POVERTY ALLEVIATION STRATEGIES OF SRI LANKA

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Sri Lanka
The Democratic Socialist Republic of Sri Lanka

- A Picturesque Tropical Island in South Asia
- Total Land Area - 65,610 Sq.km
- Population - 20.4 Mn.
- Rural Population - 75%
- Population Growth Rate - 1.1%
- Number of Provinces - 9
- Number of Administrative Districts - 25
- Number of Administrative Division - 331

Contd..
Colonial Invasion
1505-1948 (443 years)
Exploitation of 03 Nations
Roots of Poverty Traced in Colonial Invasions
Land less Social Class emerged
Plantation Crop Was Introduced

After the Independence
Two Strategies Introduced
1. Development of Rural Agriculture & Increasing Productivity
2. Introduction of Social Welfare Policy
Introduction of Social Welfare Policy

Government Dominated Economy

Private Sector Dominated Economy

Severe Economic Crisis
  • Income Inequality
  • High Inflation
  • High Unemployment Rate
Against the above Socio- Economic background
Special measures began to be considered
For the purpose of ‘poverty alleviation' and
‘Safety nets' for the poor to be able to go through the structural adjustments in the mainstream market economy.
It is considered as an outstanding innovative landmark in the poverty alleviation in Sri Lanka. Bottom up and putting the last first style taken in to consideration in formulating the programme.
JANASAVIYA
HOW IT WAS IMPLEMENTED

Self Sustaining Development
Each poor family received a monthly grant of Rs.2500/= for 24 months
Rs-2500/ (US $25)
[Rs.1458 (US $ 15) (For Food Stuffs)]
Balance Rs. 1042/= (US $ 10) Deposited with a state bank until accumulated Rs;25000/=(US $-25)
Which could be invested for self employment or other income generating opportunity`
SAMURDHI
PROSPERITY THROUGH POVERTY ALLEVIATION

Janasawiya program was further strengthened by introducing Samurdhi Program

Main Objectives

i. To Expand opportunities for income enhancement and Self employment

ii. To Empower youth; women and other disadvantaged people
iii. To Assist person to develop their talents and capacities
iv. To Establish & maintain productive assets to create additional wage employment opportunities at the rural level
v. To Safeguard the poor receiving Social Welfare assistance
PRESENT GRADUATION STRATEGIES UNDER SAMURDHI

A. Income Transferring
B. Social Security /Insurance
C. Saving Credits & Micro Finance
D. Social mobilization
E. Infrastructure Developments
A. Income Transferring

Beneficiaries are eligible to receive a monthly allowance. According to the Wealth & size of the family,

**Design to achieve**

- Increasing purchasing power for consumption
- Materializing capital formation for investment and anti-indebtedness
- Increase coping capacity at calamities
- Improving housing conditions
### Methods of Transferring

#### 1. Relief Programme
According to the No. of Members of the Family

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<th>3-5</th>
<th>2</th>
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<tbody>
<tr>
<td>1. Value (US $)</td>
<td>15</td>
<td>9</td>
<td>5.25</td>
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<td>2. Food Stuff</td>
<td>6.05</td>
<td>3.80</td>
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<td>3. Cash Grant</td>
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<td>4. Compulsory Saving</td>
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<td>5. Social Security</td>
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<td>6. Housing Lottery Contribution</td>
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<td>0.10</td>
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#### 2. Nutrition Allowance Programme
B. Social Security Fund

Help to prevent economic disadvantages at social calamity and distress arising crisis

1.04 Millions of membership

Current Payment Systems

1. Death	Us$ 100
2. Birth	Us$  30
3. Illness	Us$  30
4. Marriage	Us$  50
5. Scholarships	Us$ 5 *24 Months
Performance of the fund

- No. of Claims settled: 17,840,350
- Total Amount of Fund: US$ 65.4mn
- Value of Claimed (from 1997-2010): US$ 31mn
- Surplus of the fund: US$ 30mn
C. Samurdhi Bank Systems & Micro Finance

- A Network of Finance Institutions Reserved for Poor
- One Bank for 30 Villages
- Membership of a Bank 1500-2500
- Instead of Personal Guarantee, Release loans on the trust of the Group of People
Methodology

- Samurdhi Group Saving Systems group Liability and the Collective Savings of five member groups
- Few outsiders

Repayment

- High Repayment Rates – Convention Peer Pressure Mechanism
- Continues Alert of Banking Staff
- Self Respect mentality of Women
Releasing of Loans

- 48, 48%: Self Employment
- 28, 28%: Increasing of Living Stands
- 12, 12%: Consumer
- 5, 5%: Housing
- 4, 4%: Cultivation
- 3, 3%: other
Compulsory savings from the cash transferring program

- No. Of Bank Societies – 1043
- No. of Accounts -5,167,854
- No. of Beneficiaries
- No. of SHG’s 207,975
- Total capitalization 350.0 US $ Mn.
D. SOCIAL MOBILIZATION

Process of assisting the poor to improve their livelihood

Activities
✓ Development Oriented
✓ Self Help Group Formation
✓ Mobilizing own Resources
✓ Micro enterprises Development
✓ Acquisition of Supporting Services
E. PARTICIPATORY APPROACH FOR INFRASTRUCTURE DEVELOPMENT

INSPIRING INCOME GENERATING ACTIVITIES OF VILLAGERS

- Demand Driven
- Adding Value for Unskilled Labor

- Small Scale Drinking Wells
- Roads
- Culverts
- Bank Buildings
- Marketing Stalls
- Water Supply Schemes
- Sanitary Constructions
FACTORS INFLUENCING THE FOCUS ON GRADUATION

- High Degree of fluctuations of rural household income
- Ability to generate EXTRA income is limited
- Lack of skills of the beneficiary
- Issues related to family members including size and composition
- Geographical issues of poverty levels
- Dependency mentality as a result of long term interventions since independence
CURRENT STATUS

- Poverty levels has decreased from 15% to 7.6%
- MDG target achieved much ahead of 2015.
- Beneficiaries were reduced from 1.9mn to 1.5mn
- Nearly 4mn families have been crossed over the poverty line.
Challenges

- Challenges of Implementation
- Defining clear objectives and benefit levels
- Reaching the intended beneficiaries
- Distributing benefits reliably and efficiently
- Weak targeting of welfare programme
Lessons Learned and Future Strategies

• GOSL spends 4% of GDP for transfer payments and subsidy
• Samurdhi program is the only major transfer program dealing with poverty reduction and equity objectives

But
• The number of beneficiaries is much greater than the poor households
• Bias of grass root officers on personal connections
• Influence of local politicians
• Other privileges that connected to the package other than money
• Fear of loosing social security
New Strategies

Participatory approach
• Modified family classification methodology of selection procedure
• Public meetings for the whole village
• Explain selection criteria
• Ranking by themselves

Special attention
• Assets ownership
• Land ownership
• Condition of housing

Minimum interference of public officers
National program on establishment of 1mn economic hh units

Govt. Policy Statement of 2011

Main Focus

• To establish resourceful and prosperous villages by 2016 through social and livelihood development

• Objectives

• Agriculture sector- home gardening

• Fisheries and animal husbandry-small scale farms

• Development og cottage industry-food processing to utilize the fruits and vegetables maximally