterprise (SOEs) reforms can target loss-making public enterprises enabling them to function efficiently and in a commercially viable manner reducing the fiscal burden. Creating the right incentives for SoE managers to perform, to exercise fiscal discipline and for government agencies to oversee each enterprise, will help free-up much-needed resources for post-COVID-19 recovery and beyond.

Finding sustainable ways to restructure debt will enable the country to either lower debt service outlays (i.e. re-scheduling on a longer tenure), lower interest payments (on restructuring (or re-pricing) at permanently lower interest rates) or a combination of both, with significant beneficial impact in the short and longer terms. Sri Lanka's weak revenue structure spills over to its revenue collection effort which in turn constraints the Government's ability to respond to emergencies and deliver more comprehensive services. Revenue policies are heavily tilted towards an indirect form of taxation which is not progressive, affecting the poor disproportionately. A modest revenue base keeps revenue collected well below its potential, and inadequate revenue administration results in weak compliance and enforcement. Findings ways to strengthen revenue structures also provides an additional avenue for fiscal savings.

A post-COVID-19 economy will involve a vast re-organization of production. Sri Lanka can use this opportunity to implement a new fiscal framework that nudges the transition to emerging new economic opportunities based on greener, low-carbon economy investments, while also opening up fiscal space to address the immediate needs of the COVID-19 response. For example, the Government can make their support to firms conditional on diversification beyond fossil fuels and clean energy and green industry investments. For example, there is scope for integrating this into the planned roadmap for tourism sector recovery, where nature tourism can be a deliberate strategy for positioning Sri Lanka in what will be a contracted tourism market, and stimulus packages for affected MSMEs in the hotel and hospitality industries could specifically integrate conditions and incentives for greener products and services. The Government can also explore new opportunities such as those in the sustainable investment and impact investment segments. This will require the use of Impact Measurement and Management (IMM) standards and risk-adjusted returns that facilitate robust investments with a long-term focus on sustainability.

**consideration in replenishment rounds with IFIs and open opportunities for concessional financing.** This may also help increase trade benefits including GSP+ by the European Union and expedite debt restructuring;

- **Issuing perpetual bonds, Green Bonds and SDG Programmatic Bonds (SPB) to raise revenues, restructure debt, reduce debt servicing costs and lower debt related risks.**
- **Initiate reforms aimed at optimizing decision-making, planning and service-delivery in government, to maximize efficiency gains and generate savings.** As a starting-point, this effort can focus on how the Government can optimize its COVID-19 response drawing on 'whole-of-government' where service-delivery can be adjusted and redirected as needed. This should also include addressing fiscal outlays on SOEs, looking at their corporate governance, performance management, transparency, and workforce capacities.
- **Initiate reforms to Samurdhi and other large-scale social protection schemes, to improve their targeting precision and efficient delivery, helping minimize leakages and exclusion errors and generating savings.**
- **Undertake comprehensive revenue system reforms building upon earlier technical assistance for revenue system restructuring.** Focus areas include revenue policy, the revenue base, and revenue administration.
- **Conduct an impact assessment of tax structures in order to gauge the progressiveness of tax measures, identifying changes needed for transitioning to a more equitable tax structure and generating revenue to support COVID-19 priorities.**

## RECOMMENDATIONS

### IMMEDIATE

- **Reallocate a share of the savings from lower-than-expected expenses on fuel subsidies, potentially providing funding for extended or additional time-bound social protection measures.**
- **Secure debt moratoriums with major international creditors to generate short-term fiscal space, increasing immediate financing for COVID-19 response.** Spare capacity can be used to fund primary health care and other essential services in the short-term, and/or as a means of securing more favourable credit terms to finance essential expenditures in the medium-term.

### MEDIUM AND LONG TERM

- **Reschedule and restructure public debt to unlock fiscal space. This can be done by:**
  - **Using the possible reversion to lower middle-income status to garner special**

## IV. 'BUILDING FORWARD' AND CONCLUSIONS

In responding to the crisis, the United Nations is guided by the following drivers to 'Build Forward' in a future fit manner, rather than merely 'building back better' linking the immediate response to the SDGs and national development priorities and driving innovation and long-term structural and behavioural change to position Sri Lanka to thrive in a new world.

### KEY DRIVER 1: RESTORING PROGRESS UNDER THE 2030 AGENDA

2020 marked the beginning of a 'decade of action', with countries accelerating efforts to achieve the SDGs. Within two months of that beginning, it has quickly become clear that COVID-19 threatens reversal of considerable progress made towards the SDGs. At the same time, if response and recovery policies are urgently aligned, there is a real opportunity to mitigate at least some of this regression and to reset progress. The UN is firm in advocating for pro-poor, needs-based and rights-based policies to achieve the 2030 Agenda; and working tirelessly to find financing solutions at the global and country levels to fit that programme, as is the advice from the highest levels of the World Bank, the IMF and the United Nations.

This translates in our commitment to:

- Pro-poor and rights-based approaches to macro-economic recovery and development planning;
- Strategic measures to support those worst-impacted by COVID-19;
- Sustained investment in basic services and social sectors, including for progressive realization of universal social protection;
- Comprehensive and systemic interventions to improve food security and nutrition; and
- Early attention to a 'green recovery' to advance climate change and environmental protection commitments, while seizing new 'green economy' opportunities emerging post-COVID-19.

### KEY DRIVER 2: AN ARCHITECTURE FOR NATIONAL RECOVERY AND DEVELOPMENT

The COVID-19 response effort should not take place in a vacuum but must link to national development, namely to the *Vistas of Prosperity and Splendour – National Policy Framework* that outlines 10 key development priorities for Sri Lanka.

This translates in our commitment to:

- Supporting the Government to formulate a national action plan for socio-economic response, that also brings together policy inputs provided by the UN, International Financial Institutions, national thinktanks and experts to-date;
- Supporting dynamic and agile planning, underpinned by comprehensive financing assessments and frameworks, and effective monitoring and risk management measures; and
- Supporting the Government through the provision of technical assistance including on good practice from other countries, and through the facilitation of technical inputs and feedback from communities, civil society, the private sector, workers' organizations, and development partners.

### KEY DRIVER 3: ADVANCING INNOVATION, RESILIENCE AND SOCIAL COHESION

COVID-19 has exposed gaps, where existing ways of working have not served governments and people to cope with emergencies and new normals. Individuals, organizations and communities have also sought new ways to cope with and resolve problems and challenges.

The overnight transition to more digitalized service delivery can nudge a comprehensive digital transformation across all sectors, increasing efficiency gains and accessibility. This transformation must be accompanied by strong regulatory frameworks to ensure safety and security, and proactive investments to bridge the divide between those able and unable to access digital solutions.

Curfew conditions have necessitated the need for communities to seek solutions within their immediate spheres of influence, as demonstrated in efforts to activate local food distribution supply chains, set-up home-gardens, use local services, and support vulnerable neighbours. There is an opportunity to encourage these efforts, where they contribute to efficiency gains, encourage local innovation and local production, and reduced energy consumption.

Sri Lankans have demonstrated tremendous solidarity in the face of this crisis, coming together especially at the local level to extend support to vulnerable groups. The response can provide a further opportunity for Sri Lanka to address structural issues and improve social cohesion in the country.

This translates in our commitment to:

- Scaling-up the digitalization of key government services in a citizen-centred manner to help communities access these services more efficiently, and using a combination of infrastructure investments, training and low-tech, non-tech and tech solutions to bridge digital divides in society;
- Developing systems for generating disaggregated data, especially at community level, to assess the real-time impact of emergencies and to measure effectiveness of policy measures and programmes;
- Actively consulting and collaborating with citizens' groups, civil society, the private sector, workers' and employers' organizations; and
- Helping mitigate stigmatization and discrimination, by supporting effective policies, consistent and fair enforcement, service-delivery and redress, and political and community dialogue.

## V. HOW THE UN WILL SUPPORT

The UN Sri Lanka is positioned to assist the Government across all aspects of the socio-economic response effort, as outlined in this Advisory Paper. Under the overall leadership of the UN Resident Coordinator (UNRC), the United Nations Country Team (UNCT) stands ready to provide technical expertise, comparative experience and good practice, tools, operational support, partnerships, funding, and normative approaches informing and contributing to the national effort.

The UN is positioned to provide support for:

- Rapid analytical work and technical assistance
- Assessments and diagnostics including data-collection, analysis and disaggregation. Support for vulnerability mapping
- Stakeholder dialogues and community consultations
- Developing policy instruments like relief measures, stimulus packages, financing options etc
- Policy and legal reforms
- Programme implementation, including downstream service-delivery
- Institutional-strengthening, including training
- Public information, outreach and awareness campaigns
- Support for procurement
- Facilitating learning on good practices and lessons learnt

**Funding:** The UN's established funding modalities can channel funds to programmatic interventions, while new, country-level Multi-Partner Trust Funds can be established rapidly, using globally agreed standards and procedures.

Using these single-agency and joint programming instruments, the UN is able to:

- Repurpose or adjust existing initiatives to support recovery efforts;
- Tap into existing funding instruments (such as the Joint SDG Fund, the Peacebuilding Fund, the Spotlight Initiative and Vertical Funds) for joint GoSL and UN or complementary programming;
- Leverage financing from International Financial Institutions and other development partners for delivery through the UN Development System; and
- Mobilize additional resources from Regional and Secretariat-based UN Agencies to support in-country response.

UN Sri Lanka in partnership with GoSL, has a number of priority interventions currently underway or nearing commencement that respond directly to the impact of COVID-19 summarized in Annex D. These deliverables are part of a broader review and realignment of UN Sri Lanka's Sustainable Development Framework (UNSDf) to support the GoSL in the COVID-19 response.

## ANNEX A: SUMMARY OF RECOMMENDATIONS

KEY PRINCIPLES AND DRIVERS	
Leaving No One Behind	
Restoring Progress under the 2030 Agenda	
An Architecture for National Development	
Advancing Innovation, Resilience and Social Cohesion	
'Whole of Government' and 'Whole of Society'	
HEALTH FIRST: PROTECTING HEALTH SYSTEMS DURING THE CRISIS	
<p><b>Focus 1.1: Strengthening Health System Capacity and Preparedness for Emergencies</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>• Strengthen infrastructure and human resources capacities of Sri Lanka's 133 secondary and tertiary hospitals, helping the health system to respond to the emergency.</li> <li>• Expand the ICT-enabled Health Emergency Management System at district level that frequently updates, reports and shares critical data, helping to guide effective decision-making during COVID-19 and future health emergencies.</li> <li>• Sustain contributions to evidence generation and research by sharing Sri Lanka's best practices and participating in clinical trials and studies, helping inform the global effort on COVID-19.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>• Review Sri Lanka's SDG 3 National Action Plan for Health and Well-being for a stronger focus on universal health coverage and health system resilience, improving Sri Lanka's emergency preparedness in the context of COVID-19 and future emergencies.</li> <li>• Review Sri Lanka's International Health Regulation (IHR) core capacities and broader pandemic preparedness and address weak areas and gaps, improving Sri Lanka's preparedness for public health emergencies.</li> </ul>
<p><b>Focus 1.2: Maintaining equitable access to essential health services while prioritizing vulnerable and at-risk groups</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>• Develop and implement guidelines on continuity of essential health services during the COVID-19 pandemic in response to local transmission conditions, facilitating continuous monitoring of access, availability and utilization of services.</li> <li>• Scale-up digital platforms to deliver essential health training services to meet immediate needs for reskilling healthcare workers and other frontline personnel to respond to COVID-19 and address fast-changing public health developments.</li> <li>• Strengthen the protection and capacity of health care workers to effectively engage with high risk and vulnerable groups without stigma and discrimination.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>• Integrate telemedicine into Sri Lanka's primary healthcare system, helping to bridge gaps in access to healthcare services and reduce the degree of high-risk, person-to-person contact at healthcare units during the pandemic.</li> </ul>

<p><b>Focus 1.3: Developing a comprehensive plan for sustainable medium-term health financing - seeing health as investing in people and prosperity</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Strengthen the health coordination platform for the delivery of essential services during and immediately beyond the pandemic, enabling the Government to coordinate plans, mobilize resources, and monitor and evaluate efforts, and helping development partners to coordinate support.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Develop a comprehensive health financing assessment led by the Ministry of Health and Ministry of Finance, identifying the resource investments needed to meet Sri Lanka's changing healthcare needs and reposition health as an investment in the national development agenda.</li> </ul>
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 **PEOPLE FIRST: SOCIAL PROTECTION AND OTHER BASIC SERVICES**

<p><b>Focus 2.1: Scaling-up and expanding social protection as an investment in households and the economy</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Provide monthly cash transfers to all families with children, the elderly and people with disabilities for six months, which would ensure a strong fiscal response to boost the economy and enable a quicker recovery while helping more households cope with COVID-19's socio-economic shocks.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Initiate reforms to progressively move towards a modern social protection system based on the right and ability of everyone to access social protection as required, including during personal and covariate shocks.</li> <li>Adopt more effective social protection administration, including digitalized delivery systems that are also able to deliver assistance in emergencies, helping improve efficiencies, eliminate politicization, and reduce administrative costs.</li> </ul>
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<p><b>Focus 2.2: Maintaining essential food and nutrition services</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Increase investments into facility- and community-based programs for early detection and treatment of wasting, including decentralization of the treatment of severe wasting without medical complication to Primary Health Care level, which allows more children to be successfully treated.</li> <li>Ensure the steady availability of nutrition commodities, such as Thriposha, therapeutic food (BP 100) etc. to treat children with acute wasting effectively and quickly during the pandemic.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Reform supply chains for government food programmes – e.g. school nutrition - to use locally-sourced foods and feeds, helping to reduce reliance on imported food, stimulate domestic agriculture production and employment, and guard against future food shocks.</li> <li>Improve and streamline the Thriposha programme, better equipping the programme to deliver including during emergencies.</li> <li>Scale-up the use of digital technologies for small-scale local farmers to ensure supply during emergencies and improve overall efficiency of agricultural value chains.</li> </ul>
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<p><b>Focus 2.3: Securing sustained learning for all children and adolescents, preferably in schools</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Ensure that national guidance on decision-making on preschool and school re-openings engages national and subnational stakeholders so that decisions are context-specific and informed by a cross-sectoral analysis of education, public health and socio-economic factors.</li> <li>Scale-up continuous remote learning programmes for students not returning to school immediately, and capacity building for teachers to support remote learning teaching methods, helping expand remote learning opportunities to more children, particularly for the most vulnerable.</li> <li>Implement an education action plan for the 2020/2021 academic year that addresses learning loss owing to past school closures and anticipating future risks, in order to help mitigate access and learning gaps and prevent worsening learning inequalities.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Use the ongoing Education Reforms to strengthen education plans, systems and finances to be more inclusive, risk-informed and sustainable to increase the sector's long-term resilience.</li> <li>Narrow the 'digital gaps' in education through sustainable Public-Private Partnerships (PPPs), helping expand digital learning solutions for children.</li> </ul>
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<p><b>Focus 2.4: Supporting the continuity of social services and access to shelters</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Establish temporary shelters in each district through government and non-government entities to support the increased numbers of SGBV survivors with continuity of lifesaving and survivor-centered care.</li> <li>Extend cash assistance to families of children from care institutions who were recently reunified or can return home to ensure continuation of family-based care.</li> <li>Implement COVID-19 health and safety guidelines for shelters and undertake rapid infrastructure improvements, better equipping them to respond to shelter needs during and beyond the pandemic.</li> <li>Ensure that children's homes are adequately resourced (food, medicine, hygiene products) to provide for the well-being of resident children.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Consider asylum-seekers and refugees as a vulnerable category, improving their access to welfare support, employment and public education.</li> </ul>
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<p><b>Focus 2.5: Supporting survivors of sexual and gender-based violence (SGBV)</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Increase government resources to meet the increased need for SGBV-related support and services, including through remote solutions, to meet needs of survivors for psychosocial counselling; legal and police support; case management; and referrals to other services.</li> <li>Introduce measures to fast-track processes for obtaining Protection orders for SGBV survivors, enabling them to distance themselves more quickly and seek justice and support.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Put in place mechanisms for short- and medium-term review and analysis of SGBV trends during the curfew and subsequent establishment of normalcy, to adjust and direct response efforts.</li> </ul>
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<p><b>Focus 2.6: Ensuring continuity and quality of water and sanitation services</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Undertake rapid infrastructure improvements and upgrades to WASH facilities and services for all schools, early childhood centers, healthcare facilities, quarantine centers and places with higher concentrations of workers (e.g. public markets) and public interactions (e.g. government offices, playgrounds), to mitigate health risks.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Scale-up wastewater, fecal sludge and garbage management in all schools, early childhood centers, healthcare facilities and quarantine centers, to prevent an increase in water/vector-borne diseases and the spread of COVID-19.</li> </ul>
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## ECONOMIC RESPONSE AND RECOVERY: PROTECTING JOBS, SMALL AND MEDIUM SIZED ENTERPRISES AND INFORMAL SECTOR WORKERS

<p><b>Focus 3.1: Protecting workers from COVID-19 related health risks in the workplace</b></p>	<ul style="list-style-type: none"> <li>Put in place industry-specific COVID-19 Standard Operating Procedures (SOPs) and compliance monitoring measures for workplaces for 6-18 months, with the active involvement of employers and workers' organizations, to mitigate health risks.</li> <li>Ensure the steady availability of masks, sanitizers and temperature screening devices and their free and subsidized provision to at-risk workers and low-income workers, helping all categories of workers protect themselves.</li> </ul>
<p><b>Focus 3.2: Protecting jobs and incomes and stimulating employment</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Provide a time-bound wage subsidy or partial unemployment grant to enterprises and workers in the worst-hit sectors, conditioned to employment retention, helping business continuity and stemming job losses.</li> <li>Implement short-term labour-intensive schemes, including cash-for-work schemes, helping generate short-term jobs and stimulating local economic recovery.</li> <li>Establish an Employment Income Support fund to channel support to workers hit hardest by the crisis.</li> <li>Develop and implement a comprehensive plan for protecting Sri Lankan migrant workers during and after the pandemic, helping to fully integrate workers still overseas and returning workers into national recovery planning.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Establish a national registry on employment gaps, reskilling and job matching enabling quick identification of labour gaps and surpluses, and reskilling and upskilling needs, and facilitating rapid deployments in the fast shifting post-COVID-19 labour markets.</li> <li>Update national and industry-specific registries of the informal economy through social dialogue to enable better outreach to and support for informal economy workers.</li> <li>Develop and support short-term reskilling and upskilling courses through government and non-governmental Technical and Vocational Training Institutions increasing workers' potential for (re)-employment both domestically and overseas.</li> </ul>
<p><b>Focus 3.3: Ensuring continuity and resilience of businesses, especially MSMEs</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Promote immediate business continuity, expansion and diversification strategies for MSMEs through repurposing, innovation and public procurement, helping small businesses better cope with immediate shocks.</li> <li>Activate an expanded package of support for MSMEs in the worst-hit sectors, developed in consultation with labour market partners, with a special focus on women-led and youth-led enterprises, helping them mitigate shocks and retain workforces.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Establish a national business incubation and seed grant programme for start-ups and small businesses for women-led and youth-led businesses, making it easier for them grow their enterprises and alter their business models to better adapt to new economic conditions.</li> <li>Accelerate the establishment of the proposed Digital Free Trade Zone (DFTZ) with a common logistics and online trading platform, helping MSMEs access global markets that they traditionally have limited access to.</li> <li>Develop a tourism revival road map and action plan to transform the tourism sector, with market-researched niche tourism foci—e.g. nature-based, wellness, cultural, domestic tourism—while promoting tourism to a 'Covid-safe' Sri Lanka with strong protocols and accessible health care.</li> <li>Facilitate new economic growth areas, with adoption of energy efficient and clean energy options for industries, especially for MSMEs and urban transport systems (e. g. switching from fossil fuel to biomass or other energy sources).</li> </ul>



## SOCIAL COHESION AND COMMUNITY RESILIENCE

<p><b>Focus 4.1: Improving community resilience, participation, and equitable service delivery</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Put in place rapid assessment tools to collect community data and track communities' well-being during the pandemic, helping to identify and tackle acute or localized vulnerabilities before they worsen.</li> <li>Conduct a nation-wide public consultation to better understand the challenges, priorities and needs of people relating to COVID-19 impacts, helping to inform decision-making and bridging links between government and citizens.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Update laws, rules and regulations related to digital i.d. and e-signatures on documents to allow for continuity of decision-making at all government departments, SOEs and other statutory bodies.</li> <li>Scale-up infrastructure improvements, technical support and training for greater digitalization of local level government institutions, allowing these institutions to maintain continuity of services during emergencies.</li> </ul>
<p><b>Focus 4.2: Promoting inclusive social dialogue, advocacy and citizens' engagement</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Provide digital alternatives to citizens to interact with key government institutions (health authorities, independent commissions, local government authorities, and central government ministries), helping to maintain state-public interaction while social distancing measures remain in place.</li> <li>Establish a Technical Resource Group comprising private sector representatives, civil society representatives, and subject-matter experts, to provide technical inputs to the national response effort via platforms such as the PTF.</li> <li>Scale-up public information campaigns related to COVID-19 ensuring outreach to all, especially those that are traditionally hard to reach due to remoteness, language, education and cultural barriers.</li> <li>Address culturally sensitive issues, hate-speech and social unrest through dialogue in partnership with community-based organizations, faith-based organizations and religious leaders, helping to mitigate tensions and improve trust.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Scale-up the conducting of virtual sessions and committee meetings at Parliament to enable outreach and public consultations during emergencies and generally.</li> </ul>
<p><b>Focus 4.3: Protecting fundamental freedoms and the Rule of Law</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Facilitate remote testimony and develop operating protocols on the conduct of remote court hearings and sensitize penal/civil chain actors, helping the delivery of justice sector services and minimizing delays and backlogs as a result of COVID-19.</li> <li>Introduce alternative legal redress mechanisms to overcome specific prescriptive periods in the law, facilitating access to remedy despite interruptions to court proceedings.</li> <li>Equip the Legal Aid Commission to expand and extend its services, including remote and virtual services, for groups such as prisoners, FTZ workers, migrant workers etc, enabling the uninterrupted provision of legal assistance for vulnerable groups.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Undertake reforms to introduce Special Provision Laws and procedures (similar to the Tsunami Special Provisions Act) to address specific legal challenges posed by crisis situations like pandemics.</li> <li>Support the Human Rights Commission and National Police Commission to develop guidelines for law enforcement agencies on managing the pandemic response (e.g. curfew enforcement, quarantines), strengthening their oversight of law enforcement.</li> </ul>



## MACRO-ECONOMIC RESPONSE AND MULTILATERAL COOPERATION

<p><b>Focus 5.1: Assessing immediate and long-term fiscal space and financing options</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Undertake a rapid assessment of fiscal space and financing options available in the context of COVID-19, helping determine the government's scope for further policy action.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Undertake a comprehensive Recovery and Development Finance Assessment (RDFA) that can incorporate a wide array of financing sources conforming to an Integrated National Financing Framework (INFF), to inform recovery and longer-term development financing.</li> <li>Integrate Risk Frameworks into national recovery and development planning, to better factor all risk factors including pandemic-type risks, risk management strategies, and risk financing in the future.</li> </ul>
<p><b>Focus 5. 2: Undertaking immediate measures and longer-term reforms for sustainably financing Sri Lanka's recovery and development plans, leveraging on broader financing solutions.</b></p>	<p><b>Immediate recommendations:</b></p> <ul style="list-style-type: none"> <li>Reallocate a share of the savings from lower-than-expected expenses on fuel subsidies, potentially providing funding for extended or additional time-bound social protection measures.</li> <li>Secure debt moratoriums with major international creditors to generate short-term fiscal space, increasing immediate financing for COVID-19 response.</li> </ul> <p><b>Medium and long-term recommendations:</b></p> <ul style="list-style-type: none"> <li>Reschedule and restructure public debt to unlock fiscal space. This can be done by:             <ol style="list-style-type: none"> <li>Using the possible reversion to lower middle-income status to garner special consideration in replenishment rounds with IFIs and open opportunities for concessional financing.</li> <li>Issuing perpetual bonds, Green Bonds and SDG Programmatic Bonds (SPB) to raise revenues, restructure debt, reduce debt servicing costs and lower debt related risks.</li> </ol> </li> <li>Initiate reforms aimed at optimizing decision-making, planning and service-delivery in government, to maximize efficiency gains and generate savings.</li> <li>Initiate reforms to Samurdhi and other large-scale social protection schemes, to improve their targeting precision and efficient delivery, helping minimize leakages and exclusion errors and generating savings.</li> <li>Undertake comprehensive revenue system reforms building upon earlier technical assistance for revenue system restructuring.</li> <li>Conduct an impact assessment of tax structures in order to gauge the progressiveness of tax measures, identifying changes needed for transitioning to a more equitable tax structure and generating revenue to support COVID-19 priorities.</li> </ul>

## ANNEX B: THE PEOPLE WHO MUST BE REACHED (VULNERABLE GROUPS AND PROPOSED RESPONSES)

Group	Vulnerabilities	Proposed Responses
<p>People with COVID-19 and persons in quarantine and their families</p>	<ul style="list-style-type: none"> <li>Loss of income or jobs</li> <li>Costs of treatment and recovery</li> <li>Stigma because of perceived transmission risks</li> </ul>	<ul style="list-style-type: none"> <li>Tri-lingual public awareness on prevention and safety measures, laws and regulations</li> <li>Adequate and continuous nutrition, and water and sanitation services at healthcare facilities and quarantine centers</li> <li>Universal social protection (life cycle approach)</li> </ul>
<p>Healthcare providers and frontline workers</p>	<ul style="list-style-type: none"> <li>Exposed health risks</li> <li>Increased workloads; impacts on physical and mental well-being</li> <li>Stigma because of perceived transmission risks</li> <li>Separation from family</li> <li>Limited training and guidance on new situation</li> </ul>	<ul style="list-style-type: none"> <li>Adequate and continuous access to PPEs and other safety provisions</li> <li>Increased healthcare capacities, including workforce capacities, for COVID-19 and non-COVID-19 cases</li> <li>Industry and sector-specific health and safety protocols for frontline workers</li> <li>Tri-lingual public awareness on prevention and safety measures, laws and regulations</li> <li>Training, reskilling and upskilling</li> </ul>
<p>People in poverty, insecure income and low-income workers</p>	<ul style="list-style-type: none"> <li>Increased risks of transmissions due to living and working conditions, pre-existing health conditions, and poor health and nutrition</li> <li>The homeless and persons living in informal urban settlements face additional difficulties practicing social distancing and accessing assistance</li> <li>Loss of income and wages; risk of falling deeper into poverty</li> <li>Negative coping mechanisms (e.g. cutting down on nutrition, borrowing, withdrawing children from school)</li> <li>Living or working in congested settlements (e.g. urban shanties, public markets etc); unable to practice social distancing measures at home, work and in public transportation</li> <li>Those reliant on court-ordered maintenance costs for survival unable to secure the support (impacts also on children)</li> <li>Household income shocks result in increased food insecurity and worsening nutritional outcomes due to reduced frequency and nutritional quality of meals</li> </ul>	<ul style="list-style-type: none"> <li>Monthly cash transfers to all families with children, the elderly and people with disabilities for six months (universal lifecycle social protection)</li> <li>Public infrastructure facilities and subsidized hand sanitizers and masks for groups that can't access or afford them</li> <li>Steady availability of masks, sanitizers and temperature screening devices</li> <li>Expanding government relief measures to those reliant on maintenance costs</li> <li>Increasing the threshold established by the Legal Aid Commission to qualify for legal aid service</li> <li>Training, reskilling and upskilling</li> </ul>

Informal economy workers including gig economy workers	<ul style="list-style-type: none"> <li>Insecure employment (fall outside the scope of labour laws and social protection benefits, and lack access to information)</li> <li>No guaranteed access to paid leave health insurance or unemployment benefits if they or their families fall ill.</li> </ul>	<ul style="list-style-type: none"> <li>Targeted and extended relief measures and access to information and services</li> <li>Encourage their transition to the formal economy, improving their conditions of work and helping build their resilience to face future emergencies</li> <li>Training, reskilling and upskilling</li> </ul>
Women, including Female-Headed Households and widows	<ul style="list-style-type: none"> <li>Highly represented in frontline services; more exposed transmission risks</li> <li>Highly represented in worst-hit sectors (e.g. apparels, SMEs, migrant workers)</li> <li>Interrupted health and nutrition services, including reproductive and maternal services</li> <li>Shouldering additional caregiver responsibilities due to school closures and curfews</li> <li>Difficulties returning to work once curfews ease</li> <li>At higher risk of SGBV</li> <li>Reduced access to protection services including shelters</li> <li>Lack of sustained support for shelters</li> <li>Female-headed households, widows and abandoned women face additional challenges accessing relief and finding employment, and additional SGBV risks.</li> </ul>	<ul style="list-style-type: none"> <li>Continuous provision of essential healthcare services, including through alternative modalities</li> <li>Monthly cash transfers reaching women, including Female-Headed Households and widows</li> <li>Employers and families support equitable distribution of household and care responsibilities between parents</li> <li>Targeted support for women-run small businesses - access to capital, information and resources, mentoring support, supply chain linkages etc</li> <li>Tri-lingual public awareness on SGBV</li> <li>Increased state resources for SGBV prevention and response - for shelters, protection and justice services etc.</li> <li>Incentives to return to work; better childcare and work-life arrangements</li> <li>Training, reskilling and upskilling</li> </ul>
Children and youth including children in care institutions	<ul style="list-style-type: none"> <li>Interrupted schooling and its impacts on child development</li> <li>Restricted access to school feeding and other health and nutrition services</li> <li>Increased education inequalities between children able to and unable to access remote-schooling opportunities</li> <li>Increased risks of child abuse and child labour</li> <li>Difficulties monitoring the well-being of children due to curfews or over-stretched capacities</li> <li>Vulnerability towards violence and psychosocial distress due to stigma and discrimination related to COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>Cash transfers for all families with children, per child, provided to the female caregiver where present (universal lifecycle social protection)</li> <li>Cash assistance to families of children from care institutions who were recently reunified</li> <li>Increase investments into facility- and community-based programmes for early detection and treatment of wasting</li> <li>Ensure availability of therapeutic food (BP 100) to treat children with severe acute malnutrition (SAM)</li> <li>Ensure adequate and equitable access to WASH services for marginalized for schools and health care facilities</li> </ul>

		<ul style="list-style-type: none"> <li>Continuous alternative learning in various modalities for those who will not be returning to school immediately, particularly the most marginalized</li> <li>Strategies for catching-up on missed schooling accessible to all</li> <li>Access to education, low-tech and no-tech solutions</li> <li>Incentives to return to school</li> <li>Digital case management and prioritization of child abuse cases within the justice sector</li> <li>Strengthened capacities of probation and childcare services and child rights promotion officers at local level to monitor the welfare of children</li> </ul>
Migrant workers	<ul style="list-style-type: none"> <li>Travel restrictions</li> <li>Living in congested conditions; difficulties socially-distancing</li> <li>Loss of income and jobs</li> <li>Inability to access health and other basic services due to migration status, language and cultural barriers</li> <li>Higher risks of exploitation including trafficking</li> <li>Limited recourse to justice if in detention in destination countries</li> <li>Inability to secure court ordered back-wages if repatriated</li> <li>Challenges in finding alternate employment upon return</li> <li>Risk of stigma and discrimination due to perceived risk of transmission and additional strain on economy and essential services</li> </ul>	<ul style="list-style-type: none"> <li>Legal aid services for detained migrants through the missions in the destination country</li> <li>Establishing linkages between legal aid service providers in destination countries, the Legal Aid Commission and Sri Lanka Bureau of Foreign Employment to channel back-wages to the returned migrant</li> <li>Extended and increased relief support for returnee migrant workers and families</li> <li>Training, reskilling and upskilling</li> </ul>
Minorities including ethnic minorities and people living with diverse sexual orientation and gender identities	<ul style="list-style-type: none"> <li>Increased levels of scrutiny</li> <li>Risk of being excluded from assistance due to discrimination or less information</li> <li>Risk of stigma, backlash, hate speech, social tensions, and violence</li> <li>COVID-19 related health and safety practices may have unintended impacts on religious and cultural practices</li> <li>De-prioritization of post-war needs (e.g. Families of the Disappeared, War Widows)</li> </ul>	<ul style="list-style-type: none"> <li>Tri-lingual public awareness on prevention and safety measures, laws and regulations, and other information and outreach</li> <li>Responsible media coverage, in accordance with guidelines</li> <li>Timely response to misinformation and rumours</li> <li>Positive public messaging on social solidarity and social cohesion</li> <li>Facilitated dialogue between communities, with the involvement of political leaders, faith-based organizations, civil society and community leaders</li> </ul>

Elderly	<ul style="list-style-type: none"> <li>Increased risks of transmission; higher global mortality rate</li> <li>Lack of emergency or planned medical care for other diseases and medical conditions; risk of being deprioritized</li> <li>Difficulties receiving essentials and services during curfews</li> <li>Challenges adapting to new normals (e.g. digital services)</li> <li>Difficulties receiving care (from family and paid caregivers) due to curfews and perceived risks of exposure</li> </ul>	<ul style="list-style-type: none"> <li>Cash transfers to all people 65 years of age and older (universal lifecycle social protection)</li> <li>Extended and additional relief support for the elderly</li> <li>Focused and strengthened health services for geriatric care</li> </ul>
Persons living in institutional settings (prisons, detention centers etc)	<ul style="list-style-type: none"> <li>Increased risk of transmission</li> <li>Limited access to information</li> <li>Separation from family. Restrictions on mandatory family visits</li> <li>Limited access to remedy through legal aid</li> <li>Inability to complete the sentence of community corrections orders leading to rights violations</li> <li>Limited access to water and sanitation facilities</li> </ul>	<ul style="list-style-type: none"> <li>Facilitating access to legal aid through remote processes where possible</li> <li>Facilitating access to an attorney through remote processes where possible</li> <li>Prioritization of bail applications as urgent hearings</li> <li>Alternative sentencing policies</li> <li>Alternate modes of access to family visits, including through remote processes where possible</li> <li>Facilitated release of children in detention in certified schools, remand homes, prisons and schools for youthful offenders and organized alternative care arrangements in collaboration with the probation department</li> <li>Alternative release mechanisms for inmates (mothers) with infants in keeping with the parameters of the law</li> </ul>
Persons living with disabilities	<ul style="list-style-type: none"> <li>Challenges receiving information in a disability-sensitive manner</li> <li>Lack of guidance on social distancing measures for PWDs</li> <li>Difficulties receiving care (from family and paid caregivers) due to curfews</li> <li>Challenges accessing transportation and other essential services</li> <li>Increased risk of being left behind due to lack of disaggregated data on PWDs</li> <li>Lack of procedural guidelines on the treatment/management of COVID-19 infected PWDs in institutionalized settings</li> </ul>	<ul style="list-style-type: none"> <li>Provide monthly cash transfers to people with disabilities for six months. (universal lifecycle social protection)</li> <li>Tri-lingual public awareness on prevention and safety measures, laws and regulations etc in appropriate and accessible formats and mediums (i.e. sign language)</li> <li>Development of specific guidelines on treatment/management of COVID-19 infected PWDs in institutionalized settings and at quarantine centers</li> <li>strengthened or continued provision of health care services and increased access to state/public services".</li> <li>Collection of sex-disaggregated data for better planning, resource allocation and targeting</li> </ul>

Refugees, IDPs, refugee returnees and asylum-seekers	<ul style="list-style-type: none"> <li>Inability to access health and other basic services due to migration or legal status, language and cultural barriers etc;</li> <li>Loss of work and income</li> <li>Risk of stigma due to perceived risk of transmission</li> </ul>	<ul style="list-style-type: none"> <li>Considering asylum-seekers and refugees as a vulnerable category so that they have access to welfare support, employment and public education</li> </ul>
Persons living with HIV/AIDs and other chronic medical conditions	<ul style="list-style-type: none"> <li>Difficulties accessing medical care</li> <li>Additional stigma when accessing healthcare and other services due to perceived 'additional' exposure risk</li> </ul>	<ul style="list-style-type: none"> <li>Continuous provision of essential healthcare services</li> <li>Stronger disaggregated data-collection</li> <li>Extended and more focused relief support</li> </ul>

## ANNEX C: THE GOVERNMENT OF SRI LANKA'S MACROECONOMIC RESPONSE TO COVID-19 (AS OF MAY 2020)

FISCAL MEASURES	MONETARY & MACRO-FINANCIAL MEASURES	EXCHANGE RATE & BALANCE OF PAYMENTS
Allocations up to 0.1% of GDP for quarantine and other containment measures	Measures to reduce minimum requirement of Liquidity Coverage Ratio and Net Stable Funding Ratio to 90% with enhanced supervision and frequent reporting	Measures for three months, aimed at restricting capital outflows, through suspension of outward investment payments, and a prohibition on commercial banks purchasing Sri Lankan sovereign bonds
Cash transfer payments totaling around 0.33% of GDP made to vulnerable groups in April and May. Allocations of Rs. 50 billion for payments of Rs. 5,000 to beneficiaries of several social protection programmes (Samurdhi, Senior Citizens' Allowance, Kidney Disease Allowance, Disability Allowance and those in the waiting lists of these programmes), as well as those enrolled in farmers' pension, fishermen pensions, and to self-employed and preschool teachers).	Reduced policy interest rates of the Central Bank by 150 basis points thus far in 2020	Restrictions on outward remittances to preserve the foreign currency reserve position of the country and to minimize existing pressure on the exchange rate

A 'COVID-19 Healthcare and Social Security Fund' sourced from local and foreign tax free donations, reaching Rs. 902m to-date, in order to contain, mitigate and increase social welfare spending.	Reductions in the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank from 50 basis points to 5.50% and 6.50% , respectively	Some current account restrictions, suspension of imports of non-essential goods except raw materials, pharmaceutical products and fuel, as well as prohibition of commercial banks facilitating imports of vehicles and non-essential goods
Stimulus packages for tourism, apparel, foreign employment, IT and SMEs) and allocation of billions of rupees to settle unpaid bills from 2019. These sectors to receive a six-month moratorium on repayment of loans and bank loans to raise working capital at 4% interest.  Cabinet approved proposal by the President to allocate authorized funds to sectors in urgent need of support as well as Rs. 500mil for COVID-19 eradication programs.	Required reserve ratio on domestic currency deposits of commercial banks lowered by one percentage point. Rate at which CBSL grants advances to commercial banks for temporary liquidity needs lowered by 500 basis points	
Allocation of Rs. 20 billion for advance payments to 2 million Samurdhi beneficiary families in the country		
<b>DEBT MORATORIUMS</b>		
A wide-ranging debt repayment moratorium including a six-month moratorium on bank loans for the tourism, garment, plantation and IT sectors, related logistics providers and small & medium industries, with reduced-rate working capital loans (4% p.a.) and investment-purpose loans for these sectors.		
Six-month moratorium on leasing loans for three-wheelers, and three-month moratorium on small-value personal banking and leasing loans.		
Interest rate on credit cards to be capped for transactions up to a certain amount with a reduction in the minimum monthly repayment.		
Financial institutions requested to reschedule non-performing loans.		
Lower capital conservation buffer requirements and relaxation of loan classification rules.		
State-owned financial institutions to invest in treasury bonds and bills to stabilize the money market interest rate at 7%.		
Plans to increase limits, following criticism that the Rs 50 billion six-month business refinancing scheme was insufficient to aid Sri Lanka's larger COVID-19-affected businesses (critics point out that the banking sector's loan book amounts to Rs 8 trillion)		
A maximum interest rate of 12% on pawning advances by licensed banks to assist the cash-strapped public		

## ANNEX D: SNAPSHOT OF INDICATIVE UN SUPPORT

STRATEGIC PRIORITIES	AGENCIES	TOTAL (\$)
<p><b>HEALTH FIRST: PROTECTING HEALTH SYSTEMS DURING THE CRISIS</b></p> <p>Focus 1.1: Strengthening Health System Capacity and Preparedness for Emergencies</p> <p>Focus 1.2: Maintaining equitable access to essential health services while prioritizing vulnerable and at-risk groups</p> <p>Focus 1.3: Developing a comprehensive plan for sustainable medium-term health financing - seeing health as investing in people and prosperity</p>	IAEA, ILO, IOM, UNDP, UNFPA, UNHCR, UNICEF, UNODC, UNOPS, WFP, WHO	\$15,806,588
<p><b>PEOPLE FIRST: SOCIAL PROTECTION AND OTHER BASIC SERVICES</b></p> <p>Focus 2.1: Scaling-up and expanding social protection as an investment in households and the economy</p> <p>Focus 2.2: Maintaining essential food and nutrition services</p> <p>Focus 2.3: Securing sustained learning for all children and adolescents, preferably in schools</p> <p>Focus 2.4: Supporting the continuity of social services and access to shelters</p> <p>Focus 2.5: Supporting survivors of sexual and gender-based violence (SGBV)</p> <p>Focus 2.6: Ensuring continuity and quality of water and sanitation services</p>	ILO, IOM, UNDP, UNFPA, UNHABITAT, UNHCR, UNICEF, UNODC, UNWOMEN, WFP, WHO	\$9,366,572
<p><b>ECONOMIC RESPONSE AND RECOVERY: PROTECTING JOBS, MICRO SMALL AND MEDIUM SIZED ENTERPRISES (MSMES) AND INFORMAL ECONOMY WORKERS</b></p> <p>Focus 3.1: Protecting workers from COVID-19 related health risks in the workplace</p> <p>Focus 3.2: Protecting jobs and incomes and stimulating employment</p> <p>Focus 3.3: Ensuring continuity and resilience of businesses, especially MSMEs</p>	FAO, ILO, IOM, ITC, UNDP, UNFPA, UNIDO, UNOPS, UNWOMEN, WFP	\$11,071,000

<p><b>SOCIAL COHESION AND COMMUNITY RESILIENCE</b></p> <p>Focus 4.1: Improving community resilience, participation, and equitable service delivery</p> <p>Focus 4.2: Promoting inclusive social dialogue, advocacy and citizens' engagement</p> <p>Focus 4.3: Protecting fundamental freedoms and the Rule of Law</p>	<p>IOM, UNDP, OHCHR, UNICEF, UNOPS, WHO</p>	<p>\$3,155,769</p>
<p><b>MACROECONOMIC RESPONSE AND MULTILATERAL COOPERATION</b></p> <p>Focus 5.1: Assessing immediate and long-term fiscal space and financing options</p> <p>Focus 5.2: Undertaking immediate measures and longer-term reforms for sustainably financing Sri Lanka's recovery and development plans, leveraging on broader financing solutions</p>	<p>FAO, UNDP</p>	<p>\$1,160,000</p>
<p><b>CUMULATIVE TOTAL</b></p>		<p><b>\$40,559,929</b></p>