

PROVISION OF SOCIAL WELFARE SERVICES

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Introduction

In Sri Lanka, the provision of social welfare services is targetted to special groups e.g. those incapacitated, affected by personal misfortune, socio-economic circumstances or natural hazards, old age etc. which are beyond the control of the individual. Most of this provision is made by the voluntary sector, consisting of over 2000 organisations, while government provides financial and institutional support in a small way.

Historical Perspective

The legislative framework which governs the operation of state and private social welfare provision today was developed when Sri Lanka was a British colony; consequently the "remedial" services which were then prevalent in Britain were replicated in Sri Lanka. Legislation was initially enacted, as in England, to deal with vagrancy i.e. the introduction of repressive measures against "sturdy beggars" or vagrants who were able-bodied and capable of earning a living. The earliest Vagrants Ordinance dates back to 1841; there were several subsequent amendments, the last of which was in 1947. These measures were supported by the establishment of Houses of Detention for Vagrants by Ordinance No. 5 of 1907.

During the nineteenth century, the *"combination of private alms, public charity, government grants and free medical assistance proved reasonably satisfactory so long as the island was fundamentally rural. Catastrophes like droughts, floods, and epidemics could be dealt with on an emergency basis by improvised machinery. Since a large part of the labour force was Indian, a surplus simply returned to its own country when a depression occurred. In such conditions too, the comparatively few Ceylonese who had left their houses for work in towns or on the estates could return to their villages, where they were reduced still further to a very low standard of life, but where at least they did not starve. It was only in the present century that there began to be felt any need for a more intensive organisation"*. (Sessional Paper VII-1947 p.3).

Unemployment, poverty and destitution were first recognised as serious problems in the depression of 1930-1933. This crisis, aggravated by the malaria epidemic of 1934-1935, brought to the forefront the necessity for state intervention. A scheme of unemployment relief was put into operation from 1930 to 1942 through the provision of public works schemes. In 1940 the Poor Law Ordinance (No. 30 of 1939) brought into operation, in the Municipalities of Colombo, Kandy and Galle, a system of outdoor relief for the mentally and physically handicapped, orphans and young children and for cases of emergency. The Labour Department contained a section dealing with social welfare from which

grants were channelled through Friend-in-Need Societies to provide public assistance to the rest of the country; and in times of emergency, relief was provided through the Government Agents.

In the nineteen forties, state welfare intervention was increasingly targeted at special groups or cases of special need e.g. those affected by personal misfortune, incapacity or in states of socio-economic adversity due to circumstances beyond the control of the individual. Ordinances were passed (Annex 1) covering Children and Young Persons (No. 48 of 1939), Youthful Offenders' Training Schools (No. 28 of 1939), Orphanages (No. 22 of 1941) and the Adoption of Children (No.24 of 1941). Implicit was the idea that the state should compensate those who are the "casualties of progress", the victims of rapid social change, such as that which occurred in the early days of industrialisation in the West. The welfare provision was activated when other social institutions e.g. the family, neighbourhood groups, etc. failed to provide for human and social needs.

The Social Services Commission (1947) remarked on the high sense of family and humanitarian obligation prevalent in the country. *"The duty to feed the poor and assist the needy derives from an ancient tradition which is supported and maintained by the precepts of all religions in the Island"* (p.1). This tradition dated back to the Sinhalese kings who both provided alms and encouraged others to provide them. The earliest legislative recognition of the role of voluntary organisations was in the Children and Young Persons Ordinance (1939) which empowered government agencies to obtain the services of non-governmental organisations (NGOs) to rehabilitate young offenders and the Orphanages Ordinance (1941). In 1943, according to the Commission, those voluntary agencies which made returns to the government were giving relief to 5,344 persons at a cost of Rs. 230,455, 38% of which came from public funds.

On the recommendation of the Social Services Commission, the Department of Social Services was set up in 1948 with functions relating to all social welfare. Public assistance remained as a residual service for the "poorest of the poor" i.e. those who would have fallen below the standard which is necessary for life consistent with human requirements or would do so if Public Assistance was refused (Public Assistance orders and procedures formulated in 1951 and revised in 1954). A system of grants-in-aid was instituted for voluntary organisations which were providing elder's homes, children's homes and outdoor relief. This increased the involvement of government with the NGO sector and introduced a method of monitoring their activities without instituting direct controls. The grant was determined so as to provide one-third to one-half of the running cost of an institution, the rest to be provided by public contribution. Administrative recognition of these institutions depended on them having a constitution, an elected Board of Management of responsible persons, an annual report and financial statement and continuous satisfactory functioning for one year.

After the enactment of the Probation of Offenders Ordinance No. 42 of 1944, a restricted Probation Service was inaugurated to work in 4 judicial divisions in 1945. The service was expanded on the recommendations of the Gratien Committee on Prison Administration (1949) and the Criminal Courts Commission (1951). The Probation Service was divorced from the Department of Prisons and Probation Services and linked with child care work in the Department of Probation and Child Welfare Services in 1956.

Government has continued to rely on the provision of homes for the aged, orphanages etc. by the voluntary sector, while providing a minimum per capita subsidy and ad hoc grants for those in care. The Department of Social Services has supported the destitute, those affected by natural calamities, the disabled, tuberculosis and leprosy patients and the socially handicapped. The Department of Probation and Child Care Services has been concerned with the correction of deviant behaviour, the promotion of law-abiding citizenship among youth, and the healthy growth and development of disadvantaged and dependent children.

However, public expenditure on these social welfare services has remained very low (Table 1) as government has not really shouldered the responsibility for providing services for these target groups, either directly or indirectly through the NGO sector. Food aid for relief of the 1973-75 drought which was received (late) in 1976-77 and relief for victims of the 1978 cyclone account for the sudden increases in expenditure in the seventies; subsequent fluctuations are also due to disaster relief.

"An increased reliance on NGOs by donor governments for resource transfers to third world countries, their increased interest in development activities of the south... and the favourable social climate in Sri Lanka in the post-1978 period had resulted in a large number of NGOs commencing programmes in the country. A distinguishing feature of the NGOs of the period is the multi-sectoral nature of their programmes with the accent on target-groups, poverty, community involvement and development of self-reliance in the indigenous population" (Abeywardene, 1990, p.15).

The contribution of local and foreign voluntary organisations was publicly acknowledged and partnership between public and private sectors in development sought. NGOs were quite free to receive and spend local and foreign funds and there were no restraints on sector of activity or project location. However it was recognised that lack of co-ordination led to duplication of effort and that evaluation of the work of NGOs was desirable. (Secretary, Ministry of Plan Implementation, quoted in Fernando and de Mel, 1991).

Legal provision was made for registration when the Voluntary Social Service Organisations (Registration and Supervision) Act No. 31 of 1980 was enacted. This Act specified that all voluntary organisations should be registered with the Department of Social Services, but did not stipulate any penalties for not registering. At present 2161 voluntary organisations have been registered, but no institutional base has been developed to implement the other stated

Table 1: Public Expenditure on Social Welfare Services, 1950/51-1989.

| Year | Expenditure (Rs. Mn.) | | | As % of GDP |
|---------|-----------------------|---------|--------|-------------|
| | Recurrent | Capital | Total | |
| 1950/51 | 9.0 | 0.2 | 9.2 | 0.2 |
| 1951/52 | 11.4 | 0.2 | 11.5 | 0.3 |
| 1952/53 | 13.7 | 0.2 | 13.9 | 0.3 |
| 1953/54 | 12.2 | 0.1 | 12.4 | 0.3 |
| 1954/55 | 14.0 | 0.1 | 14.1 | 0.3 |
| 1955/56 | 16.7 | 0.2 | 16.9 | 0.3 |
| 1956/57 | 17.8 | 0.8 | 18.6 | 0.4 |
| 1957/58 | 23.4 | 1.0 | 24.4 | 0.4 |
| 1958/59 | 25.4 | 0.9 | 26.3 | 0.5 |
| 1959/60 | 28.2 | 1.0 | 29.3 | 0.5 |
| 1960/61 | 31.8 | 0.5 | 32.3 | 0.5 |
| 1961/62 | 34.4 | 0.9 | 35.4 | 0.5 |
| 1962/63 | 32.4 | 0.8 | 33.2 | 0.5 |
| 1963/64 | 33.5 | 0.7 | 34.2 | 0.5 |
| 1964/65 | 33.5 | 0.6 | 34.1 | 0.5 |
| 1965/66 | 32.9 | 0.5 | 33.4 | 0.4 |
| 1966/67 | 33.3 | 0.6 | 33.9 | 0.4 |
| 1967/68 | 33.3 | 0.6 | 33.9 | 0.3 |
| 1968/69 | 32.3 | 0.6 | 32.9 | 0.3 |
| 1969/70 | 32.3 | 0.7 | 33.0 | 0.3 |
| 1970/71 | 35.6 | 1.0 | 36.6 | 0.3 |
| 1971/72 | 41.7 | 3.5 | 45.2 | 0.3 |
| 1973 | 35.3 | 0.0 | 35.3 | 0.2 |
| 1974 | 41.3 | 0.2 | 41.5 | 0.2 |
| 1975 | 75.4 | 5.2 | 80.6 | 0.3 |
| 1976 | 47.5 | 147.2 | 194.7 | 0.7 |
| 1977 | 56.7 | 88.3 | 145.0 | 0.4 |
| 1978 | 101.8 | 4.6 | 106.4 | 0.3 |
| 1979 | 199.5 | 5.5 | 205.0 | 0.4 |
| 1980 | 97.6 | 16.3 | 113.9 | 0.2 |
| 1981 | 121.2 | 6.8 | 128.0 | 0.2 |
| 1982 | 118.6 | 18.1 | 136.7 | 0.1 |
| 1983 | 153.9 | 1.5 | 155.4 | 0.1 |
| 1984 | 316.3 | 0.1 | 316.4 | 0.2 |
| 1985 | 177.6 | 2.9 | 180.5 | 0.1 |
| 1986 | 201.9 | 0.7 | 202.6 | 0.1 |
| 1987 | 564.0 | 6.2 | 570.2 | 0.3 |
| 1988 | 1202.5 | 2.7 | 1205.2 | 0.5 |
| 1989 | 441.7 | 6.9 | 448.6 | 0.2 |
| 1990 | 1423.0 | 32.9 | 1455.9 | 0.5 |
| 1991 | 811.4 | 34.0 | 845.4 | 0.2 |
| 1992 | 899.7 | 79.6 | 979.4 | 0.2 |
| 1993 | 697.2 | 65.2 | 762.5 | 0.2 |

Note : Expenditure of the Department of Buildings for the period 1974-1983 was included under capital expenditure. From 1983 onwards food aid was included under recurrent expenditure. Prior to 1983 food aid was included under capital expenditure. The food stamps programme, which was brought under the Department of Social Services from 1986 onwards has been excluded.

Source : Government of Sri Lanka, Budget Estimates, various years.

intentions of the Act i.e. inspection and supervision, enforcement, accountability, co-ordination of activities etc. The subsequent District Development Councils Act No. 35 of 1981 provided a legal basis for the involvement of voluntary service organisations at the village level by stipulating that all registered NGOs working in villages can be represented in the Gramodaya Mandala, in addition to elected representatives.

The 1988 UNP Manifesto stated that "The present government was the first to give a major role to NGOs in development. Whether big or small, foreign or local, we consider them to be committed to development on the side of needy communities. We will strengthen their role in future, through mobilising them as intermediaries of support, especially in local level development"(p.19). However two years later in 1990, on the suspicion that some NGOs were not working within the laws of the land, a Presidential Commission was set up by Gazette notification 641/2 of 17.12.1990 to inquire into the activities of non-governmental organisations, report on their use of funds, determine whether the existing provisions of law for monitoring their activities and funding is adequate, and make any recommendations considered necessary.

Thus, while government has continued to rely on voluntary organisations to provide services to special groups in need, its own approach to this sector has been ambivalent, shifting from a laissez-faire approach to open encouragement of NGO activities and foreign funding for this sector, to a search for more effective supervisory and co-ordinating mechanisms, and to investigative proceedings in the midst of adverse publicity for activities in this sector.

Private Sector Development and Role in Welfare Provision

Organisation & Role of the Voluntary Sector

At present no single government department has a list of all voluntary organisations, even foreign ones, operating in Sri Lanka at any one time, or knowledge of their broad areas of work, the sectors supported and funds utilised. Estimates of the number of local voluntary organisations in Sri Lanka range from 2161 to around 3000 (Gazette 641/2-1990). Some have registered with government agencies, some are incorporated under the Companies Act and some are incorporated as "Approved Charities" by an Act of Parliament. Many grass-roots organisations do not register in any form and continue to function at the community level. Alternative estimates of the number of local and foreign NGOs are given in Table 2.

Table 2: Estimated Number of NGO's by Source.

| Source | Local | Foreign |
|---|-------|---------|
| Department of Social Services ^a | 2161 | - |
| Department of Probation & Child Care | 515 | - |
| Ministry of Policy Planning & Implementation ^b | - | 27 |
| IRED Directory of Development NGOs ^c | 293 | 50 |
| Approved Charities ^d | 889 | - |

Notes : ^a Registered under Act No. 31 of 1980.

^b Registered and agreements signed with NGO specifying assistance to be provided.

^c Innovations et Reseaux Pour le Development (IRED), 1991.

^d As of March 1991.

Voluntary organisations registered with the Department of Social Services have been disaggregated by function and district in Table 3. Although the largest number of organisations does not necessarily indicate the largest membership or coverage of a target group, the North-Western Province has by far the largest number, while Uva and the North Eastern Province have very few. The registered organisations include organisations of the poor themselves as well as associations of people having the objective of stimulating, facilitating and supporting the initiatives of the poor to improve their quality of life.

The largest single group is the Maranadhara Samiti i.e. mutual support groups that provide funds for the funeral expenses of contributing households and in some instances for those of other families in the village; they account for one-third to one-half of the registered organisations in each Province. Other grass roots level organisations include women's groups and youth clubs set up at village level as well as village branch associations of national organisations such as Lanka Mahila Samiti, Saukyadana, Lanka Jatika Sarvodaya movement etc. Innovations et Reseaux Pour le Development (IRED) estimates that there are over 25,000 organisations of the poor themselves, which function as conduits through which "hand-outs" from government and NGOs are distributed at the grass-root level. Community-based organisations are accountable to the local community and most often are formed for the benefit of the members.

At the national level there are both indigenous and foreign organisations. Chronologically speaking, the Christian Missions, the Salvation Army and "*The Christian-linked Associations such as the YMCA and YWCA took the lead, followed closely by Buddhist and Hindu prototypes such as the Buddhist Theosophical Society and the Ramakrishna Mission*" (Abeywardene, 1990 p. 6). Many national NGOs have international affiliations e.g. Sri Lanka Red Cross, Girl Guides Association, Lions Club, Rotary Club etc. They link up with primary groups in

Table 3: Voluntary Social Service Organisations Registered with the Department of Social Services, by Function and Province, 1991.

| Province | Death Donation Societies | Social Welfare Assocs. | Elders Homes | Disabled | | | | Total |
|-------------------|--------------------------------|------------------------------|-----------------|--------------------------|-------------------------------|-------------------|---------------------|-------|
| | | | | Visually and Audio | Physically and Mentally | Children Homes | Day Care Centres | |
| Western | 123 | 87 | 25 | 09 | 24 | 65 | 49 | 382 |
| Sabara- gamuwa | 160 | 90 | 04 | 01 | 04 | 08 | 23 | 290 |
| Central | 134 | 91 | 12 | 02 | 04 | 19 | 11 | 273 |
| North Western | 233 | 256 | 05 | 02 | 01 | 10 | 101 | 608 |
| Southern | 77 | 59 | 16 | 03 | 08 | 14 | 53 | 230 |
| Uva | 35 | 31 | 01 | 01 | - | 04 | 31 | 103 |
| North Eastern | 04 | 12 | 03 | 01 | 02 | 19 | 12 | 53 |
| North Central | 58 | 65 | 02 | 01 | - | 09 | 87 | 222 |
| Total | 824 | 691 | 68 | 20 | 43 | 148 | 367 | 2161 |

Source : Department of Social Services.

urban or rural areas, either by setting up their own branches or working through an existing grass-roots organisation or institution providing services to the desired target group; and play an intermediary role between the grass-roots level and the government/international aid agencies. NGOs doing only research undertake research and pilot studies for the State as well as other NGOs. They are accountable to their own directorates and their donors.

Co-ordinating organisations undertake "umbrella" functions for voluntary organisations which have a common interest in a particular problem or target group. The services they provide their affiliates enhance their potential to achieve greater efficiency by improving their technical expertise and facilitating the exchange of information. They also provide a forum for lobbying and advocacy and by operating as a group, increase their influence. The Sri Lanka Womens Conference (1944), which currently has 32 affiliates and the Central Council of Social Services (1946) with 148 current affiliates were the first to be established. Central Co-ordinating Councils now include the National Council for the Deaf, Sri Lanka Council for the Blind and the Ceylon Association for the Mentally Retarded. The NGO Council of Sri Lanka was set up in 1981 with 104

affiliates and the NGO Water Supply and Sanitation Decade Service (1983) with 30 affiliates is concerned with the provision of water supply and sanitation. Other groupings such as the All Ceylon Buddhist Congress and National Council for Youth and Child Welfare undertake various community welfare activities including the provision of institutional care.

There are also about 50 foreign NGOs operating in Sri Lanka, 27 of which entered into individual agreements with the former Ministry of Policy Planning & Implementation regarding their activities. Some of the newer agencies (which came in after 1983) are working exclusively in relief and rehabilitation e.g. Oxfam, Quaker Peace Service, Medicins Sans Frontiers. Most international NGOs have their own organisation and field programmes, while some work through local NGOs or directly with village-level organisations. Voluntary Resource Organisations which function solely to provide support services to NGOs e.g. Sri Lanka Canada Development Fund, South Asia Partnership, Innovations et Reseaux Pour le Developpement (IREN) have gained prominence in the nineteen eighties, when donor recognition of the value of these types of services was accompanied by a willingness to fund them.

In an emergency, irrespective of their preferred orientation, NGOs in all disciplines tend to contribute to relief and rehabilitation programmes. They act as the private arm of the government extension services as well as the rallying point for individuals who wish to contribute through NGOs. Floods, cyclones and ethnic violence, which have wracked the country, have stimulated local and international NGOs to launch relief operations as well as rehabilitation programmes.

In the social welfare sector, private organisations can be differentiated on the basis of size, resources (financial and management), scale of operations, funding pattern, areas of jurisdiction, pattern of relationships and accountability. Some do not lend themselves to a rigid classification by programme type due to the diversity of programmes undertaken. Many NGOs started with relief, charity or community-service-based programmes and subsequently moved into development-oriented or a mix of programmes. Multi-sectoral programmes are adopted because of the interrelated nature of poverty-causing factors. Some NGOs try to make their target groups self-reliant and their projects viable and sustainable so that income benefits, decision-making power and control accrue to them. Others tend to focus more on building efficient delivery systems and use the "top-down" approach.

Table 4 summarises the data on the location, coverage, membership and budget of development-oriented private sector organisations listed in the IREN directory who are working in the fields of child care, institutional care for the elderly and children, providing services to the disabled/handicapped and relief or rehabilitation. Some organisations e.g. All Ceylon Buddhist Congress are included in more than one field and several major organisations have not given their annual budgets.

The organisations included by IRED "comprise strictly Sri Lankan organisations which, while being private and non-profit-making, provide services of a development nature for the poor and underprivileged sections of the population. Compared to the bureaucracies through which the development services and resources of a government are made available, Development NGO's by and large have smaller structures, are less hierarchichal, have more space for individual initiative, provide more incentives for mobilising creative and committed workers, have flexible working hours, do not need to work within a political patronage system, have the flexibility to experiment with new initiatives, have low-cost administrative systems, are able to reach the poor and understand the micro-processes relating to development" (IREDD, 1991, p.V).

In general, all NGOs have a watch-dog role in relation to the working of the NGO sector as well as the State. They can bring to public notice programme shortcomings, bottlenecks, duplication, conflicts, waste of resources etc. NGOs can also provide an official channel for protest by mobilising public opinion on critical issues and influencing state policy within the democratic framework. Although these NGO functions are not promoted to any great extent in Sri Lanka, it is evident that in other respects the country has a well- developed NGO sector which is mobilising a substantial amount of money for social welfare work.

Table 4: Local Voluntary Social Development Organisations Providing Welfare Services, 1989/90.

| Field | No. of Organisations | Membership | | Annual Budget (Rs.Mn.) |
|---------------------------------|----------------------|----------------|--------------|------------------------|
| | | Members | Associations | |
| 1. Child Care | 9 | 25,164 | 493 | 14.733 |
| 2. Elders Homes/ Orphanages | 12 | 9,354 | 465 | 24.400 |
| 3. Relief and Rehabilitation | 53 | 82,632 | 593 | 118.033 |
| 4. Disabled/ Handicapped | 9 | 44,090 | 17 | 8.825 |
| Total | 83 | 161,240 | 1568 | 165.991 |

Notes: Budget information was not provided by some large organisations like the All Ceylon Buddhist Congress, Lanka Jathika Sarvodaya Shramadana Sangamaya, National Council for Child and Youth Welfare, All Ceylon Union of Buddhist League Youth Fronts, Colombo Friend-in-Need Society.

Source : IRED (1991).

Interfaces with the Public Sector

“Cooperation between government and NGOs has been most intense during crises, whether natural (such as floods, cyclones, droughts, epidemics) or man-made (such as recurring civil violence). This is because disaster-preparedness is yet at a rather unsophisticated level in both the state and NGO sectors. Through this collaboration, however, NGOs have proved to be quite an effective help to government attempts at disaster management. Government recognises that it is both the NGO skills and approaches and NGO networks that contributed to their effectiveness in their relief activities” (Fernando and de Mel, 1991, p.33).

NGOs can obtain legal status by registering under

- (a) the Mutual Provident Societies Ordinance of 1891 which became Act No. 55 of 1949. Such NGOs do not need to make the Rs. 10,000 deposit required for registration under (b).
- (b) the Companies Act No. 17 of 1982 as a “Company Limited by Guarantee” and not having a share capital. This is more suitable for NGOs involved in income-generating activities.
- (c) the Trusts Ordinance.
- (d) Incorporated by an Act of Parliament.

Formal structures for government-NGO collaboration were set up in the late nineteen seventies and eighties. The NGO Panel of the Women’s Bureau, covering 40 NGOs, had the objective of acting as a co-ordinating body as well as providing a channel of communication between NGOs and government on women’s issues. A Committee of NGOs attached to the Children’s Secretariat had the objective of identifying priority areas for action, assisting in the provision of services for children and stimulating peoples participation at the field level in the services provided; it also acted as a conduit for financial assistance from UNICEF to NGOs. The Water Supply and Sanitation Decade grouping of about 30 NGOs (set up in 1983) had the objective of working with government in these fields.

The Women’s Bureau and Children’s Secretariat supported the NGOs collaborating with them through vocational, leadership, financial and management training. The extension services of government departments and banks were also utilised to service the NGO sector. However the Children’s Secretariat’s liaison work with NGOs ceased when the UNICEF project for strengthening NGO capabilities came to an end in 1988 and the NGO Panel of the Women’s Bureau has not been convened for several years now. Only the NGO Water Supply & Sanitation Decade Service is still in operation.

Direct financial support by government for NGOs is rare. Outright grants are given to only five associations (Annex 1). Indirect support has been provided by a few Integrated Rural Development Projects, which have invited NGOs with specifically needed skills to participate in their development programmes.

However a wide-ranging system of maintenance and ad-hoc grants has been built up for those receiving care in private institutions and day-care centres. The Social Services Department provides a per capita monthly maintenance grant of Rs. 120 per person for the disabled in registered institutions. Ad-hoc grants are also available up to a maximum of Rs. 75,000 per institution for capital expenditure on building repairs, equipment etc.; but only Rs. 0.4 million was budgeted for this purpose in 1989. The Department of Probation and Child Care provides per capita monthly maintenance grants of Rs. 100, but the total allocation for this purpose was Rs. 4.5 million in 1989; ad-hoc grants are also provided on the same basis as by the Department of Social Services, but within a slightly higher budget of Rs. 1.4 million. Day Care Centres, which are run for children under 5 years of age, get Rs. 30 per month per child from the Department of Probation and Child Care and small ad-hoc grants. From 1990 onwards all activities under the two departments have been devolved to the Provinces, which have continued this system of funding.

“Charities” which come within the purview of the Inland Revenue Act No. 28 of 1979 pay a concessionary rate of income tax of 10% on income over the exemption limit of Rs.42,000. These include institutions engaged solely in the relief of poverty; the advancement of education or knowledge or religion; the maintenance of religious rites and practices or administration of places of worship; or any other purpose beneficial or of interest to mankind. Income and profits (from business) of a charitable institution which are applied to a charitable purpose, the net value of any place of public worship and the profits and income from any property donated before March 2, 1815 are exempt from income tax. BTT taxes on commodities are paid at the rates applicable to all; items manufactured using manual labour, get the general concession that a turnover of the first Rs. 0.8 million is tax free and the next Rs. 1.2 million p.a. is taxed at 5%. For organisations which provide institutionalised care, the Commissioner General of Inland Revenue is empowered to waive the income tax of 10%.

“Approved Charities” have been given the concession that donors who make donations to the organisation of Rs. 50,000 or one-third the income of the donor (whichever is less) can claim tax exemption on these amounts. “Approved Charity” status also provides the right to duty-free import of gift items on the recommendation of the Director of Social Services. “Approved Charity” status is granted by the Minister of Finance on the recommendation of the Commissioner of Inland Revenue and the relevant government authority under whose purview it exists, in terms of Section 31(9)(a) of the Inland Revenue Act No.4 of 1963. The Departments of Social Services and Probation and Child Care are consulted before approval is given. However there are inadequate institutional arrangements to ensure that the required conditions are being regularly observed in the 889 charities currently approved.

At present there is no restriction or control by the government on voluntary social welfare agencies, unless they approach the government for grants-in-aid, or for renewal of visas of their expatriate staff. Registration under the

Voluntary Services (Registration & Supervision) Act of 1980 is voluntary and no penalties are specified for non-compliance; the Minister appoints a Panel to enquire into the activities of an organisation only when a complaint is made. Monitoring by the agencies with which voluntary organisations are registered is minimal; ad-hoc investigations are carried out when negative reports are received. Only those institutions receiving grants are inspected every year (to check the information they have submitted) before the grant is approved.

Some foreign NGOs registered with the NGO Liaison Unit in the former Ministry of Policy Planning & Implementation (M/PPI) and signed a memorandum with the government setting out each party's obligations. However there was no check with the Ministry of Foreign Affairs or Sri Lankan embassies abroad on the bona fides of these organisations, prior to registration. Further, there was no obligation for foreign NGOs to conform to the procedures formulated by this unit and some continue their programmes with local voluntary organisations or one or more line ministries. NGOs which registered with M/PPI furnished regular reports. The Ministry was also represented on the Advisory Boards of some NGOs and was on the USAID Project Approval Committee that disburses funds to local NGOs.

State effort in providing welfare services is negligible (Annex 2) both in relation to the total need as well as compared with what voluntary organisations are doing. In the child care sector there are seven State Receiving Homes, four Remand Homes, four Certified Schools, one Detention Home and two Homes for the mentally retarded. Orphaned, abandoned and destitute children are first taken into government transit centres (Receiving Homes) and later moved to boys and girls homes in the voluntary sector; at present 148 voluntary homes cater to 6766 children. The two State Homes for mentally retarded children cater to about 100 children, compared to the 2750 children in 46 homes in the voluntary sector and a total estimate of 170,000 disabled children in Sri Lanka. Government has one day-care centre for 28 street children compared to 1026 in centres run by the voluntary sector and an estimated 10,000 children on the streets (Ministry of Policy Planning & Implementation, 1991). Due to the inadequate scale of state and NGO operations in relation to the social welfare problems in Sri Lanka, state intervention as an operator is not a constraining factor on NGO activities.

Factors that Deter Efficient Private Sector Operation

Financial Dependency

Residential homes are, to a large extent, dependent on the totally inadequate government grant provided. Obtaining the payment also involves long delays. Inspection of records prior to payment is made only in the following year and the payment itself is received about 6 months later, so that reimbursement of money spent in 1990 may be received only in 1992! Although an advance was previously provided to these homes at the beginning of each year, this has been stopped due to "lack of funds", leaving institutions which depend heavily on these grants in dire financial straits.

Local fund-raising is becoming increasingly difficult, especially for institutions providing care. The local community may not identify with the institution as it does not cater to a felt need. Those in care come from all over the country, as do the staff in many instances. Further, the family or association which started the home may have broken up. The position is somewhat better for day-care centres which cater to an immediate need of the community and local parents' groups can often be organised to generate income.

Financial difficulties also arise in local institutions from high per capita costs due to poor management and disregard for economies of scale. For example, the per capita cost of providing virtually custodial care in a home with a very few children was Rs. 500, compared to a per capita cost of Rs.350 in another with four times the number and much better educational facilities and teachers.

Due to the difficulties faced in raising funds locally and the inadequacy of government grants for social welfare, NGOs are becoming increasingly dependent on external donors for financing their development programmes. Maintaining a satisfactory level of funding is a recurring problem, especially in the "interim" period when one project or programme cycle comes to an end and another one has to be negotiated/approved. This period of uncertainty can reduce NGOs to inactivity or even to a level where they cannot pay their overheads. Consequently NGO activity can tend to be sporadic and piecemeal.

The best conceived project may have to be adjusted to fit into the priorities, political philosophy, cultural practices and development agenda of the donor NGO or the country funding it. *"Where more than one donor is involved with a single recipient organisation (as in the case of Sarvodaya) it could even lead to a situation of donors "ganging up" and pressurising a national NGO to conform to certain requirements or else foregoing the aid completely"* (Abeywardene, 1990, p.30). The "project approach" used by many donors also does not enable NGOs to build up their own reserves and institutions so as to eventually become self-sufficient. An innovative approach which reduces foreign influence to a minimum, was recently introduced by the Research and Application for Alternative Financing for Development (RAFAD) Foundation. It provides a credit guarantee to a local bank which can be used by an NGO to borrow against. When the repayment is not made, the bank cashes the guarantee; this facility has been extended to Uvagram and Sarvodaya, supported by IRED (De Fonseka, 1991)

Lack of Management & Technical Expertise

Many NGOs find it difficult to attract and keep suitable staff because they are able to pay only relatively poor salaries. Many of the workers, even those in institutions, are untrained volunteers who are repeating their GCE 'A' level exam, waiting to enter University or get a job. They consider social service as an "interim" stage and the turnover of such staff is rapid. As economic growth accelerates, the disparity between the remuneration that the voluntary sector can offer and that available in other sectors will increase, aggravating this problem.

A more recent development, after the advent of foreign NGOs, has been the competition for personnel within the NGO sector. Foreign NGOs, working on the principle that competent staff must be carefully recruited, adequately paid, trained and retained if the organisation is to be effective, are attracting good staff from local NGOs.

Training is provided to these volunteers in a small way by the "umbrella associations" and by the School of Social Work, but on a scale which is quite inadequate compared to the number of voluntary organisations in operation and the rate of staff turnover. Consequently there is very little accumulation of expertise among social welfare NGOs. The lack of training and skill development of project personnel as well as target group members undermines the quality of the work carried out. It also affects planning and financial management.

Government servants sent abroad for specialised training in particular fields are not utilised in these areas on their return, so that NGOs can obtain little technical assistance from the Departments of Social Services and Probation and Child Care. In general there is a dearth of trained people as an input into community work. For instance, in the field of community-based rehabilitation of the disabled, where a wide range of disabilities have to be dealt with, the number of specialised staff required is not available. Support services, such as regular visits by psychiatric social workers and field officers (to follow up and maintain links between children and parents), are also not provided for NGOs by government organisations.

Bureaucracy & the Regulatory Environment

Administrative delays, inefficiency, petty political interference and corruption are constraints cited by NGOs with regard to their dealings with the government.

Since the regulatory procedures e.g. for obtaining visas and duty-free waivers for imports of equipment, etc. are not administered in a uniform manner, they often involve delays and are open to corrupt practices. Impersonal routine methods have become personalised and NGO staff are faced with the prospect of having to pay individuals to carry out their routine duties in order to get the job done and keep to target dates. Some donors are understanding and allow the NGO to "build in" these "expenses" into their programme budgets, but others are not.

Government support for individual voluntary programmes is affected by changes in the political climate and the fortunes of small-time local politicians and their hangers-on, who are in turn supported by the local bureaucracy. This uncertainty increases the difficulty of programme implementation and can lead to loss of finances if the programme is time-bound and tied to a particular donor's budget line. Also conflicts arise with local political representatives when they find they cannot provide similar services or when they do not receive direct or indirect benefits from the project.

NGOs have difficulty in accessing government services e.g. doctors, schools in community-based disability rehabilitation work, especially when they have no linkages with the public sector. Health personnel are reluctant to visit institutions/target groups, citing transport difficulties. Agriculture extension services do not adequately help NGOs improve productivity and income from the land with which many are liberally endowed. Very often NGOs do not know about the services which are available or which government organisations are supposed to provide them.

In general, the unconventional approach and multi-disciplinary nature of NGO work does not lend itself to a sectoral view of the task at hand; government agencies which are organised on a sectoral basis find it difficult to co-ordinate their activities in a particular location or for the benefit of a particular target group. The bureaucratic outlook is generally felt to be unsympathetic to community development problems.

Interference with their choice of beneficiaries is also cited by some NGOs. For instance, the Department of Social Services insists that the voluntary homes take in retarded children who are orphans; these children present a problem to these homes as they do not leave the home at the age of 16 (as do other children) but become life-time inmates; as they grow older, they cost more to support and can become moody/unruly and disruptive of programmes provided for younger children.

Labour laws, which are framed for business/factory work, do not cater to NGO work, where commitment and dedication are paramount. The training-cum-work situation of NGO staff is not provided for, as these volunteers are neither employees nor apprentices. On the other hand, improvement in NGO staff turnover and quality requires improved working conditions, security and retirement benefits.

Another factor cited by NGOs is that bureaucrats are difficult to reach—they are at meetings, seminars, workshops conferences, on leave, or overseas; the rest of the year is made up of holidays.

Lack of Co-ordination among NGOs and between NGOs and the State

At present there are competitive tendencies among national level NGOs and between local and foreign NGOs and the state e.g. each donor or NGO aid programme offers subsidy payments and assistance packages for latrine construction which differ from each other as well as that provided by government, with the result that "leap-frogging" seems to be taking place.

There is no uniformity in the standard of care provided in different institutions. For instance, international NGO's provide levels of facilities which the inmates can never hope to have when they return to their homes. This creates disparities between homes provided with foreign and (only) local funding, even though the methods adopted may be less appropriate.

A formal structure has been provided at the village level for co-ordination of NGOs through the Gramodaya Mandala, but there is no effective linkage to the district or national level. After the devolution of the social welfare and probation and child care services to the Provincial administration, there seems to be less supervision of welfare institutions (judging by the number of official visits recorded in the visitor's books of the institutions interviewed). It was also felt that the Provincial officials, to whom this work had been handed over, were not familiar with the established procedures as they were not given adequate prior briefing.

The Apex organisations which had been set up hitherto e.g. the Central Council of Social Services and the National NGO Council have fluctuated in their effectiveness in discharging this function. The Central Council of Social Services (CCSS) discharged this role admirably in the forties and fifties by establishing and running an Institute of Social Work, holding national level seminars and training courses, undertaking survey and research publications and representing the interests of voluntary social welfare work at national level. The Council was also affiliated to the International Council of Social Welfare, which provided an avenue of exchange of information from the international sphere. *"However with the departure of its trained and experienced staff and other developments, the activities of the Council have waned"* (Department of Social Services, 1977, p.63). Since 1988, however, the receipt of a substantial five year grant from USAID has revived the CCSS. It now has a programme of giving micro-grants to NGOs, training NGO personnel and has developed a data bank on NGOs which is used in liaison work with other Commonwealth countries.

Major Issues and Priority Areas for Action

If government is moving away from its earlier laissez-faire policy towards NGOs, there should be a clear statement of the current government policy, both towards local as well as foreign NGOs. Even as government has clearly stated its policy towards foreign investment, set out the conditions and concessions available, and established an organisational framework for monitoring these investments, it is necessary that the legal and administrative framework within which NGOs should work should be clearly set out and given wide publicity.

The concept of a "one-stop shop" for investors can also be extended to provide a combined service for foreign private sector organisations providing welfare services. The NGO Liaison Unit (NGO.LU) was providing some such services to foreign NGOs but such operations need strengthening. Uniform procedures for registration, standardised reporting and a common set of obligations should be specified for both parties. A central unit should co-ordinate the activities of NGOs, avoid duplication and competition and provide a forum for discussion of common problems in NGO-State relationships e.g. with regard to the extension services, bottlenecks, corruption, political interference. Government can keep NGOs informed of changes in the national policy framework and priorities so that NGOs can go into particular areas or undertake joint exercises with

government. The unit can keep government organisations informed of the role of NGOs and government policy towards them. Annual audited statement of the funds received and spent by each NGO should be submitted by the NGOs and the banks concerned and an annual review of individual NGO programmes conducted. If an NGO decides to "pull out" of the country, contractual obligations to its staff should be enforced by this unit. The NGO Consortium for Relief and Rehabilitation is a good working model for such government - NGO cooperation.

Local NGOs should obtain legal status by registering under the 1980 Act. Small local NGOs could register with their Provincial Council. The preparation of an NGO directory, updated from time to time, should be an ongoing activity which can be contracted to a voluntary research organisation or the CCSS.

The development of an NGO Apex Organisation to provide a recognised forum for government-NGO consultation has been a long-felt need, but because voluntary affiliation is essential, has not been a successful endeavour. The Apex Organisation has to have a high level of technical expertise to be able to provide the services NGOs need and attract affiliates. A government or foreign aid grant may be provided to run its own Resource cum Training Centre, data bank and information service. It could formulate and enforce its own code of conduct and lay down standards of service with regard to facilities, accommodation and staff. An existing organisation could be developed to play this role effectively e.g. the Central Council of Social Services. NGO groupings at Provincial or district level along the lines of subject or sector-specific interests, could be encouraged by branch organisations of the Apex organisation.

Government should provide training programmes for NGO staff in the Sri Lanka Institute of Development Administration, the Rural Development and Research Centre and the Institute of Social Development.. The main professional training source for the skills required in the private NGO sector is the Institute of Social Development (formerly the School of Social Work set up in 1953) which has an output of only 100 Diplomates a year. Labour laws and their application to NGO staff need to be clarified. A scheme could be developed to upgrade staff quality while paying realistic salary scales by providing special grants-in-aid to meet the cost of trained employees. At present this is done for diplomates from the Institute of Social Development only. A further development would be the institution of a unified scale of payment for NGO staff which is linked to training and experience.

The setting up of NGO Panels in key development ministries to involve NGOs in planning and programming has been suggested (Abeywardene, 1990). The Plan of Action for Children (Ministry of Policy Planning & Implementation 1991) also envisages the setting up of six Standing Committees to co-ordinate work undertaken by government and NGOs to assist six categories of children in difficult circumstances e.g. the orphaned/abandoned, street children, disabled children, child labour and the abused, refugees and child prostitutes; but these need to be activated.

Financial assistance which should be provided to NGOs includes "bridging" finance, concessions on local government rates/taxes, water and electricity charges, and tax concessions. Finance could be arranged through the banking system as for industrial enterprises. All procedures for obtaining and monitoring government grants have to be standardised to reduce the element of corruption and Provincial Council staff trained in the administration of this system. The principle of a "matching grant" could be introduced, whereby agencies who are able to raise funds equivalent to the total maintenance grant paid during the previous year are given an additional percentage on a sliding scale. In any event, the procedure and time-lag in approving and paying maintenance grants should be drastically shortened and the payment of an advance reintroduced; the quantum of these grants should also be revised in line with increases in the cost of living. As for location of industries, incentives can be given to NGOs to expand into poorly-served districts or new areas e.g. an enhanced grant, cost of new buildings and their maintenance for a few years etc. Special grants should also be given for the employment of qualified persons or to those organisations following an approved scheme of service conditions.

The management of non-profit institutions, where there is no "bottom line" is now receiving more attention (Drucker, 1990) Schools of Management should develop short courses to strengthen the financial, managerial and operational capability of NGOs, which can be provided through coordinating bodies or their branches at district level.

The surpluses accruing to welfare-oriented NGO's need to be accumulated by them over several years to promote capital formation for their growth, for the same reasons as for a private entrepreneur. The waiver of import duties on equipment and vehicles required to build up the institutional capacity of an organisation should similarly be allowed.

The expertise of government officers in the technical aspects of social work and the preparation of work programmes, etc. has to be built up. It is only then that the government can effectively advise and supervise NGOs providing social welfare services. The Departments could have a representative on the National Co-ordinating Councils to provide technical guidance and foster co-ordination between government and each Council. The three National Co-ordinating Councils for the Deaf, Blind and Mentally Retarded could, with this assistance, be more effective in promoting the rehabilitation and rights of each disability group. An Institute to provide training in the full range of disability work is required if community-based rehabilitation of the disabled is to become a reality. Expansion of the output of social workers is also required for monitoring and helping children leaving institutional care, providing field liaison with parents/relatives, and carrying out industrial and school social work.

Conclusions

NGOs can be an important third force in development. Being in touch with the "grass-roots", NGOs can raise consciousness and stimulate the people,

particularly socio-economically disadvantaged groups, to participate in the services provided by government, etc. At the same time, they can keep government and the international community informed of people's needs and aspirations and help develop appropriate policies and programmes.

Sri Lanka has a well-developed NGO sector which has awareness, humanitarian concern, effective programming experience, research ability and links with the grass-roots level. However it currently has little interaction with government in policy formulation. The administration of grants-in-aid, through which the government relationship with some NGOs was established, consists mainly of "checking" and sometimes of "fault-finding". A relationship based on social work principles should, however, be one of mutual understanding, guidance and assistance with the numerous problems facing the institutions and their managing bodies, in order to provide a better service. Government officers, if they are to have any meaningful relationship with voluntary agencies, should be technically competent to advise them; besides experience, a professional training in institutional care, agency operations and the fundamental skills of community organisation are required.

In general, the wide-ranging concessions extended to attract foreign investors to Sri Lanka and stimulate industrial expansion, should be examined for their suitability in attracting foreign funds to the voluntary social welfare sector and extended to it to encourage its expansion. Any proposal to control the flow of foreign funding e.g. by routing it through government, or the detailed monitoring of its utilisation, may be resisted by the donors and affect the level of funding. A sustained publicity effort abroad may be necessary to communicate government's policy towards NGOs to foreign donors, to counteract present feelings of uncertainty.

Annex 1: Welfare Institutions Receiving Direct Grants from Government.

1. National Council for the Blind,
No. 74, Church Street,
Colombo - 02.
2. National Council for the Deaf,
No. 625/98, Sri Jayewardenepura Mawatha,
Rajagiriya.
3. Association of Disabled Technicians,
No. 20, Sir James Peiris Mawatha,
Colombo - 02.
4. National Council for Mental Health,
("SAHANAYA") Kitulwatta Mawatha,
Borella, Colombo - 08.
5. Friend-in-Need Society,
Jaipur Foot Project.

Source : Department of Social Services.

Annex 2: Welfare Institutions Directly Run by Government.

A. Department of Social Services

1. Vocational Training Centre for the Disabled,
Liyanagemulla, Seeduwa.
2. Vocational Training Centre for the Disabled,
Ketawala, Lewla, Kandy.
3. Vocational Training Centre for the Disabled,
Wavinna, Wattagama.
4. Rehabilitation Centre for the Mentally Retarded Persons,
Amunukimbura, Waturugama.
5. State Home for Elders,
Botale Road, Mirigama.
6. State Home for Edlers,
Saliyapura, Anuradapura.
7. State Home for Elders,
Kaitady, Jaffna.
8. House of Detention for Prostitutes & Vagrants,
Gangodawila, Nugegoda.
9. Rehabilitation Centre for Beggars,
Ridiyagama, Ambalantota.

B. Department of Probation and Child Care Services

State Receiving Homes

1. State Receiving Home,
Bellanthara Road, Dehiwela.
2. Prajapathi Home,
Galle Road, Panadura.
3. Ruhunu State Receiving Home,
Galle.
4. Udaperadeniya Children's Home,
Udaperadeniya, Peradeniya.
5. Sujatha Sevena State Receiving Home,
Bandarawella.

6. Abaya State Receiving Home,
Airport Road, Anuradhapura. p73
7. Jaffna State Receiving Home,
Chavakachcheri, Jaffna.*

Certified Schools

1. Certified School for Boys,
Makola, Kiribathgoda.
2. Certified School for Boys,
Pathana, Hikkaduwa.
3. Certified School for Boys,
Kappetipola.
4. Certified School for Girls,
Ranmuthugala.
5. Certified School for Boys,
Achchuweli.*

Remand Homes

1. Remand Home for Boys,
Pannipitiya.
2. Remand Home for Boys,
Baddegama Road, Halpatota.
3. Remand Home for Boys,
Airport Road, Anuradhapura.
4. Remand Home for Girls,
Ranmuthugala.
5. Remand Home for Boys,
Jaffna.*

Detention Homes

1. Detention Home for Boys,
Baddegama Road, Halpatha.

* Not functioning at the moment due to armed conflict.

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Abbreviations

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| CCSS | - | Central Council of Social Services |
| IREC | - | Innovations et Reseaux Pour le Developement |
| NGO | - | Non-governmental Organisation |
| RAFAD | - | Research and Application for Alternative Financing for Development |
| USAID | - | United States Agency for International Development |
| YMCA | - | Young Men's Christian Association |
| YWCA | - | Young Women's Christian Association |