

Where Sri Lanka Stands on Poverty Alleviation: The Case of Samurdhi Programme

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ABSTRACT. Despite Sri Lanka has achieved impressive results in human development indicators over the decades, continuously it has encountered difficulties in its battle against poverty. Since the independence, the country has recovered significantly, mainly through the implementation of various social assistant programmes. However, the poverty in Sri Lanka is still widespread and acute, and is generally a rural phenomenon. Poverty reduction has been slow due to widening inequalities among income groups and across regions, and because growth is concentrated in Western Province. Sri Lanka has a long history of social programs and of food subsidies in particular. Like many other countries, the government of Sri Lanka has a number of social assistance and poverty alleviation programs. The largest one of these is the samurdhi program which was introduced in 1995. The main objective of Samurdhi is to ensure the participation of the poor in the production process by increasing access to resources for self-employment, enhancing their health and nutritional status as well as improving rural infrastructure. Based on the empirical analysis of the distributional outcomes, Samurdhi does not emerge as an efficient transfer program. It is modestly successful in reaching the intended beneficiaries, but it transfers a large portion of its resources to the nonpoor. Moreover, the non randomness of its targeting errors indicates that the program would need extensive redesign in order to improve its efficiency. This paper presents a description of the structure of Samurdhi and examines its design and targeting outcomes. In light of these results, the paper intends to stimulate a discussion of whether this program is an effective vehicle for reducing vulnerability and poverty alleviation by using the secondary data from Department of Census and Statistics and Central Bank Report.

JEL Classification: 015, 132,

Key words: Human Development, Poverty Alleviation, Samurdhi Programme.

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