



Sri Lanka's economic crisis hits older people hard – an urgent call for action

Key messages

- Sri Lanka is facing its worst economic crisis in 70 years.
- Most older people in Sri Lanka do not have adequate social protection and are struggling to survive.
- Older women are at greater risk than men, because they are more often widowed and live alone, and because of gender disadvantages that tend to accumulate over the life course.
- The rights and dignity of older people must be upheld, and the needs of older people addressed as part of the government's overall social protection strategies.
- To reduce the risks faced by older people, it is essential that older people are engaged in the development of plans to reduce the effect of the economic crisis on their welfare.

HelpAge International policy briefs provide authoritative and evidence-based guidance to international and national policy makers to deliver the rights of older people and respond to their needs.

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Sri Lanka is facing its worst economic crisis in 70 years. The lack of foreign reserves, a decline in the tourism industry and agricultural sector challenges have led to the crisis.

The war in Ukraine was another blow to the economy. Food and fuel prices have risen even higher, primarily because Russia and Ukraine are a major supplier of basic foods such as wheat, soybeans and sunflower oil. Russia and Ukraine are also a valuable source of foreign exchange, buying large quantities of Sri Lanka's tea.¹

People's daily lives, irrespective of their socio-economic situation, now entail an unending cycle of waiting in long queues in an attempt to get food and essential items such as cooking gas, kerosene oil and fuel. Everyone, including older people, wait for hours in unbearable conditions in the blistering heat.

Most older people in Sri Lanka do not have adequate social protection and are struggling to survive. Urgent action is needed now to ensure their food security, improved nutrition and easy access to healthcare.

Older people - food, fuel and healthcare

Sri Lanka is highly dependent on imports for essential food, fuel and pharmaceutical items. The collapse in the value of the Sri Lankan rupee (SLR), a severe foreign exchange shortage and lower remittance transfers, means that these goods are now very expensive, and in extremely short supply.

Food insecurity was aggravated further in 2021 when the government introduced a ban on chemical fertilisers in an effort to go organic. This led to a substantial reduction in rice yields and vegetable/fruit production. The ban has been lifted however agricultural experts predict that the effects will be even greater in the next two growing seasons. There is now a fertilizer shortage and prices have spiralled.

A lack of fuel and price hikes has also led to a breakdown in the transportation of vegetables, meat, and other food items to market.

The situation is particularly dire for older people. They may be at risk of malnutrition because markets and shops can be difficult for them to reach, and limited supplies mean that their specific nutritional needs cannot be met. Even if they are able to make it to shops/markets, those who lack income or access to social protection are no longer able to afford sufficient amounts of nutritious food to maintain their health and wellbeing. For older people who are farmers, they also struggle with producing food because of price hikes of fertilizer and seeds as well as high transportation costs.

Older women are at greater risk than men, because they are more often widowed and live alone, and because of gender disadvantages that tend to accumulate over the life course.²

Heenmamika's story

Heenmanika, 70-years-old, is a widow living in Maha Oya. She makes a living by growing vegetables on a small plot of land. Selling her produce to shops and fairs.

Her situation was already challenging after she broke her leg in an accident, the economic crisis has made it even worse. "I didn't have three meals per day, and survive on one or two meals a day now. I ate only if there were food supplies, otherwise I drank water and slept".

It is difficult to sell her vegetables because she cannot afford the increased transport costs to get to the shops and the fair. Heenmanika says, "I need LKR 500 now to buy what I bought for LKR 50 before".

It is difficult for people in the area to cultivate their paddy fields due to the scarcity and price of diesel, and the cost of fertilizer. Heenmanika has started to clean and sell coconut sticks to earn extra money.



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Fuel shortages

Severe gas and kerosene shortages together with price hikes have had a huge negative impact on Sri Lankan households. A large proportion of households use gas and kerosene for cooking – kerosene is the cheapest oil. In large cities such as Colombo people, who often live in overcrowded flats, have no other option but to use gas for cooking.

With cooking gas, kerosene oil and fuel being in such short supply, everyone, regardless of their socio-economic situation, is forced to wait in long queues in an attempt to buy what is available.

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However, with younger members of many households at work, the burden of queuing for hours falls to older people.

In urban settings, it is mostly older women who queue for fuel and to buy food essentials at cooperative shops which have relatively low prices.

There have been reports of older people dying whilst waiting in fuel and gas queues. Including a 70-year-old, three-wheeler driver who was a diabetic and heart patient, and a 72-year-old, both in Colombo and two older people in Kandy and the Colombo suburbs.³ The deaths were reportedly caused by acute exhaustion brought on by the blistering heat.⁴

Dharmadasa and Lalitha Padhmini's story

Lalitha Padhmini, 69-years-old, lives with her husband Dharmadasa in Weligama, southern Sri Lanka. Their children have married and left home.

They use their gas cylinder very sparingly. Lalitha Padhmini said "We didn't have enough gas for months; we use the one at home only to boil water to make tea in the morning. We have a wooden stove and use that to heat the curries. However, we don't have kerosene oil to light the stove. Our, daughter who lives in Welipitiya brings cinnamon wood and we use that to cook".

They had planned to go on pilgrimages, but cannot afford to now because of the economic crisis. Lalitha Padhmini said "we used to worship [at] Sri pada, we even shifted from gas cooker to wooden stove, we can't do anything we used to do".

Healthcare

Sri Lanka relies heavily on importing pharmaceutical items and medicines, so supplies are now extremely limited, and highly expensive. The high fuel and transport costs also contribute to making health facilities unreachable, meaning many older people are now unable to access adequate healthcare.

In Sri Lanka, 9 out of 10 people aged 60-years-old and above suffer from some kind of chronic disease.⁵ It is expected that these chronic health conditions will worsen during the economic crisis as many older people aren't receiving their full list of prescribed medicines and cannot afford to buy privately.

Some have stopped taking their medications altogether, waiting until the drugs are available again. Others are turning to alternative medicines such as Ayurvedic or traditional methods which can only serve as a temporary measure.



Piyadasa's story

Piyadasa, 78-years-old, and his wife Somalatha, 65-years-old, live in a village in the Kalutara district. Piyadasa used to work as a labourer but recently fell from a tree and broke his leg. He is now out of work. His wife was diagnosed with osteoarthritis in both legs. They now live on the LKR 2,000 financial assistance from the government which they say is not enough to live on.

With the increase in transport costs, his wife cannot visit the hospital for treatment – she is supposed to attend the clinic once a month.

Social safety net measures and older people

In February 2022, the International Monetary Fund (IMF) recommended that social safety nets should be strengthened, by increasing spending, widening coverage, and improving targeting, to mitigate the adverse impacts of macroeconomic adjustment on vulnerable groups.⁶ In response, the most economically at risk groups received an additional LKR 5,000 (approx. US\$14) per month funded by the World Bank (May - July 2022). The payments are expected to continue for another year funded by the Asian Development Bank (ADB).

Those who are already receiving the Samurdhi Allowance (lowest income category), Disability Allowance and Senior Citizen Allowance will receive a total of LKR 5,000 (approx. US\$14) for another year. Additionally, those on the allowance waiting list whose situation has been made worse by the economic crisis, also receive LKR 5,000 (approx. US\$14) per month.

However, the additional cash payments are not enough to meet the food, healthcare or housing needs of older people. The responses have also been poorly coordinated, leading to fragmented, piecemeal interventions.

It should also be recognised that 66 per cent of the labour force work informally, including many women who do unpaid domestic care work, so have little access to social protection schemes.⁷ Currently only 40 to 50 per cent of older people receive any form of benefit such as pensions, provident funds, or cash payments.⁸

It is essential that the government adequately funds and expands social security systems. It is also crucial that older people are consulted when planning national and regional social safety net measures to ensure they are reached effectively and their needs are met. If older people are invisible at the policy development stage, it is likely that their needs will also be missing at the relief and recovery stages.

The government is currently gathering data and developing a new, more reliable database to identify which community is in most need of government financial assistance. It is estimated that over one million households will benefit. To be effective, older people must be included in all data gathering efforts.

It is expected that with the support of the World Food Program (WFP), 10 kg of rice will be provided to two million impoverished families. Furthermore, the government is planning to present a budget to the parliament very soon, focused on social safety net measures rather than development projects. These measures will affect older people who are one of the most at risk groups in Sri Lanka.



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Sri Lanka in crisis

A combination of external economic shocks and policy miscalculations has plunged Sri Lanka into an economic and social crisis.

Sri Lanka is confronting a balance of payment crisis and a severe foreign exchange shortage compounded by pre-pandemic tax cuts and the loss of access to international capital markets.

COVID-19 created a severe shock which caused the economy to contract by 3.6 per cent in 2020, driving another half a million people into poverty.⁹ COVID-19 travel restrictions had a devastating impact on the economy. In 2019, tourism contributed 12.6 per cent to GDP. In 2022 alone, arrivals in April fell by 40.8 per cent compared to March.¹⁰

As the economy was set to start recovering from the impact of COVID-19, the Russia-Ukraine war triggered higher import bills for fuel and food, leading to double-digit inflation and a depreciation of the SLR against the US dollar. More than half of Sri Lanka's imported soybeans, sunflower oil, sunflower seeds and peas come from Ukraine. And, a significant amount of asbestos, semi-finished products of iron and steel, copper, and potassium chloride for fertilizer are imported from Russia and Ukraine. The two countries are also a valuable source of foreign exchange, buying large quantities of Sri Lanka's tea.¹¹

According to the Central Bank of Sri Lanka data, foreign labour remittances, a major source of foreign exchange, fell to a 10-year low at US\$5.49 billion in 2021, as the country's trade deficit broadened.

Until September 2021, the exchange rate was determined by supply and demand of US dollars in the market. However, in 2021, the Central Bank set a foreign exchange upper limit of SLR 203 per US dollar for all dealers, including banks. This restriction has severely impacted the economy. With a substantial price difference between official and black-market rates, Hawala/Undiyal arrangements offer an attractive alternate exchange route for Sri Lankan workers. As more workers became aware of this option, remittances through the formal banking system declined sharply, from US\$600-700 million per month, to US\$200-300 million per month.¹²

With acutely low foreign exchange reserves, the import of essential medicines, food items, cooking gas and fuel is extremely limited. This impacts all aspects of older people's lives.

These external events struck an already weak economy staggering from the costs of a thirty-year civil conflict, excessive foreign borrowing for low return infrastructure projects and rising external debt.

In July 2022, headline inflation (annual change) increased by 60.8 per cent and food inflation (annual change) increased by 90.9 per cent.¹³

Protect older people and their contributions to society

Health conditions, social and economic disadvantages, and insufficient social protection mechanisms mean that older people are particularly at risk during an economic crisis.

They tend to either be out of paid work or earning very little. Pensions and/or accumulated assets are very quickly used-up on food and healthcare. According to the Household Income and Expenditure Survey (HIES), 2019 people aged 65-years-old and above are the poorest group in Sri Lanka.¹⁴



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Sri Lanka has ratified the International Covenant on Economic, Social and Cultural Rights, and has an obligation both individually and through international assistance and cooperation, to guarantee economic and social rights. These rights include the rights to health, social security, adequate food, and an adequate standard of living.

The rights and dignity of older people must be upheld, and the needs of older people addressed as part of the government's overall social protection strategies. To reduce the risks faced by older people, it is essential that they are engaged in the development of plans to reduce the effect of the economic crisis on their welfare. Maintaining food security, easy access to healthcare and free or subsidised medicine must be a government priority to protect older people's wellbeing.

Older people are an important part of the human and social capital that can be mobilised to reduce some risks and find community-based solutions during an economic crisis. Older people play vital roles in their communities and families, such as contributing to household incomes and supporting younger generations, especially by providing childcare and undertaking gardening to increase food security. These contributions should be supported and harnessed.

Recommendations

The government should:

1. Establish regular Mobile Health Clinics with the support of the Medical Officer of Health at the local level which older people can visit without incurring transport costs. The clinics can be used by other at risk groups affected by the economic crisis such as young children and pregnant mothers. These clinics can also serve as places where older people, young children and pregnant mothers can obtain nutritious food rations.

2. Increase the number of public health nursing officers (currently appointed to 100 Healthy Lifestyle Centres in 25 districts) to cover a wider area and improve comprehensive home-based care without older people incurring costs. These nurses already act as care providers for older people and those who need palliative care. They also respond to government initiatives that are aimed at improving people's health-related activities.

3. Link Older People's Associations (OPAs) with local Agrarian Centres to promote home gardening. Encouraging older people to increase their agricultural production for household consumption. This will ease food scarcity at the household level where every family member could benefit. However, it should be noted that the Government must take action to ensure older people's food and nutritional security.

4. Strengthen social protection systems during the current economic crisis in the form of social assistance. The Government is responding to the crisis by introducing a 'relief budget' to safeguard older people through a social safety net programme. Interventions in the budget must target older people at risk of poverty with appropriate welfare and social services (institutionalised or community-based) cash or in-kind transfers and temporary subsidies such as supporting lower prices for staple foods.

5. Empower Older People's Associations to provide an effective community mechanism for strengthening the voices of older people. This can be carried out by the National Secretariat which has the necessary power and connections with other government agencies. The government should also enhance older people's representation in policy formulation and implementation.



6. Promote the facilities available at local Ayurvedic hospitals and organise mobile health clinics for medical consultation as well as for the distribution of affordable drugs. This model was practised successfully during the COVID-19 pandemic.

Specifically, the National Secretariat for Elders (NSE) should:

1. Involve other government and non-governmental agencies when addressing the needs and rights of older people in relief efforts. The government should also include a special provision in the national budget to provide financial support and extended social protection measures to protect older people from the social and economic stress resulting from the current economic crisis.

2. Prepare an urgent relief effort plan. The NSE's mandate obliges it to accelerate activities and focus relief efforts on mitigating the adverse effects of an economic crisis on older people. The NSE must explore feasible ways to employ relief programmes that reach older people who are most at risk of poverty. Local level Elder's Rights Promotion Officers can be used to gather information on who is most at risk at Divisional Secretariat level and their immediate survival needs.



Endnotes

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HelpAge International is a global network of organisations promoting the right of all older people to lead dignified, healthy and secure lives.

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