IS THE CURE WORSE THAN THE DISEASE?

REFLECTIONS ON COVID GOVERNANCE IN SRI LANKA

EDITED BY
PRADEEP PEIRIS

4

Lives or livelihoods? The erosion of welfare in Sri Lanka's COVID-19 response

Nipunika O. Lecamwasam

Introduction

Dubbed as the greatest test since World War II by the United Nations, the COVID-19 epidemic that originated in Wuhan, China in the last quarter of 2019 has now become a global pandemic with crippling effects felt across multiple sectors. Many governments across the world have had to implement strict lockdowns and social distancing policies in order to curb the spread of the virus and to bring down the death tolls. While lockdowns have proven effective in limiting the rising death tolls, these have come with adverse economic consequences, in many instances boiling the situation down to a trade-off between lives and livelihoods. It has presented many governments with a difficult policy choice.

The most stringent of lockdowns as those implemented in China were highly successful in bringing down the infection rates, while lapses in the implementation of same have led to bleak stories such as those of India and Brazil. In Sri Lanka too the situation has not been very different. In the initial wave of the virus that started in March 2020, the Government of Sri Lanka (GoSL) was successful in mitigating the health effects of the pandemic via the imposition of stringent lockdowns, zero tolerance of social gatherings, and also a proactive approach to working closely with the World Health Organisation (WHO) (Ranaraja, 2020). Two waves later, the situation at present in June 2021, is not reflective of any of these initial successes. The death toll is on the rise and so is the adverse economic impact felt by many sectors in the Sri Lankan society.

The purpose of this chapter is to present both quantitative and qualitative perspectives of people's perceptions regarding the government's service delivery mechanism in relation to providing economic relief. The overarching argument drawn from practice is that lives and livelihoods have a negative correlation, in that the more effective the containment measures prove to be, the more disrupted livelihoods are. While acknowledging the merit of this argument world over and specifically in Sri Lanka, this chapter seeks to argue that there need not necessarily be a trade-off between lives and livelihoods, if states prudently manoeuvre their welfare regimes so as to mediate between these dichotomies. Against the backdrop of a longstanding ideological commitment of the Sri Lankan state to welfarism that predates even independence (Jayasuriya, 2000; 2004), this chapter assesses if the social support policy initiatives of the current government have been able to sufficiently respond to pandemic-induced economic insecurities, through the experience of the people.

Using largely secondary data, the chapter first briefly evaluates the impact the pandemic has had on both global and local economies, with greater emphasis placed on national macro-level trends. Next, it discusses the lives and livelihoods nexus, first by focussing on micro experiences of affected populations captured through the findings of the top line survey, 'Socio-Economic Index In the Face of Covid-19', conducted during the first quarter of 2021, and then on national level debates regarding the government's conduct in relation to securing employment and providing support for those who lost employment. The account captures both the role of the state in responding to the pandemic and the subsequent inequalities the pandemic has given rise to. To this end, it draws on general perceptions of households concerning the effects of the pandemic on their livelihoods, different economic realities created by the pandemic, coping strategies adopted by different segments of the population to mitigate the economic impact of the pandemic, and the effectiveness of government welfare mechanisms as per people's perceptions captured through the survey.

Brief account of the economic impact of COVID-19: Global and local overviews

Global overview

The impact of COVID-19 on the global economy is projected to have serious long-term effects and the recovery is expected to be slow and uneven across regions (See *The Global Economic Prospects*, 2021). The pandemic has highlighted deficiencies in state capacity, labour markets, and fiscal policies the world over. In June 2020, The World Bank projected a 5.2% decline in the total global GDP for 2020 (The Global Economic Outlook, 2020), making it the worst global recession in decades. Economic growth in almost all regions of the world is expected to hit a considerable low. Predictions of recovery anticipate unevenness, pushing the developing and least developed regions into greater poverty, and reversing decades' worth of development progress these regions have made. The World Bank observes:

> This recovery is uneven and largely reflects sharp rebounds in some major economies—most notably the United States, owing to substantial fiscal support—amid highly unequal vaccine access. In many emerging market and developing economies (EMDEs), elevated COVID-19 caseloads, obstacles to vaccination, and a partial withdrawal of macroeconomic support are offsetting some of the benefits of strengthening external demand and elevated commodity prices. By 2022, global output will remain about 2 percent below prepandemic projections, and per capita income losses incurred last year will not be fully unwound in about two-thirds of EMDEs. (*The Global Economic Prospects*, 2021, p. xvii).

A report prepared by the Brookings Institution in June 2021 further predicts that "poor countries will ultimately face a larger cost" (Yeyati and Filippini, 2021, p. 5). The report identifies three key success factors for effective execution of government responses, namely existing social support infrastructure, strength of digital delivery, and real-time tracking[1] (ibid, p. 14). It acknowledges that these pre-conditions play an important role in the welfare impact of the pandemic, making government responses diverse across the globe and affecting developing countries more harshly (ibid). The report highlights that a higher percentage of jobs in developing economies requires the physical presence of employees, and the bias of COVID-19 containment measures against such low waged and high contact jobs have made the labour markets in developing countries particularly vulnerable to economic shocks induced by the pandemic. These economies are therefore in need of more consorted and effective welfare measures. Decerf et al. (2020, pp. 23-4) analysing the lives and livelihoods nexus state:

> For given infection rates, developed countries face mortality costs several times higher than those of developing countries, because their populations are considerably older, and because they have longer residual life-expectancies at given ages. For poverty, on the other hand, developing countries have a larger fraction of their population living on incomes close to the poverty lines we use. As a result, the welfare costs from increased poverty relative to those from increased mortality are much higher for poorer countries and tend to fall markedly with income per capita.

In the subsequent sections, this chapter will be looking at measures taken to contain poverty in these conditions, through the prism of the Sri Lankan example.

1 According to Yeyati and Filippini (2021), existing social support infrastructure is important since the nature of the pandemic necessitates quick responses from within existing entities and mechanisms. Digital delivery ensures relief reaches households during lockdowns, while real-time tracking using advanced analytics and data ensures governments are updated with the most accurate data at a given time. Real-time tracking is especially important in understanding the socio-economic situation of households (Yeyati and Filippini, 2021, p. 14).

National macro trends of the impact of COVID-19 on the Sri Lankan economy: A brief overview

In its Sri Lanka Development Update for 2021, the World Bank records a 3.6% decline in the Sri Lankan economy for 2020 (*Sri Lanka Development Update: Economic and Poverty Impact of COVID-19*, 2021). Providing a statistical overview of COVID-19 induced economic strains, the report goes on to state that the economic crunch is severe since it came against a backdrop of pre-existing weaknesses including a low growth rate of 3.1%, slow progress towards wider private sector participation, and export orientation (ibid). The industrial sector has suffered the most, with a 6.9% overall contraction, while services and agriculture have suffered contractions of 1.5% and 2.4% respectively (ibid, p. 11). Industrial job losses are typically suffered by those in the lower-middle range of the income distribution curve, with the private sector and own-account owners in the urban areas being hit the worst (ibid). The report also estimates that only 27% of Sri Lankans have tele-workable jobs (ibid, p. 31) and that these opportunities are highly concentrated among high-income earners from urban areas.

At the launch of its 'Sri Lanka: State of the Economy 2020' report (See *Sri Lanka: State of the Economy 2020 | Institute of policy studies Sri Lanka*, 2020), a panel of experts at the Institute of Policy Studies (IPS) discussed how the pandemic has resulted in widening disparities, especially since the state lacks the macroeconomic stability to cushion the impact due to its increasing debt levels and the deteriorating fiscal profile. Against this backdrop, informal sector workers who constitute 68% of the total workforce are said to be experiencing severe economic strains such as exhausting their savings for survival and abstaining from certain investments made in education and health etc. (Nisha Arunatilake as reported by Weerasekera, 2020). Another IPS study discusses the precariousness of temporary employment (As of 2018, 60% of the 2.8 million private-sector employees were temporary workers) especially in the absence of job security and social security benefits (Jayawardena, 2020). It goes on to show how Sri Lanka does not provide labour market security as opposed to employment security, and does not have an unemployment insurance, factors that exacerbate the precariousness of employment for this cohort of workers especially during a pandemic (ibid; See also *Most Sri Lanka workers without formal protection amid Covid-19 shock: IPS study*, 2020).

In an October 2020 report published by the Central Bank of Sri Lanka (CBSL), it was stated that there was a decline of 2.4% in the employed population for 2020, with a major decline in private sector employment figures (*Recent Economic Developments: Highlights of 2020 and Prospects for 2021*, 2020). While the public sector too recorded a decline, government employment schemes such as those providing employment for unemployed graduates have been able to control public sector unemployment figures to an extent (ibid). Admittedly, however, the sustainability of these programmes is yet to be assessed. The report, as the ones before, also acknowledges the need for social security measures for informal workers especially during the pandemic.

The World Bank's Sri Lanka Development Update for 2021 assessing COVID-19's impact on the country's employment and poverty, highlights three important pre-existing vulnerabilities that impact macro employment figures. These include low earnings, informal workers with no social protection, and some segments of formal workers (e.g. apparel workers) as the most vulnerable under COVID-19 conditions (*Sri Lanka Development Update: Economic and Poverty Impact of COVID-19*, 2021). In terms of government assistance rendered to diminish the impact of job losses, the report discusses two main measures i.e. support through existing welfare schemes such as *Samurdhi,* and temporary allowances for low-income families specifically designed to combat the economic effects of the pandemic (ibid). In the subsequent sections, using data from the 'Socio-Economic Index In the Face of Covid-19', a survey conducted by Social Indicator, the survey arm of CPA in the first quarter of 2021, this chapter captures the micro experiences of the population to assess their perceptions regarding government relief schemes.

Lives and livelihoods: COVID-19 induced economic fears in Sri Lanka

State capacity during COVID-19

If the Sri Lankan case is to be assessed along the axes of the three success factors of state capacity mentioned by Yeyati and Filippini (2021), it becomes apparent that Sri Lanka lacks both digital delivery and real-time tracking that has exacerbated the impact of COVID-19 both in terms of lives and livelihoods. Internet usage statistics in Sri Lanka bear testimony to the fact that internet usage in urban areas is twice as much as in rural areas (*Sri Lanka Development Update: Economic and Poverty Impact of COVID-19*, 2021, p. 30). Against such a backdrop, ensuring smooth digital delivery uniformly across the country is a far-fetched dream. Considering how the Sri Lankan government was not even able to track the changing infection rates accurately, real-time tracking also seems quite impossible at this stage. It came under severe criticism for its mishandling of the pandemic with intentionally reduced testing and underreporting of figures (Gunasekera, 2021; Jayasinghe, 2020). This has contributed towards soaring death rates and a massive crippling of the economy, with poorly planned – and executed – mobility restrictions. Against this backdrop, we are left with one more criterion i.e. existing social support infrastructure to assess if the Sri Lankan state has been successful in mitigating the pandemic-induced economic impact.

The discussion below looks at how successful these initiatives (both existing and newly introduced) have been in providing redress to affected groups. An important point to bear in mind in this relation is that the situation of the welfare state in Sri Lanka is dismal at best. This is not a result of the pandemic but rather a situation that well predates it, which has been highlighted and aggravated by the pandemic. The Sri Lankan state is seen adopting more and more neo-liberal[2] policies, resulting in a steady shrinking of its social

2 Neo-liberalism has come to denote multiple ideas and meanings. However, the overarching idea of the neo-liberal project is economic restructuring in a manner characterised by authoritarian capital that is inimical to economic redistribution and social welfare (Venugopal,

safety network, supplemented by further and further centralisation of Executive power and securitisation tendencies that the pandemic seems effectively to justify. Chapters in this volume on Free Trade Zone workers and education discuss further how this neo-liberal mentality is seeping into various other sectors of society. This chapter looks at its ramifications for the lives and livelihoods nexus.

Public perception regarding government assistance rendered during the pandemic

The top line survey[3] reveals 52.7% of respondents to be dissatisfied with the government's efforts towards ensuring employment security. Out of this, 59.8% was from urban areas, while 50.5% was from rural areas. 67.8% of the respondents have experienced worsening financial situations, with a slightly higher percentage of rural respondents claiming so. This is a very important observation since macro economic statistics reveal the rural economy to be less affected by the pandemic, given that the industrial sector recorded a harsher decline than agriculture which constitutes the lifeblood of the rural economy. Upon being asked about coping strategies adopted to survive the economic repercussions of the pandemic, only 9.7% claimed to have received frequent government assistance (2.3% urban and 11.8% rural), with 28.5% (18.3% urban and 31.4% rural) receiving occasional government assistance. The most widely used coping strategy seemed to be cutting down of expenses, followed by using up savings. Other strategies included purchasing of items for credit (42.1%), pawning jewellery/obtaining bank loans (42.2%), borrowing money from lenders (29.5%), and receiving assistance from family and friends (37.7%). This data highlights a version different from the official government narrative regarding welfare, in that the government has left it largely to the people to come up with coping strategies, thus shirking off its welfare responsibilities to a significant extent. In analysing the data, it is

2015).

3 Please note that the analysis takes into account only those responses that recorded 'often' and 'sometimes' in the survey key. Responses that record 'once' have thus been excluded.

important to shed light on the government's conduct at the national level that gives more perspective on the narratives that emerge out of the survey findings.

Before delving into the national level policy debates, two cases, namely those of fisheries and agriculture, will be presented in order to highlight how governmental policy blunders might have facilitated the types of perceptions emerging out of the survey data.

Fisheries and agriculture: Is the government doing enough?

The small-scale fisheries industry across the island was hit harshly by the first wave of the COVID-19 pandemic. A World Bank report recorded a 50-65% fall in fish production at the end of the first wave, due to lockdown imposed declines in both demand and supply (as reported by Jayamanne, 2020). Jayamanne further reports how, against a backdrop of all international trade links being fully or partially destroyed by April 2020 and the non-availability of any alternative sources of income, the fisheries industry was making slow but steady recovery by June 2020. However, with the outbreak of the second wave of the pandemic that started off with the Peliyagoda fish market cluster, within months the sales of fish dropped drastically owing to a fish phobia that discouraged the public from purchasing fish, affecting many fishermen and their families. The government was unsuccessful in tackling this phobia through the dissemination of proper information (ibid). Nor was it able to extend sufficient financial support. The only noteworthy interventions they made were the promotion of dry fish, and purchasing the entire fish harvest in late October 2020 (*Sri Lanka : The government decides to buy all the fish harvest*, 2020).

While the industry was still trying to recover from these shocks, the government's mishandling of the third wave and related mobility restrictions made small-scale fisheries suffer another blow. In May 2021 came the greatest shock to the fisheries industry in the form of the X-Press Pearl disaster, a cargo of 146 containers that burnt off the shores of Colombo (Sirilal and Illmer, 2021; Perera, 2021) that will have ramifications for decades to come. It contaminated the Sri

Lankan seas with the bioaccumulation of the ship's wreckage, which is believed to have an impact on marine life for years to come. This spells daunting consequences for the fisheries industry. In the absence of a comprehensive relief package, fishermen in the Western coast are already voicing out their concerns about a total loss of livelihoods, and are not very hopeful about the portion of insurance money the government will allocate for them (ibid). Tiuline Fernando, who has been in the industry for 35 years, was quoted saying:

> The fish are bred in the coral reefs in the area and authorities are saying that all those breeding grounds are destroyed due to the dangerous chemicals. There is no other option than jump into the sea and die. (Fernando as quoted in Sirilal and Illmer, 2021)

Despite the World Bank estimations of a much less troublesome 2.4% decline in the agriculture sector (*Sri Lanka Development Update: Economic and Poverty Impact of COVID-19*, 2021), the CPA survey data revealed 69.5% rural respondents, that is a 7.6% increase compared to their urban counterparts, to have reported of having a worse financial situation post-COVID-19. A closer look at national level government policy blunders provides a possible explanation, and also a factor that might further aggravate this situation. In May 2021, the GoSL banned chemical fertiliser stating that it would be a 400 million USD savings on imports a year (*Sri Lanka farmers, local bodies to be taught produce organic fertilizer after import ban*, 2021). This policy was not only unexpected and random, but also lacked a solid scientific basis (See Waliwitiya, 2021; 'Fertiliser ban could have disasterous outcome', 2021; *Sri Lanka - Ban on agrochemicals*, 2021). The other stated objective of saving up on imports spending too is baseless, especially considering how the government is keen on spending on other non-essential imports such as vehicles for MPs.

The ban has a daunting impact on the rural economy especially since most of the rural population rely on agriculture including paddy cultivation, tea, rubber, cinnamon etc. Jayasuriya (2021) calls this a "policy underpinned by hearsay" that will make the average yield of paddy drop by 25% and tea by 35%. Nor does the country have the capacity to produce organic fertiliser to compensate for the absence of chemical fertiliser (ibid). With the new ban, some fear a looming food shortage (*Fertilizer shortage could lead to food shortage in Sri Lanka, warn farmers,* 2021). This crisis also displays the perils of an unaccountable Executive Presidency, which in the wrong hands can cause severe damage. This is a glaring example of how the government is not only becoming unaccountable to the public, but also how it is normalising such arbitrary decisions as the norm with no public scrutiny or debate. Focus will now be shifted to the government's conduct in manoeuvring the welfare regime in Sri Lanka in response to pandemic induced economic strains.

GoSL and COVID-19 related welfare measures: What is the government doing and where did the funds go?

In March 2020, GoSL announced multiple concessions to the public affected by the pandemic. The Presidential Task Force in charge of the relief programme identified ten broad concessionary schemes and eligible groups for those. The welfare measures introduced included allowances of Rs. 5000 each for senior citizens, people with disabilities, kidney patients, *Samurdhi* recipients, and those registered under the farmers' insurance scheme (*Sri Lanka : Sri Lanka government grants more concessions to public affected by COVID-19 pandemic*, 2020). In addition, a monthly payment of Rs. 5000 to the low income families as a measure to specifically combat the pandemic induced economic strains was introduced (ibid). The measures are expected to continue until the end of the pandemic. For these efforts, GoSL received multiple donations and grants from international financial institutions. To name a few, The World Bank had allocated a total of 184.6 million USD for Sri Lanka's COVID-19 relief activities including protection for employment as of September 2020 (*World Bank Supports Sri Lanka With $56 Million to Mitigate COVID-19 Impacts*, 2020). In June 2020, the Asian Development Bank (ADB) approved a 3 million USD grant for COVID-19 relief efforts in the island nation (*ADB Approves $3 Million Grant to Assist Sri Lanka's Response to COVID-19*, 2020). In addition to these, GoSL also set up 'Itukama', its own COVID-19 relief fund initiated by President Gotabaya Rajapaksa in March 2020 that received public donations averaging Rs. 7 million a month, until April 2021 (*Sri Lanka : Remaining balance of 'ITUKAMA' COVID–19 Fund to be allocated for vaccination drive*, 2021). Contributions to this fund are on a voluntary basis and have come largely from the public, expats, and certain local institutions (ibid).

These measures highlight some important features regarding the Sri Lankan state. If compared against rising inflation and unemployment rates, Rs. 5000 is a woefully inadequate amount as relief aid. Given the macro-economic instability the country is facing, one might argue that something is better than nothing. However, despite the glum macro-economic picture, in May 2021, the government made preparations to import luxury vehicles at a cost of over Rs. 3.6 billion (*Preparations to import Luxury vehicles for MPs at a cost of over 3.6 billion rupees*, 2021) for Members of Parliament (MPs), dubbing it as purchases for emergencies to provide minimum facilities for MPs. The CBSL issuing a statement said it was unaware of the move (*Sri Lanka CB did not approve luxury SUV imports for MPs: Governor*, 2021) and amidst a large public outcry, the government had to halt the decision. Anura Kumara Dissanayake, MP from Janatha Vimukthi Peramuna (JVP), alleged this to be a move made to win the confidence of certain backbencher MPs critical of the government's current conduct (*Sri Lanka says state luxury SUV imports for MPs halted following outcry*, 2021). In a television interview, Dissanayake was quoted saying:

> Some purchase the vehicles to match the maximum amount while I and some JVP MPs purchased double cabs worth 15,000 US dollars … Can any MP talk about vehicles at this period? We accept that it is necessary to give an MP a vehicle for his duties during his MP tenure. But a time where there is no money for PCR test and vaccines when ICU beds are reduced and when the people of this country are scared of getting the virus and dying this shows an inhuman mentality. (Ibid)

Next, the role of the 'Itukama: COVID-19 Healthcare and Social Security Fund' is an interesting one. This can be called a clear example of the hollowing out of the state[4] in that the extent of the government's involvement in providing public relief measures is questionable. Money for the fund as mentioned above came largely from the public, especially in a context where the government is displaying growing unaccountability towards those who voted them into power as shown throughout this volume.

Keeping this in mind, the crucial question now is if the money of the fund was utilised prudently and which portion of it went into welfare schemes. In March 2021, Verité Research filed a Right to Information (RTI) request with the Presidential Secretariat inquiring about the allocation of 'Itukama' funds for relief activities and social welfare programmes. The Secretariat was initially able to account only for 6% (Rs. 105 million) of the fund, which too was spent on things such as testing, quarantine facilities (again a questionable measure introduced mainly by the military, with no proper knowledge on the associated health concerns), and advocacy programmes (*The government spent only 6% of the Itukama COVID-19 fund balance*, no date). The remainder of the fund is said to be allocated for the vaccine rollout (*Sri Lanka : Remaining balance of 'ITUKAMA' COVID–19 Fund to be allocated for vaccination drive*, 2021). A later statement released by the President's Media Division in May 2021, was again able to account only for the utilisation of 23% of the fund with no allocation for social welfare (Thomas, 2021). This makes it clear that no money from the fund was allocated for social welfare programmes, despite it being a stated aim for the establishment of the fund.

While vaccines are important not only for bringing down mortality rates but also for the improvement of the economic conditions of the country, the vaccination programme too is marred with multiple controversies which will not be discussed in this

4 Hollow state is a metaphor used to denote the "degree of separation between a government and the services it funds" (Milward and Provan, 2000, p. 362). This is generally used in contexts where governments use external agencies to deliver public services. In the current situation, the Sri Lankan government can be seen using the public to fund certain initiatives it is supposed to carry out, thus outsourcing certain important functions. The important question here is, what then is the role of the state?

chapter. However, it is important to note that the mishandling of the vaccination programme[5] also bears testimony to the fact that the government no longer is fulfilling its responsibility in assuring safety for both lives and livelihoods, which will have serious long-term ramifications especially for the country's economy. The bona fide of the vaccination drive again came into question when an appeal made to vaccinate garment workers who have to work irrespective of travel restrictions, fell on deaf ears (Gunasekera, 2021; Glover, 2021). Let alone vaccination, they are even deprived of safe working conditions which speed up the spread of the virus, making them a group worst hit by the pandemic (Glover, 2021). Their plight is further discussed in a separate chapter of this volume that deals specifically with Free Trade Zone workers. In this light, as Fernando (2021) notes, it is now time for GoSL to transition from "I did it best", its general approach to handling the pandemic, to a more responsible "Let's do it together" approach.

Another development that took place in May 2021 that again speaks to the government's irresponsible and unconcerned attitude towards handling the pandemic is the allocation of Rs. 625 million for outdoor fitness centres (See Husain, 2021; 'Cabinet approves Rs 625 million to establish 500 outdoor fitness centers using containers', 2021), when the country is already being hit by a vicious third wave of COVID-19. In response to mounting public criticism especially on social media, Minister Namal Rajapaksa took to facebook to say that the government would of course prioritise the pandemic situation, and will only embark on preliminary work concerning the centres ('Cabinet approves Rs 625 million to establish 500 outdoor fitness centers using containers', 2021). He also went on to say should the finance ministry require this money for COVID-19 related relief programmes, they are willing to release it for such an emergency (Husain, 2021).

5 Concerns range from the non-availability of the second dose of the Astra-Zeneca vaccine to the insufficient stocks of vaccines available to vaccinate the entire population, efficacy of certain vaccines approved, and the equal distribution of vaccines across different income groups.

Management and administration of welfare funds

Having established the fact that GoSL typically suffers from a lack of commitment in the allocation of welfare funds, this then brings us to the question of how effective has it been in the management of already allocated funds for COVID-19 related welfare mechanisms. This is also the focus of another chapter of the volume that discusses in greater detail the administration of fund disbursement.

Transparency International, Sri Lanka (TISL), in a December 2020 entry, flags concerns regarding the administration of welfare funds using the experience of a group of 28 villagers in Vavuniya who were denied the essential monthly allowance of Rs. 5000 (*Ensuring COVID-19 relief reaches Sri Lanka's people,* 2020).These villagers had not been given the application to apply for the allowance, with no proper explanation offered by the village administration. This is merely one example of administrative inefficiency related to the disbursement of COVID-19 relief aid. The entire aid distribution mechanism is blemished with controversy ranging from administrative inefficiency to manipulation for political gains, and in some cases even stealing (ibid).

In May 2020, Mahinda Deshapriya, Chairman of the Elections Commission, forwarded a letter received by the Elections Commission regarding complaints pertaining to the COVID-19 relief programme (*Remove politicians from Covid-19 relief programme*, 2020).The letter highlights malpractices including manipulation of voter registration lists for political patronage, using the disbursement of the welfare allowance for publicity purposes of political parties in the run up to elections, and depriving certain eligible persons of the welfare allowance due to their political allegiance (ibid). Fonseka (2020) recording diverse experiences related to the deprivation of the allowance notes that:

> President of the United Self Employed Workers' Union Charles Pradeep said that there are around 50, 000 self-employed workers in Pettah alone and they have not received the Rs. 5000 allowance. A handful of the workers who have received their April allowances in May, are still waiting for their May allowances ... Estate workers in Hatton and Watawala have been going to their local government

> institutions for more than two weeks to get the Rs. 5000 allowance of May. They have been informed that the authorities were yet to receive funds from the government to distribute among beneficiaries.

Furthermore, the article goes on to report the instance of a fraudulent officer in East Kithalagama, Matara who allegedly stole Rs. 100,000 from the funds allocated for the disbursement of the essential allowance of Rs. 5000 (ibid).

An informal discussion with a professional from the upper-middle income bracket revealed another important aspect of this administrative deficiency.[6] She had gone to the *Grama Niladhari* (GN) in early June 2021 to seek assistance to facilitate a movement pass for her spouse who had returned from abroad and was in hotel quarantine to return home upon completion of the quarantine period. After the paper work was done, the GN had asked her if her name should be included in the list of recipients for the essential allowance. This clearly shows that the disbursement lacks proper coordination and relies on word of mouth in certain areas. When 28 villagers who were actually in need of the allowance were denied of it with no proper explanation, others who clearly do not need it are being given the opportunity, in the absence of a proper coordination mechanism.

Conclusion

The preceding discussion makes it clear that the economic impact of the pandemic was not homogenous across different income groups of society, and that people are generally dissatisfied with the government's welfare response to the pandemic. With a large share of employment concentrated in the informal sector, the transition to tele-working is seen to be furthering already existing inequalities. In the absence of meaningful labour market security and unemployment insurance, the state's role in providing safety to the

6 Discussion with a legal professional from Kandy (virtual), 11 June 2021.

most vulnerable of its population has become ever more important. However, the government is manipulating relief packages for its own ends.

In this context, this chapter argues that the Sri Lankan state has been unsuccessful in mitigating COVID-19 induced economic shocks due to four reasons. First, the state has become a hollow state in that it's seen normalising the role of the private and international entities in fulfilling its role. It is also seen indirectly pushing its citizens to come up with their own coping mechanisms, thus shirking off its responsibility as the primary protector of its population. The state is thereby decreasing its welfare component thus leaving it upon the citizens to respond to emergencies. Next, the state seems more invested in policies that have no direct bearing on the pandemic situation and are an extravagance to an economy like Sri Lanka's. Third, the distribution and administration of aid is both mismanaged and misappropriated, thus depriving the most vulnerable of the population of social security benefits especially during a pandemic. Finally, the state seems to be formulating haphazard policies that have an adverse impact on the population, in quite an arbitrary manner. In conclusion, it can be argued that the pandemic is perhaps the best test of how effective the social welfare regime of Sri Lanka was, a test we are failing woefully as a nation.

References

ADB Approves $3 Million Grant to Assist Sri Lanka's Response to COVID-19 (2020) *Asian Development Bank*. Available at: https://www.adb.org/news/adb-approves-3-million-grant-assist-sri-lanka-s-response-covid-19 (Accessed: 30 June 2021).

BBC News (2020) 'Coronavirus: Greatest test since World War Two, says UN chief', 1 April. Available at: https://www.bbc.com/news/world-52114829 (Accessed: 27 June 2021).

'Cabinet approves Rs 625 million to establish 500 outdoor fitness centers using containers' (2021) *NewsWire*, 4 May. Available at: https://www.newswire.lk/2021/05/04/cabinet-approves-rs-625-million-to-establish-500-outdoor-fitness-centers-using-containers/ (Accessed: 1 July 2021).

Decerf, B., Ferreira, F.H.G., Mahler, D.G., Sterck, O. (2020) *Lives and Livelihoods: Estimates of the Global Mortality and Poverty Effects of the COVID-19 Pandemic*. 13549. Bonn: Institute of Labor Economics (IZA). Available at: https://www.econstor.eu/bitstream/10419/223991/1/dp13549.pdf.

Ensuring COVID-19 relief reaches Sri Lanka's people (2020) *Transparency.org*. Available at: https://www.transparency.org/en/blog/ensuring-covid-19-relief-reaches-sri-lankas-people (Accessed: 1 July 2021).

Fernando, L. (2021) 'Covid - Let's Migrate From "I did It Best" To "Let's Do It Together"', *Colombo Telegraph*, 7 May. Available at: https://www.colombotelegraph.com/index.php/covid-lets-migrate-from-i-did-it-best-to-lets-do-it-together/ (Accessed: 1 July 2021).

'Fertiliser ban could have disasterous outcome' (2021), 10 June. Available at: http://island.lk/fertiliser-ban-could-have-disasterous-outcome/ (Accessed: 25 July 2021).

Fertilizer shortage could lead to food shortage in Sri Lanka, warn farmers (2021) *Newsfirst Sri Lanka*. Available at: https://www.youtube.com/watch?v=GmjFkbQfFv8 (Accessed: 1 July 2021).

Fonseka, P. (2020) *Swindlers deal to deprive Rs. 5000 allowance*, *Daily Mirror*. Available at: https://www.dailymirror.lk/recomended-news/Swindlers-deal-to-deprive-Rs-5000-allowance/277-190489 (Accessed: 1 July 2021).

Glover, S. (2021) *Sri Lankan garment workers 'hit by third wave'*, *Ecotextile News*. Available at: https://www.ecotextile.com/2021062427983/materials-production-news/sri-lankan-garment-workers-hit-by-third-wave.html (Accessed: 1 July 2021).

Gunasekera, T. (2021) *Patriot, Bared*, *Colombo Telegraph*. Available at: https://www.colombotelegraph.com/index.php/patriot-bared/ (Accessed: 30 June 2021).

Husain, J. (2021) *Namal Says Project To Establish 500 Outdoor Gyms Only After Covid-19 Third-Wave Ends*, *Daily Mirror*. Available at: https://www.magzter.com/stories/Newspaper/Daily-Mirror-Sri-Lanka/Namal-Says-Project-To-Establish-500-Outdoor-Gyms-Only-After-Covid-19-Third-Wave-Ends (Accessed: 1 July 2021).

Jayamanne, D. (2020) *Taking Stock of Growing 'Fish-phobia'*, *CeylonToday*. Available at: https://ceylontoday.lk/news/taking-stock-of-growing-fish-phobia (Accessed: 1 July 2021).

Jayasinghe, C. (2020) *Sri Lanka needs to ramp up daily PCR testing to 40-50,000 a day: Dr Rannan-Eliya*, *EconomyNext*. Available at: https://economynext.com/sri-lanka-needs-to-ramp-up-daily-pcr-testing-to-40-50000-a-day-dr-rannan-eliya-75755 (Accessed: 30 June 2021).

Jayasuriya, L. (2000) *Welfarism and Politics in Sri Lanka: Experience of a Third World Welfare State*. The University of Western Australia. Available at: https://research-repository.uwa.edu.au/en/publications/welfarism-and-politics-in-sri-lanka-experience-of-a-third-world-w (Accessed: 1 July 2021).

Jayasuriya, L. (2004) 'The Colonial Lineages of the Welfare State', in Kelegama, S. (ed.) *Economic Policy in Sri Lanka: Issues and Debates*. First edition. Thousand Oaks, California: SAGE Publications Pvt. Ltd, pp. 403–425.

Jayasuriya, R. (2021) 'The coming full-blown crisis in agricultural sector courtesy of a shortsighted fertilizer ban', *LankaWeb*, 16 June. Available at: https://www.lankaweb.com/news/items/2021/06/16/the-coming-full-blown-crisis-in-agricultural-sector-courtesy-of-a-shortsighted-fertilizer-ban/ (Accessed: 1 July 2021).

Jayawardena, P. (2020) 'talkingeconomics - COVID-19 and Sri Lanka's Labour Market Gaps: Permanent Protection for Temporary Employees', *Institute of Policy Studies*, 9 September. Available at: https://www.ips.lk/talkingeconomics/2020/09/09/covid-19-and-sri-lankas-labour-market-gaps-permanent-protection-for-temporary-employees/ (Accessed: 29 June 2021).

Milward, H. B. and Provan, K. G. (2000) ‘Governing the Hollow State’, *Journal of Public Administration Research and Theory: J-PART*, 10(2), pp. 359–379.

Most Sri Lanka workers without formal protection amid Covid-19 shock: IPS study (2020) *EconomyNext*. Available at: https://economynext.com/most-sri-lanka-workers-without-formal-protection-amid-covid-19-shock-ips-study-76369 (Accessed: 29 June 2021).

Perera, M. M. (2021) *Colombo, Express Pearl disaster worries Catholics and civil society*, *AsiaNews*. Available at: http://www.asianews.it/news-en/Colombo,-Express-Pearl-disaster-worries-Catholics-and-civil-society-53291.html (Accessed: 1 July 2021).

Preprations to import Luxury vehicles for MPs at a cost of over 3.6 billion rupees (2021) *Sri Lanka News - Newsfirst*. Available at: https://www.newsfirst.lk/2021/05/24/preprations-to-import-luxury-vehicles-for-mps-at-a-cost-of-over-3-6-billion-rupees/ (Accessed: 1 July 2021).

Ranaraja, M. (2020) ‘Notes from Colombo: Sri Lanka Weathers the Covid-19 Storm’, *The Asia Foundation*, 8 July. Available at: https://asiafoundation.org/2020/07/08/notes-from-colombo-sri-lanka-weathers-the-covid-19-storm/ (Accessed: 27 June 2021).

Recent Economic Developments: Highlights of 2020 and Prospects for 2021 (2020) Colombo: Central Bank of Sri Lanka. Available at: https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/recent-economic-developments/recent-economic-developments-2020 (Accessed: 29 June 2021).

Remove politicians from Covid-19 relief programme (2020) *Lanka Mirror*. Available at: https://srilankamirror.com/news/18247-remove-politicians-from-covid-19-relief-programme (Accessed: 1 July 2021).

Sirilal, R. and Illmer, A. (2021) ‘X-Press Pearl: The “toxic ship” that caused an environmental disaster’, *BBC News*, 10 June. Available at: https://www.bbc.com/news/world-asia-57395693 (Accessed: 1 July 2021).

'Socio-Economic Index in the face of COVID-19' (2021) *Centre for Policy Alternatives*, 30 June. Available at: https://www.cpalanka.org/socio-economic-index-in-the-face-of-covid-19/ (Accessed: 30 June 2021).

Sri Lanka - Ban on agrochemicals (2021). Available at: https://www.hortibiz.com/news/?tx_news_pi1%5Bnews%5D=41137&cHash=dd059427406ea8fe24400acd2ef06b52 (Accessed: 25 July 2021).

Sri Lanka CB did not approve luxury SUV imports for MPs: Governor (2021) *EconomyNext*. Available at: https://economynext.com/sri-lanka-cb-did-not-approve-luxury-suv-imports-for-mps-governor-82962 (Accessed: 1 July 2021).

Sri Lanka Development Update: Economic and Poverty Impact of COVID-19 (2021) Washington, DC: The World Bank Group. Available at: https://thedocs.worldbank.org/en/doc/15b8de0edd4f39cc7a82b7aff8430576-0310062021/original/SriLanka-DevUpd-Apr9.pdf.

Sri Lanka farmers, local bodies to be taught produce organic fertilizer after import ban (2021) *EconomyNext*. Available at: https://economynext.com/sri-lanka-farmers-local-bodies-to-be-taught-produce-organic-fertilizer-after-import-ban-82690 (Accessed: 1 July 2021).

Sri Lanka: Remaining balance of 'ITUKAMA' COVID–19 Fund to be allocated for vaccination drive (2021) *Colombopage*. Available at: http://www.colombopage.com/archive_21A/May10_1620667307CH.php (Accessed: 30 June 2021).

Sri Lanka says state luxury SUV imports for MPs halted following outcry (2021) *EconomyNext*. Available at: https://economynext.com/sri-lanka-says-state-luxury-suv-imports-for-mps-halted-following-outcry-82413 (Accessed: 1 July 2021).

Sri Lanka: Sri Lanka government grants more concessions to public affected by COVID-19 pandemic (2020) *Colombo Page*. Available at: http://www.colombopage.com/archive_20A/Mar31_1585667258CH.php (Accessed: 1 July 2021).

Sri Lanka: State of the Economy 2020 | Institute of policy studies Sri Lanka (2020). Available at: https://www.ips.lk/sri-lanka-state-of-the-economy-2020-2/ (Accessed: 29 June 2021).

Sri Lanka: The government decides to buy all the fish harvest (2020) *Colombo Page*. Available at: http://www.colombopage.com/archive_20B/Oct28_1603897849CH.php (Accessed: 1 July 2021).

The Global Economic Outlook During the COVID-19 Pandemic: A Changed World (2020) *World Bank*. Available at: https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world (Accessed: 28 June 2021).

The Global Economic Prospects (2021). Washington, DC: The World Bank Group. Available at: https://openknowledge.worldbank.org/bitstream/handle/10986/35647/9781464816659.pdf (Accessed: 28 June 2021).

The government spent only 6% of the Itukama COVID-19 fund balance (no date) *Publicfinance.lk*. Available at: https://publicfinance.lk/en/topics/The-government-spent-only-6-of-the-Itukama-COVID-19-fund-balance-1620900512 (Accessed: 1 July 2021).

Thomas, K. (2021) *What Happened To The Itukama Fund?* Available at: https://roar.media/english/life/current-affairs/what-happened-to-the-itukama-fund (Accessed: 1 July 2021).

Venugopal, R. (2015) 'Neoliberalism as concept', *Economy and Society*, 44(2), pp. 165–187. doi: 10.1080/03085147.2015.1013356.

Waliwitiya, R. (2021) *Sri Lanka fertilizer ban haphazard, modern tech, risk management the answer: researcher*, *EconomyNext*. Available at: https://economynext.com/sri-lanka-fertilizer-ban-haphazard-modern-tech-risk-management-the-answer-researcher-81643 (Accessed: 25 July 2021).

Weerasekera, H. (2020) 'talkingeconomics - Building Back Better: Reviving Sri Lanka's Economy Beyond COVID-19', *Institute of Policy Studies*, 19 October. Available at: https://www.

ips.lk/talkingeconomics/2020/10/19/building-back-better-reviving-sri-lankas-economy-beyond-covid-19/ (Accessed: 29 June 2021).

World Bank Supports Sri Lanka With $56 Million to Mitigate COVID-19 Impacts (2020) *World Bank*. Available at: https://www.worldbank.org/en/news/press-release/2020/09/11/world-bank-supports-sri-lanka-with-usd56-million-mitigate-covid-19-impacts (Accessed: 30 June 2021).

Yeyati, E. L. and Filippini, F. (2021) *Social and economic impact of COVID-19*. 158. Washington, D.C.: Brookings Institution. Available at: https://www.brookings.edu/wp-content/uploads/2021/06/Social-and-economic-impact-COVID.pdf.