A Note on the Sri Lankan Experience in Poverty Reduction

NERANJANA GUNETILLEKE

1. INTRODUCTION

‘Poverty’ is a complex, multifaceted and much investigated subject which has generated an colossal amount of literature. The situation in relation to Sri Lanka is no different—both in relation to the complexity of the subject and the investigation and literature it has generated.

Within the international debates, Sri Lanka has been used extensively as a case study as in the early work on the basic needs and growth versus welfare debates, UNICEF’s work on Adjustment with a Human Face and more recently in the World Bank’s Voices of the Poor qualitative study. The domestic research and literature has been as prolific, the most recent group being the background material for the Framework on Poverty Reduction.1

This paper will not attempt to summarise the existing debates and literature or provide a comprehensive overview to poverty and its many facets in Sri Lanka. Instead it will briefly place Sri Lanka in the context of South Asia and look at the policy framework which brought about the present situation and the ongoing and envisaged policy changes. Finally it will highlight a few selected issues which are of growing interest and have received relatively less attention. A selected bibliography is provided at the end.

2. A BRIEF PROFILE

With the economy growing at an average of 5 percent over the last decade, Sri Lanka’s per capita income reached USD 800 in 1997 thereby making Sri Lanka the second South Asian economy to move into the lower-middle income group as per World Bank classification (see Table 1). As is frequently stated, levels of opportunity, capability and living standards enjoyed by Sri Lanka’s population is

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1The new Framework for Poverty Reduction in Sri Lanka is discussed later in this paper.

2The Maldives has the highest per capita GDP (USD 1,180) among the SAARC nations.
well beyond that expected on the basis of its GDP. In terms of human development, Sri Lanka ranks 84th in the world and first in South Asia with a HDI of 0.733. Life expectancy at birth (74), adult literacy (91), infant mortality (15 per 1,000 live births) and maternal mortality (2.3 per 10,000 live births) reflect the levels of human development.

However, there is a definite downside to these achievements. Approximately a quarter of the population continues to live below an acceptable standard of living. An important cause for concern is that the rate of poverty reduction has fallen below what can be expected at the current rate of economic growth. Sri Lanka seems to

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Table 1

**Comparative Development Indicators for South Asian Countries**

<table>
<thead>
<tr>
<th></th>
<th>Bangladesh</th>
<th>India</th>
<th>Nepal</th>
<th>Pakistan</th>
<th>Sri Lanka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Density (per sq. km)</td>
<td>981</td>
<td>336</td>
<td>164</td>
<td>175</td>
<td>294</td>
</tr>
<tr>
<td>GNP per Capita in USD-1999</td>
<td>370</td>
<td>450</td>
<td>220</td>
<td>470</td>
<td>820</td>
</tr>
<tr>
<td>GNP per Capita Measured at PPP</td>
<td>1,475</td>
<td>2,144</td>
<td>1,219</td>
<td>1,757</td>
<td>3,056</td>
</tr>
<tr>
<td>Population below International Poverty line: USD 1 per Day</td>
<td>29.1</td>
<td>44.2</td>
<td>37.7</td>
<td>31.0</td>
<td>6.6</td>
</tr>
<tr>
<td></td>
<td>77.8</td>
<td>86.2</td>
<td>82.5</td>
<td>84.7</td>
<td>45.4</td>
</tr>
<tr>
<td><strong>Quality of Life</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child Malnutrition (% Prevalence among Children under 5)</td>
<td>56</td>
<td>–</td>
<td>57</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>Life Expectancy at Birth: Male</td>
<td>58</td>
<td>62</td>
<td>58</td>
<td>61</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>59</td>
<td>64</td>
<td>58</td>
<td>63</td>
</tr>
<tr>
<td>Adult Literacy: Male</td>
<td>51</td>
<td>67</td>
<td>57</td>
<td>58</td>
<td>94</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>29</td>
<td>43</td>
<td>22</td>
<td>88</td>
</tr>
<tr>
<td>Human Development Index</td>
<td>0.461</td>
<td>0.563</td>
<td>0.474</td>
<td>0.522</td>
<td>0.733</td>
</tr>
<tr>
<td>Gender Related Dev. Index</td>
<td>0.441</td>
<td>0.545</td>
<td>0.449</td>
<td>0.489</td>
<td>0.727</td>
</tr>
<tr>
<td>Gender Empowerment Index</td>
<td>0.305</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>0.309</td>
</tr>
<tr>
<td><strong>Social Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidies and other Current Transfers as a % of Total Govt. Expenditure</td>
<td>–</td>
<td>40</td>
<td>–</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>Expenditure on Education as a % of GNP</td>
<td>2.2</td>
<td>3.2</td>
<td>3.2</td>
<td>2.7</td>
<td>3.4</td>
</tr>
<tr>
<td>Expenditure on Health as a % of GDP</td>
<td>1.2</td>
<td>0.6</td>
<td>1.3</td>
<td>0.9</td>
<td>1.4</td>
</tr>
</tbody>
</table>


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1International poverty line: percentages of population living below those levels of consumption or income at 1993 prices adjusted for purchasing power parity. The international poverty line has been used for ease of comparison though it differs strongly with the national poverty lines. The national poverty lines are not available for all South Asian countries and even when available, they are subject to a number of constraints.

2Due to the lack of an officially designated poverty line considerable confusion exists when attempting an acceptable measure of poverty. However, a consensus can be reached that approximately 30 percent of the population have a living standard which is below an acceptable level (higher poverty line of Rs 950/person/month) while approximately 20 percent fail to meet the minimum level of nutrition, shelter and clothing (lower poverty line of Rs 791.67/person/month). For a discussion of the issue of poverty lines in Sri Lanka see Tudawe (2000).
have reached a threshold of chronically poor who fail to benefit from economic growth and resist all efforts of poverty reduction interventions. In a renewed effort at addressing the issue the Sri Lankan state has made fundamental changes in its strategy for poverty alleviation and human development during the last decade.

3. POLICY ISSUES: BUILDING ON PAST ACHIEVEMENTS

The acceptance of the concepts of social justice and welfare coupled with the demands of a populist electoral system in Sri Lanka has meant that successive governments developed an extensive policy framework which targeted the welfare of the entire population. The corner stones of the framework which reinforced each other were the universal food subsidy program and the universal provision of free education and health. The universality of provision was due to a combination of social, political and economic factors. Supplementing this main programmes were the targeted programmes of land distribution schemes, housing and settlements, water and sanitation, and a range of rural development interventions.

However, over the last decade there have been a number of fundamental policy changes which were introduced gradually. Firstly, there has been a move away from universal consumption subsidies to targeted income transfers which form a segment of a multi-faceted poverty reduction programme (such as the Janasaviya programmes and the Samurdhi programme). Secondly, the state has gradually included the non-government sector as a legitimate and important partner in the process of poverty reduction and welfare provision.

1. Introduction of Targeted Direct Intervention Programmes

Until the watershed year of 1977 the fundamental feature of economic and social policy in Sri Lanka was its commitment to redistributive objectives and its strong fiscal rather than market bias. Change of regime in 1977 saw a change in economic policy emphasis towards market oriented liberalised growth. However, in terms of social welfare policy the commitment to universal provision of education and health continued. The only major change was in the food subsidy policy. The food subsidy which had by 1977 expanded to include most consumer foods including the major commodities of rice and wheat flour had begun to cost the state an excess of 16 percent of the national budget. In 1979 universal subsidy on food was replaced by value based food stamps provided to households earning an annual income of less than Rs 3600. By 1990 it was totally phased out and direct income transfers took its place [Ratnayake (1998)].

This includes text books, school uniforms, and mid-day meals to school children.

The universal food subsidy has been identified by many studies as a major contributory factor to Sri Lanka’s high human development. See among others Sen (1984) Food Battles: Conflicts in Access to Food. Food and Nutrition 10:1 81–89.
1990 saw a major change in the strategy used for fighting poverty as a poverty reduction programme which directly targeted only those defined as poor was inaugurated. The Janasaviya programme was a multifaceted poverty reduction programme which included elements of income transfer as well as production generation. With the change of regime in 1994 the Janasaviya programme was phased out and the Samurdhi programme replaced it. The targeted intervention policy was maintained by the Samurdhi programme which built on the Janasaviya model and currently includes elements such as income transfer, savings, micro enterprise credit, community mobilisation and beneficiary participation. While targeted intervention is the basis of this programme, independent evaluations have repeatedly questioned the success of the targeting. The general consensus is that the approximately 25 percent of the poorest fall through the process mainly due to structural shortcomings while about 25 percent of non-poor are targeted primarily due to political motives.

2. From State Monopoly to Private/NGO Sector Co-operation

The state has been, and continues to be, the dominant force in social welfare and poverty reduction interventions in Sri Lanka. A gradual change in strategy which has now picked up momentum is the acceptance and inclusion of the non-state sector as a critical partner in national poverty alleviation interventions. During the universal provision period, the non-state sector played a very minimal role in the poverty alleviation and social welfare interventions in Sri Lanka. It predominated in the areas accorded lower priority by the state, as in specific problems faced by disadvantaged segments of the population such as destitute and orphaned children, handicapped and disabled, terminally ill, abused, mentally ill, etc. Here, the state only played a regulatory role, the philanthropic organisations undertook the functional responsibility under the guidance of the state [Jayasuriya (2000)].

The turning point in the role envisaged for NGO sector came with the inauguration of the Janasaviya Programme. Despite early problems,7 the NGO sector was accepted into the mainstream of poverty reduction and welfare activities due to the structure of this programme.8 Since then the sector has developed rapidly increasing both its capacity and its influence on national policy and implementation. State—NGO co-operation is rapidly becoming the norm in a cross section of targeted projects.9 In relation to inclusion in the policy making process, most special task

7The relationship between the State and the NGO sector in Sri Lanka has been very volatile. Even given the current efforts at co-operation underlying tensions continue to exist.
9Some examples are the Plantation Housing and Welfare Trust, Community Water Supply and Sanitation Project, the Sustainable Township Programme, Community Environmental Initiatives Facility, the Pilot Land Management Project, and the Participatory Nutrition Improvement Project.
force committees now include members from the NGO sector. Crucially, the NGO sector was represented in the development process of the new policy framework on poverty reduction. However, the NGO sector in Sri Lanka is strongly constrained by the lack of professional expertise, experience and overall capacity. This is primarily a result of the relative immaturity of the sector. Given the support the sector receives from international sources, and now the Sri Lankan state, it is expected that their contribution will rapidly increase.

3. The New Policy Framework for Poverty Reduction

In June 2000 the Government of Sri Lanka made public the draft of the new ‘Framework for Poverty Reduction in Sri Lanka’ which sought to ‘craft a set of policies, strategies and programmes for sustained poverty reduction’. As emphasised in the Introduction to the Framework, ‘despite the legacy of impressive achievement,…poverty levels in Sri Lanka remain high, (and) little apparent progress has been made in reducing poverty in the 1990s’ (page 1). There was obviously a critical need to redirect the considerable energy and resources being committed to the poverty reduction process. Hence, the Framework seeks to introduce ‘new and more inclusive efforts to reduce poverty’ developed through a ‘consultative process (which) obtained the full participation and insight of civil society, the private sector, the donor community and the government agencies involved in the poverty reduction effort’.

The resultant framework is made up of three basic elements:

Creating Opportunities for the Poor

Based on the concept that the poor need greater opportunities if they are to benefit from, as well as contribute to the process of national growth, the new strategic initiative identifies seven priority areas:

1. Building awareness and consensus that peace can make a vital contribution to poverty reduction,
2. Expanding productive employment by maintaining a stable macro-economic environment,
3. Improving market access by linking poor regions to dynamic markets,
4. Raising productivity and broadening market access for the small and medium-scale enterprises,
5. Creating opportunities for the poor to benefit from structural change by fostering broad-based rural development, competitive industrialisation, service sector development and sound urban settlement,
6. Improving access to quality education and healthcare, and
7. Innovative environmental management to enhance the sustainability of the poverty reduction process.

The UNDP and the World Bank provided financial and technical support for this venture.
Social Protection

The Framework acknowledges that ‘an effective social protection system becomes ever more important as the poor come to increasingly depend on private sector growth to raise incomes and improve welfare’. The role of the state will be to deliver social protection in a way which ‘encourages the poor to integrate as fully in society as possible, without inspiring dependency, complacency or erosion of individual and community initiative’.

The Samurdhi programme will continue to be the flagship initiative. However, it will shift its emphasis from cash grants to a verity of forms of social insurance. Income transfers will be limited to the most disadvantaged and vulnerable such as terminally ill and disabled, elderly, abandoned and orphaned children, victims of conflict etc. Special attention will be devoted to the households in the conflict regions of North East and North Central provinces.

Empowering and Mobilising the Poor and Strengthening Governance

The plan of action in this segment revolves around the future efforts at decentralisation at a national level and community driven development initiative at a micro level. Complementing these strategies is the focus on making the rule of law more accessible to the poor; addressing gender based constraints regarding wage rates, labour force participation, problems of substance addiction; addressing the chronic and multiple disadvantages faced by socially excluded communities. The overall strategy is based on the concept that better institutional and macro governance will contribute towards the empowerment of the poor to take part in the decision making process as well as articulate concerns over the access and quality of services.

As much as this Framework was developed together by the state and its development partners (private sector, non-governmental and community based organisations, donors and other stakeholders), it is expected that it will be put into action thorough co-operation between all stakeholders.

4. SOME ISSUES FOR CONSIDERATION

A vast range of issues can be identified to expand on within Sri Lanka’s poverty related problems, achievements and challenges. Discussed below are three issues which have come rapidly into focus during the last decade.

Conflict and Poverty: The Achilles’ Heel

Needless to say, the most critical factor in the wellbeing of the Sri Lankan nation is the on going secessionist conflict. Apart from the enormous human cost, in economic terms, it has effected government budget priorities, created inflationary pressures and adversely effected economic dynamism. Despite its impact on the
population at large, the most devastating impact is felt by the poor, especially the communities living in the areas of active conflict: the Northern, Eastern and the North Central provinces. These communities face multiple disadvantages of destroyed means of livelihood, disruption in state provision of services and physical vulnerability.

Table 2

<table>
<thead>
<tr>
<th>Value as a % of 1996 GDP</th>
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<tbody>
<tr>
<td>Govt. Expenditure on Relief Services</td>
<td>3%</td>
</tr>
<tr>
<td>Cost of Lost Infrastructure</td>
<td>13.5%</td>
</tr>
<tr>
<td>Lost Income Due to Forgone Public Investment</td>
<td>11.25%</td>
</tr>
<tr>
<td>Lost Income Due to Displacement</td>
<td>7.1%</td>
</tr>
<tr>
<td>Lost Income Due to Lost Human Capital (Dead and Injured Persons)</td>
<td>3%</td>
</tr>
<tr>
<td>Total Cost of the War</td>
<td>205%</td>
</tr>
</tbody>
</table>

Source: Economic Cost of the War in Sri Lanka, IPS, 2000 (calculations are based on 1994 estimates).

In an attempt to minimise the human cost and in keeping with its strong welfare tradition, the Government of Sri Lanka, together with a range of donor and civil organisations, have attempted to maintain the delivery of food and other essential commodities, basic health, education and transport services to the conflict effected regions as well as undertaken rehabilitation and reconstruction work parallel to military offensives.11 ‘As a result, the civilian population in the (war) area has been somewhat protected’ [World Bank (2000b)].

However, these efforts have hardly been sufficient to halt the devastatingly impoverishing impact of the secessionist conflict. Of the multiple sources of impoverishment some of the primary causes are:

- Destruction/disruption to means of livelihood: The breakdown of economic infrastructure (particularly irrigation, marketing and transport systems), loss of productive assets, inability to continuously cultivate due to vulnerability to attacks and landmines, restrictions on access to sea and high horse power boats for fishing, all contribute towards the weakening of means of livelihood.
- In terms of provision of services, the sate still remain the main provider. However, a host of problems remain.

Education: Disruption has occurred due to vulnerability of children when travelling to school, the lack of teachers, equipment, etc., the closing down of

schools due to either destruction or take over as refugee camps. In addition to these issues extensive recruitment of child soldiers by the LTTE in the Northern Province, has caused the school drop out rates in the province to be three times the national average.

*Health:* Similar issues to that of education plague access to health. Furthermore, the break down of prevention programs have given rise to the most virulent form of malaria as well as other mosquito borne diseases; poor quality water, sanitation and shelter have increased respiratory infections and water borne diseases; food shortages, deterioration in primary health care has led to lowering of maternal and child health and increase in malnutrition [de Silva (1998)]. Besides the issues of physical health, deterioration in mental health due to psychological trauma has become common place.

*Transport:* Problems with transport vary with the region and the intensity of direct warfare. While in some areas rudimentary civilian transport exist at a cost, in other areas security permits restrict transport. Military protected vehicles serve most of the vulnerable villages. The lack of road maintenance, the lack of any sort of public transport in interior roads effect the access to means of livelihood as well as services.

*Public Utilities:* The greatest impact has been the destruction of the irrigation system. Agriculture is the main source of livelihood in the conflict affected areas. Given the arid conditions a well functioning irrigation system is vital for sustained agricultural production in the region. The break down of social infrastructure and the shifting of state priorities has meant that the two sources of irrigation management have vanished.

Amidst all the devastatingly negative impacts of the conflict on poverty and human welfare, lie the employment opportunities created by the war: primarily in the security forces. A number of recent studies on poor households have confirmed that remittances form the primary source of household income though agriculture was considered the main occupation of the household. The main sources of remittances were migrant labour and employment in the security forces. Employment in the security forces is particularly attractive as the total pay can be remitted, security personnel and families come under a range of welfare schemes, and even in the event of death, the family will continue to receive the salary and in time the pension. Hence, though employment in the forces provides very low physical security it provides long term economic security to low income households which lack other income generating opportunities.

Given the over powering human and economic impact the conflict has in Sri Lanka, investigating the ‘peace dividend’ has attracted much scholarly interest in recent times.

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12 Among others, see various qualitative studies carried out by IPID, Colombo.
Gender and Poverty: The Blind Spot

The economic and social wellbeing of women in Sri Lanka is considerably higher than their counterparts in the region, and indeed compares very favourably against worldwide benchmarks. At 0.727 Sri Lanka’s Gender Development Index is higher than the world average [HDR (2000)]. As such, aggregate indicators show no significant gender inequality in areas such as access to health and education services, and there is no significant difference in the prevalence of poverty between female and male headed households.\(^\text{13}\)

These favourable outcomes are primarily a result of the social welfare policies followed by successive governments which were reinforced by the dominant gender inclusive culture. Though policies rarely targeted women as a special group, the traditional liberal social system enabled women to benefit with minimum discrimination.

These favourable conditions and the resultant achievements—which tend to get further exaggerated when located within the South Asian context—have begun to be the greatest constraint for further development. The Sri Lankan policy makers, and indeed, the civil society,\(^\text{14}\) have tended to be lulled into a state of complacency which is totally unjustified. As indicated by the very low Gender Empowerment Index (0.309), female education has not translated very well into decision-making positions. Even more crucially from a poverty point of view, inequalities prevail in employment opportunities and in wage rates—especially in unskilled and casual labour. The intensity of the problem of physical insecurity both within the home and in the community has only been acknowledged recently. Domestic violence and abuse, sexual harassment in the work place as well as in the community has intensified due to the general breakdown of law and order making women—especially poor women—extremely vulnerable.

The issues facing poor women in Sri Lanka are fundamental not just to the society but to the economy as well. Low skilled female labour forms the overwhelming majority of the foreign exchange earning labour force: migrant remittances, garment exports, and tea exports. Policy-makers obviously need to redirect their efforts in a manner that focuses on gender issues. However, more than in any other aspect, it is vital for Sri Lanka to develop a nation specific vision in relation to issues of gender and poverty.

\(^{13}\)In fact, female headed households are less likely to be poor than male headed households. This is mainly a result of the support received by these households from extended family networks, and targeted NGO and state programs rather than the higher earning capacity of females [Aturupane (1999), p. 21].

\(^{14}\)Organised women’s activism in Sri Lanka is probably least focused in the region. It certainly compares very unfavourably with the dynamism of the Indian women’s movements.
Decentralisation and Poverty: The Panacea?

To most Sri Lankans any debate on decentralisation is a highly sensitive and hotly contested political debate rather than a development policy debate. However, Sri Lankan policy makers and donors are increasingly considering the pros and cons of decentralisation in terms of meeting developmental and poverty alleviating objectives. The increasing interest in decentralisation as a policy alternative arises from the concern of policy-makers regarding the continuously widening regional, urban/rural disparities (see Table 3).

Table 3
Regional Disparities in Development in Sri Lanka

<table>
<thead>
<tr>
<th>Province</th>
<th>HDI</th>
<th>Population Below the Poverty Line</th>
<th>Child Malnutrition</th>
<th>School Drop Out Rates</th>
<th>Access to Safe Sanitation</th>
<th>Access to Electricity</th>
<th>% Share of Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>0.727</td>
<td>27.89</td>
<td>36</td>
<td>3.7</td>
<td>76</td>
<td>35</td>
<td>4.6</td>
</tr>
<tr>
<td>Eastern</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>4.8</td>
<td>–</td>
<td>–</td>
<td>0.7</td>
</tr>
<tr>
<td>North Central</td>
<td>0.859</td>
<td>31.16</td>
<td>55</td>
<td>4</td>
<td>68</td>
<td>28</td>
<td>1.1</td>
</tr>
<tr>
<td>Northern</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>11</td>
<td>–</td>
<td>–</td>
<td>0.1</td>
</tr>
<tr>
<td>Sabaragamuwa</td>
<td>0.746</td>
<td>31.59</td>
<td>43</td>
<td>3.5</td>
<td>78</td>
<td>26</td>
<td>1.9</td>
</tr>
<tr>
<td>Southern</td>
<td>0.728</td>
<td>26.48</td>
<td>48</td>
<td>2.8</td>
<td>80</td>
<td>39</td>
<td>5.5</td>
</tr>
<tr>
<td>Uva</td>
<td>0.705</td>
<td>37.04</td>
<td>36</td>
<td>3</td>
<td>66</td>
<td>27</td>
<td>1.3</td>
</tr>
<tr>
<td>Wayamba</td>
<td>0.804</td>
<td>33.87</td>
<td>57</td>
<td>4</td>
<td>70</td>
<td>31</td>
<td>5.4</td>
</tr>
<tr>
<td>Western</td>
<td>0.864</td>
<td>13.61</td>
<td>47</td>
<td>2.6</td>
<td>89</td>
<td>65</td>
<td>79.5</td>
</tr>
</tbody>
</table>


1Head count using the lower poverty line of Rs 791.67 per person per month for 1995.
2Anaemia among children under 6 years.
3Drop outs up to year 9 in government schools 1991-92.
4Industries registered under the Min. of Industrial Development, and the BOI in 1999.

Reflecting the worldwide trend, in Sri Lanka too, questions have been raised regarding the effectiveness of the centralised structure of government and, more and more confidence is being placed on a decentralised structure of government. The position that policies and intervention that are location/problem specific are more likely to be effective has an obvious logic to it. Especially in the case of Sri Lanka, it is being argued that the central government has played its role by successfully raising the basic living standard of the majority of the population through a centralised policy of universal provision of services such as education, health, transport and other public utilities. However as the need to target has, for a number of reasons, become a central issue the alternative of a decentralised structure is being seriously considered.

This discussion draws heavily on the work by Ramani Gunatilaka (2000) on Fiscal Decentralisation, Rural Development and Poverty Reduction.
Ideally, a decentralised structure would facilitate efficient targeting due to the proximity to the problem and familiarity with it. Information, transaction and delivery costs would be minimised. However, a number of studies argue that given the reality of the Sri Lankan conditions, it is debatable as to whether a decentralised structure will succeed were a centralised system stalled. Pitfalls identified include the questionable level of accountability and transparency of decentralised units and the capacity of the units. At another level studies question ability of a decentralised structure to achieve poverty reduction and regional equity objectives, if the macro economic framework continues to be bias towards globalisation, i.e. integrating with the world market.

While the debate continues, Sri Lanka is currently experimenting with a hybrid structure were some developmental and fiscal functions are centralised and others not. Both in the education and health sectors certain functions have been ‘devolved’. It is hardly a surprise that the success of the strategy has been heavily constrained by political factors.

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Silva, Tudor et al. (1996) Approaches to Poverty Alleviation in Sri Lanka. Colombo: Center for Intersectoral Community Health Studies, Peradeniya, GTZ.


