



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 24-Sep-2018 | Report No: PIDISDSC25568

**BASIC INFORMATION****A. Basic Project Data**

Country Sri Lanka	Project ID P168696	Parent Project ID (if any)	Project Name Elder Care Improvement Project (P168696)
Region SOUTH ASIA	Estimated Appraisal Date Jan 07, 2019	Estimated Board Date Jul 25, 2019	Practice Area (Lead) Social Protection & Labor
Financing Instrument Investment Project Financing	Borrower(s) Democratic Socialist Republic of Sri Lanka	Implementing Agency Ministry of Social Welfare and Primary Industries	

Proposed Development Objective(s)

The Project Development Objective is to increase the availability and scope of quality care and support services for the elderly in Sri Lanka, for the benefit of elderly Sri Lankans and their families.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	100.00
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Environmental Assessment Category

B - Partial Assessment

Concept Review Decision

Track II-The review did authorize the preparation to continue



Other Decision (as needed)

B. Introduction and Context

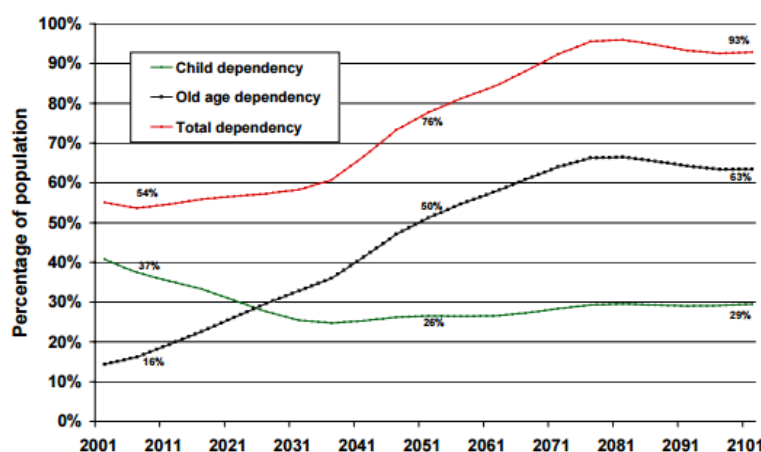
Country Context

Sri Lanka is a Lower Middle-Income country with a GDP per capita of USD 4,073 (2017) and a total population of 21.4 million people. Following 30 years of civil war that ended in 2009, Sri Lanka's economy grew at an average 5.8 percent during the period of 2010-2017, reflecting a peace dividend and a determined policy thrust towards reconstruction and growth; although there were some signs of a slowdown in the last few years. The economy is transitioning from a predominantly rural-based economy towards a more urbanized economy oriented around manufacturing and services. Economic growth has contributed to the decline in the national poverty headcount ratio from 15.3 percent in 2006/07 to 4.1 percent in 2016. Extreme poverty is rare and concentrated in some geographical pockets.

The Government that came to power in 2015 envisions promoting a globally competitive, export-led economy with an emphasis on inclusion. It has indicated keenness to undertake reforms in the areas of public finance, competitiveness, governance, and education sectors. In 2017, the Government presented Vision 2025, a policy document that both identified economic limitations due to the constrained fiscal space and presented structural reforms (including the promotion of private sector participation) to address key economic challenges and strengthen economic growth.

Sri Lanka's population is aging rapidly. Ageing in Sri Lanka is occurring earlier than in any other country in the region. The proportion of the population aged over 60 was 12.4% in 2012, and this proportion is expected to increase to 25% over the next 30 years. The old-age dependency ratio (i.e. the ratio of elderly family members to productive-age members) is expected to increase from 20% in 2012 to above 50% in 2050 (Figure 1).

Figure 1. Dependency ratios, 2001-2101



Source: De Silva (2007)

Sri Lanka faces serious challenges on several fronts in addressing the onset of rapid aging. Ageing will compound the costs of a public health system that is already facing rising costs as the result of increases in non-communicable



diseases. Elderly people are at much higher risk of suffering from NCDs and mental health issues requiring intensive care. The government also faces a scarcity of fiscal resources, and the tax base will narrow further as the share of the population of working age declines.

These challenges are compounded by the fact that many old people lack social security coverage and therefore face the risk of poverty once they cease working. The Public Service Pension Scheme provides generous pensions, but only covers about 14% of the elderly. The contributory Employee's Provident Fund covers all formal private sector workers, but the payouts are generally made as a lump sum on retirement and are rarely adequate to support retirees for the remainder of their lives. Informal sector workers are largely uncovered by retirement income support, except for a few industry-level schemes that provide relatively small payouts on retirement. A non-contributory social pension (Elderly Benefit) is in theory available to all individuals over 70 whose household income is less than LKR 3,000 per month. Around 390,000 individuals receive this benefit, but a further 100,000 eligible individuals do not receive it due to budget constraints. The benefit amount of LKR 2,000/month is also quite low, at less than half of the poverty line.

The traditional, familial model of support is also on the decline. Families are increasingly declining in size, as younger couples set up separate homes, move to urban areas or migrate overseas. Around 5% of elderly people live alone, but a further 10% live only with other elderly individuals.

As a result of this income insecurity and declining familial support, many elderly Sri Lankans effectively never retire. They stop working only when their physical abilities no longer permit them to. Once they cease working, they become dependent on their families, with implications not only for their own welfare but also for the economic opportunities of carers (mainly productive-age women).

Sectoral and Institutional Context

It is notable that Sri Lanka has passed legislation recognizing the status and rights of the elderly. The Protection of the Rights of Elders Act (2000) notably makes children accountable for the welfare of their elderly parents. The Act also established a National Council for Elders (currently under the Ministry of Social Welfare and Primary Industries) to advocate for elders and enforce the provisions of the Act.¹ A further policy was developed in 2006.

Sri Lanka's institutional aged care sector is in very early stages of development. Sri Lanka's health care system performs well by most metrics, and has a laudable local government-level service delivery platform with district public health nurses. In its five-year health sector plan 2016-21, the Ministry of Health has noted the need to adapt the health system to meet the needs of a growing elderly population, especially in light of increasing burdens of non-communicable diseases and mental ailments like dementia that disproportionately affect the old. However, work is yet to begin on this transition. Gerontology as a medical specialization is not yet available in Sri Lanka, nor are nurses trained in this field. A number of nurses' assistants have received short-term training and some supervised on-the-job training from private and NGO-financed training outfits.

The health sector manages acute care needs in hospitals, but generally discourages longer-term stays. Some private hospitals are establishing long-term care wards for the bedridden. There are limited structures within the government health service to meet the needs of the home-based elderly. Although the health system has a decentralized model, with public health midwives active in every DS, there are as yet no officers tending to the needs of the elderly. The Ministry of Health recognizes the need to address the aging issue in its current strategic plan, but is yet to implement measures to do so.

¹ The Council is supported by a National Secretariat for Elders.



There are 326 aged care facilities nationwide, most of them run by non-profit organizations such as charities and religious entities. Four of these facilities are run by the government. A few firms are entering the sector, and provide mainly higher-end residential facilities at a cost well beyond the reach of the majority of elderly Sri Lankans. Some companies also provide trained staff as ‘live-in’ carers, and these carry a similar cost to residential care options.

It is difficult to measure the demand for home-care, day-care and institutional care services. The 2012 Sri Lanka Population and Housing Census suggests that about a fifth of those aged 60+ had difficulty in seeing and walking while this number was about 35% for those aged 80 and over. About a fifth of those 60+ had difficulties walking while 45% of those over 80 had such difficulties. About 5% of those over age 60 indicated they needed help with self-care while this figure was about 19% for those 80 and over. Similarly, those reporting difficulties with cognition were about 8% over 60 and about 26% over age 80. This data suggests that the incidence of elderly disability, both physical and mental increases significantly with age and therefore those most in need of home, day or institutional care tend to be in the oldest part of the distribution of elderly. When we then apply these percentages to the aggregate current and projected elderly aged 60-74 and aged 75+, it indeed suggests a large and growing number of elderly will need some form of assisted care, whether from family members or outside providers (Figure 2). Moreover, it suggests that the demand will rapidly grow as the number of aged and life expectancy continues to increase.

Figure 2. Age Distribution of the Elderly Population



Source: Staff calculations based on UN World Population Prospects, 2017.

Home-based care is therefore the most realistic option for the majority of elderly Sri Lankans. Most do not require institutional care, and given traditional norms they are wary of moving to designated aged care facilities. Most prefer to remain at home even if they are no longer independent. Affluent families are able to afford specialized in-home care, but in most cases the burden of care will remain with the family for the foreseeable future.

Despite their best intentions, families cannot always meet the needs of the elderly. Some families lack resources to cover the costs of care. Others may lack understanding and information on the conditions of their relatives,



putting them at risk of neglect. This is especially true for elders with dementia or severe disabilities, who may be difficult to care for in an unmodified home setting. Finally, many families may be obliged to work during the day, leaving their elderly relatives alone.

Community and government can and should play a supporting role in home-based care. This will improve quality of life for the elderly and help relieve some of the burden on care givers, many of whom are women that otherwise might work. This approach can enable the government to increasingly serve the needs of the elderly, while preserving the cultural norms (and legal requirements) of family responsibility for caring for the elderly. Recognizing the value of socialization, allied health, physical and mental activity in improving quality of life; these can also be provided at the community level.

Existing support structures can be leveraged to provide services, coordination and supervision. The NSE has already established local-level structures (at a limited scale) to help engage and care for the elderly. There are about 11,500 elder's committees nationwide, and the NSE operates 400 day centres at the DS division level that provide community and activities for elders needing support during the day. Public health officers may also be able to support outreach and information sharing.

Informal home care support is a new field, however, and it will be important to pilot to see what works before scaling up. There may also be a role for private providers and nonprofits – indeed, much charity is already practiced at the local level although this needs to be verified. The capacity of community level institutions to supervise also needs to be evaluated.

The institutional care sector is in its early stages, but is likely to grow rapidly. There are three elements to this sector: private home-based care, aged care facilities, and hospitals or 'institutional care' facilities for the bedridden and those suffering severe mental ailments. There are 326 institutional care facilities currently operating in Sri Lanka, including six of them run by the government. The Health Sector strategy already plans to address the lack of adequate facilities in hospitals over the medium term. The private and non-profit sectors are just beginning to establish home-based nursing, retirement villages, and institutional care. Over time, this is almost certain to become a more significant sector, perhaps even providing services to expatriates.

Government has a role in ensuring the sustainable development and quality of the sector. As more affluent elderly move into such facilities, they will take the burden of care off their families and the government. This will support increased employment among the working-age population in two respects: first, in freeing up family carers to work; second, in creating employment within the sector. The beneficiaries of this employment are likely to be women, who are disproportionately family carers and also comprise the majority of employees of aged care facilities.

However, standards will need to be developed and enforced for aged care facilities. There is currently a lack of regulation in the sector, which poses risks for consumers. There is also some indication that the sector would like to have supplementary quality standards, which could be developed and managed by either government or the industry.

Government can also play a role in fostering investment in the sector. This may take the form of tax incentives, capitation grants, and assistance to providers to meet regulations. Over time, there is potential for the sector to even provide services to expatriates, as is already occurring in nearby countries like Thailand.

Supporting the financial security of all citizens in retirement is also an urgent priority for the government. This will require a rethink of structures to encourage working-age citizens to save, and social insurance programs to provide coverage to a wider share of the population than at present. In the meantime, the government has made a commitment to provide a small non-contributory pension to the elderly poor, which can help them meet their basic needs. Given the poor cannot independently finance the cost of their care, and nor can the government, the



government can help provide affordable care options through community-based approaches, subsidies or capitation grants to private providers, and encourage the charitable sector to play a greater role. In the longer run, a strategic plan is needed to help the elderly become more financially secure and contribute to the cost of their care.

Institutional strengthening is needed to achieve these objectives. The NSE is responsible for policy making, implementation of programs and enforcement of standards. However, it is under-resourced. The NSE or another authority will need to be given the mandate and resources to enforce the sector regulations and certify compliant providers.

Relationship to CPF

The proposed project is related to two objectives of the Sri Lanka CPF FY17-FY20:

- Objective 2.1 - Strengthening education and training systems. The project would provide support to training curriculum and training of home-health assistants.
- Objective 2.2— Improving health and social protection systems to address the challenges of the demographic transition. This is the most important CPF objective satisfied by the project.

C. Proposed Development Objective(s)

The Project Development Objective is to increase the availability and scope of quality care and support services for the elderly in Sri Lanka, for the benefit of elderly Sri Lankans and their families.

The project will not only improve the welfare of elderly needing home, day or institutional care, it will also benefit their families, especially care givers who are disproportionately women who might otherwise be able to seek part- or full-time employment. The project will also support the development of the aged care sector in a sustainable and socially responsible manner, creating new job opportunities in a growing field. Younger people with disabilities may also benefit from the services developed under the project.

Key Results (From PCN)

To be developed during preparation.

D. Concept Description

The proposed project will follow an Investment Project Financing modality with a duration of 5 years. The three components are designed to relieve the burden on families with elderly members, protect the elderly, and foster the development of a multi-tiered aged care sector in a progressive and sustainable manner. Each component will include technical assistance as well as major expenditure items.

Component 1: Income Support for the Elderly

This component will support the financial protection of the elderly poor, and enable the Ministry of Social Welfare to engage in a more strategic dialogue about future approaches to sustainably supporting the financial security of retirees.



- (a) Extend elderly benefit to all eligible individuals. To ensure the financial security and dignity of the elderly poor, this subcomponent will finance the enrolment and payment of social pensions to the approximately 100,000 individuals that are eligible and currently on the waiting list.
- (b) Review the coverage and adequacy of income support for elderly poor. To ensure the investment in the elderly pension is sustainable, the component will also finance TA to review the coverage and adequacy of the social pension in conjunction with the development of a national social protection strategy (which is being supported by the Social Safety Nets Project).

Component 2: Strengthening Community and Home Care

This component will develop mechanisms for affordable community-level care of elders in their homes, and programs to ensure through partnership between local government and local-level community organizations, charitable providers and the private sector. This will improve quality of life for the elderly and help relieve some of the burden on family caregivers, many of whom are women that otherwise might work.

- (a) Establishment of a community care service scheme. Elder care workers will be trained and hired on a contract basis to visit home-based elderly without other formal care support, provide physiotherapy and basic nursing services, and advise family members on their care. Various models can be considered during preparation, including part-time work options for the economically inactive, training the 'young-elderly' to play this role, and a volunteer program for school leavers seeking to build experience in the care sector.
- (b) Training and awareness for community and home care. Through partnership with the National Apprentice and Industrial Training Authority and/or HelpAge, the project will finance the training of elder care support workers at NVQ-2 or NVQ-3 level. During preparation, a demand study will be conducted to determine the quantity and level of trainees required by the sector. These workers will be allocated to provide the community care services mentioned in subcomponent 2 (a), and may also be employed by the private sector through the partnerships mentioned in Component 3. Awareness training in how to care for elders, provide basic physiotherapy, and cope with ailments, will also be offered to families caring for an elderly member on a pilot and scale-up basis.
- (c) Strengthen day centre services. The project will upgrade existing day centres as needed, and address issues impeding their functioning or use. This could involve minor works on existing structures used for day centres. (No new structures will be built under the project.) A package of supplies, games, etc., will be defined and provided to each center. Programs will be developed and implemented by the local to engage elderly individuals in the local community. Conditional on the success of this upgrade program, the project could also finance the establishment of additional day centres nationwide following the same model (using existing buildings).
- (d) Empower Senior Citizens' Committees. The Senior Citizens' Committees are potentially a local implementing partner for the home-care and day centre services mentioned above. During preparation the team will explore whether these committees could take responsibility for coordinating and/or overseeing some of these services, with appropriate financial support and oversight from the NSE.

Component 3: Stewardship of the Institutional Care Sector

This component will foster the sustainable development of a quality aged care sector in Sri Lanka, recognizing the role of the private and non-profit entities as the main providers, but seeking to counteract market failures in terms of minimum standards, investment, innovation and quality certification in the sector.



- (a) Minimum regulations for institutional care facilities. Regulations will be developed to ensure the safety of all elder care facilities and the protection of their residents. Systems will be developed to facilitate periodic reporting by providers and certification of compliance. The capacity of the NSE (or designated regulator) will be developed to enforce the regulations and raise awareness among providers and consumers.
- (b) Grants to private sector providers. The project may also finance small grants to providers to make the necessary adjustments to meet the standards within a given timeframe. This may involve minor works on existing facilities.
- (c) Investment incentives. The government will develop and implement incentive policies such as tax incentives to encourage investors to enter the sector. This subcomponent will only finance the TA to make this happen; the incentives would be financed directly by the government.
- (d) Voluntary standards & grading system. The project will also provide TA to establish a voluntary grading system for aged care facilities, to provide clarity to potential users on their features and relative quality. These standards may be either government-defined or industry-defined, subject to consultations.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will be carried out across the country. Proposed physical interventions, which will be limited to improving day centre services will be limited to existing day centres, which are yet to be identified and therefore, at this stage, specific physical characteristics cannot be specified.

B. Borrower's Institutional Capacity for Safeguard Policies

Project activities will most likely to be implemented by the Ministry of Social Welfare and Primary Industries - National Secretariat for Elders and Ministry of Health. In addition, some responsibilities are envisaged by the National Planning Department under the Ministry of Finance and Ministry of National Policies and Economic Affairs. Ministry of Health has been managing World Bank financing projects over a decade and therefore has been exposed to World Bank safeguard policies. The Ministry of Social Welfare and Primary Industries has recently commenced managing an agriculture sector project and has been trained on World Bank safeguards with early stage of adoption. However, the National Secretariat for Elders does not have prior Bank experience. While the implementation arrangements are yet to be discussed and defined, in order to be in compliance with World Bank safeguards, the borrower will be required to identify a qualified staff to be responsible for safeguards.

The project proposes to upgrade existing day centres as needed, and address issues impeding their functioning or use. This could involve minor works on existing structures used for day centres such as toilet facilities, access ramps, improvements to existing structures, etc. No new structures will be built under the project. The impacts associated with these minor works entail low to moderate environmental and social impacts, which can be easily mitigated. Therefore, the project is proposed as Environmental Category B. To support the identification environmental and social impacts, and accordingly develop and implement measures to mitigate these impacts, an Environmental and Social Management Framework (ESMF) will be prepared under the project.

C. Environmental and Social Safeguards Specialists on the Team



Darshani De Silva, Environmental Safeguards Specialist
Bandita Sijapati, Social Safeguards Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	In order to mitigate potential environmental and social impacts that may be caused due to physical interventions and to ensure all negative impacts associated with project investments are avoided and/or mitigated, appropriate environmental management measures will be guided by an EMSF. The ESMF will provide detailed analysis of the scale of due diligence required for potential activities under the project.
Performance Standards for Private Sector Activities OP/BP 4.03	No	There are no private sector investments under this project.
Natural Habitats OP/BP 4.04	No	Project-supported activities will take place on existing day centres. Thus, there will be no expected impacts to sensitive natural areas or designated natural areas due to project interventions.
Forests OP/BP 4.36	No	Project-supported activities will take place on existing day centres. Thus, there will be no expected impacts to forests due to project interventions.
Pest Management OP 4.09	No	There will not be any pest management activities financed under the project.
Physical Cultural Resources OP/BP 4.11	No	Project-supported activities will take place on existing day centres with minor works. Thus, there will be no expected impacts to physical cultural resources.
Indigenous Peoples OP/BP 4.10	No	There are no conclusive evidence pointing to indigenous people living within the project area.
Involuntary Resettlement OP/BP 4.12	No	There will not be any acquisition of new/additional land under the project. Any civil works involving rehabilitation, refurbishments, renovation of day centers will be limited to the existing buildings/ structures. For non-land related social impacts triggered under OP 4.01, appropriate measures for addressing the risks will be included in the ESMF prepared under the Project.
Safety of Dams OP/BP 4.37	No	The project interventions do not include dams or their improvements.
Projects on International Waterways OP/BP 7.50	No	The proposed project activities do not have any impacts to the international waterways.
Projects in Disputed Areas OP/BP 7.60	No	There are no disputed areas where project interventions are undertaken.



E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Dec 03, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The preparation of ESMF will commence soon after an agreement reached with the counterparts on the project investments and implementing arrangements. The ESMF will be cleared and disclosed by December 18, 2018.

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APPROVAL

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