

Economic and Social Assessment of Poverty Alleviation Programs in Sri Lanka - Special Reference to the Gemidiriya Community Development and Livelihood Improvement Project.

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Abstract

This study was an attempt to identify the feed back of newly introduced poverty reduction strategy in Sri Lanka, Gemidiriya. This framework was implemented with the assistance of the World Bank in 2004. The World Bank has agreed to provide facilities amounting to 181 million US\$ for a period of 12 years to start self employment activities for poor. (Gemidiriya project implementation plan, 2005) Therefore, to assess the importance and the timely requirement of the program and to decide the continuity, this pilot study was carried out under the specific objectives. The primary objective of this study was to find out the economic enhancement of rural community through Gemidiriya project. The study was restricted to four "Grama Niladari" divisions from Athuraliya, Mulatiyana and Hakmana divisional secretariats in Matara district, Sri Lanka, as these areas are highly subjected to this new program. A field survey was employed to collect primary data. Results of the study showed that Gemidiriya project at village level is very success when considering about the social and economic impact of project. There are 100% loan borrowers were spent loan for income generation activities and 63% of them were increased their income by 20%. Moreover, majority (93%) of them increased their income in the Agricultural sector. New approach helps to wean from dependency by improving leadership ability, increasing social values and encouraging self-confidence in rural communities, as majority (80%) is engaging in self employment activities by using granted loans. In SWOT analysis based on the beneficiaries' attitudes revealed that women are the most strengthen group who can reap the benefits of the program and women group has increased their self-employment abilities due to the program. Lack of awareness of the program was the main weakness and increase more self-employment opportunities was the main opportunity as per beneficiaries. Main threat was the absence of proper and constant market for their products. Comparing with the other main anti-poverty programs in Sri Lanka, it can be concluded that the Gemidiriya Community Development and Livelihood improvement project has been comparatively successful approach to village development and reduction of poverty as the interest rate is very low (2-6%). The main reason for that is the Gemidiriya is a people's organization and people have rights to operate the loan system. Therefore, finally study concludes that, the project should proceed further and recommends creating strong market linkage between village producers and private sector.

Keywords: Gemidiriya, poverty, livelihood improvement, policy framework

INTRODUCTION

Poverty can be identified as the major problem that has received the attention of planners and policy makers in Sri Lanka since independence in 1948. After independence various government of Sri Lanka has initiated a number of antipoverty programs, as Janasaviya, School midday meal program and Samurdhi program etc. Though many resources have been invested in these programs, the results have not been commensurate with the investments. In order to scale up the new approach and policy framework, government of Sri Lanka has initiated Gemidiriya Community Development and Livelihood improvement project, which is based on a long-term vision for reducing poverty. Poverty is a major problem affecting for the development of the Sri Lanka. Poverty can be described as a characteristic that reflects people's inability to fulfill the basic needs that are vital for their living and

gain social justice. Large regional disparity can be seen (urban 18.3%, rural 24.4%, estates 12.62%) in Sri Lanka. Population below the 1\$/day poverty line is 66% and population below the poverty line of 2\$/day is the 44% in Sri Lanka (www.socialwatch.org), when compared with indicators such as quantity of calorie intake, literacy, life expectancy, rate of infants deaths, equal status for women, environmental protection in development activities etc.

RESEARCH PROBLEM

Presently Sri Lanka as many other developing countries, is encountered with the host of grave socio-economic problems arising mainly due to unemployment and poverty. Even though many programs were implemented to solve this problem even a single does

not achieve its targets. Therefore, with the hope of limiting the top down approaches, the design of Gemidiriya was essentially on the Community Driven Development approach was launched to solve the above problem, but the feed-back of this newly introduced program also questionable. Therefore, to assess the successfulness of the program, this study was carried out under the following specific objectives.

OBJECTIVES

- I. To find out the economic and social enhancement of the beneficiaries due to Gemidiriya program.
- II. To identify the attitudes among beneficiaries on Gemidiriya program.
- III. To assess the comparative success of the program in terms of poverty alleviation.

RESEARCH METHODOLOGY

The study was implemented in three Divisional Secretariat Divisions (DSD) of Matara District, Sri

Lanka, namely Athuraliya, Mulatiyana and Hakmana.. Four GN (Grama Niladhari) Divisions were randomly selected for the study. Selected villages are Urumuththa-South from Athuraliya DSD, Beragama-South and Devalegama-West from Mulatiyana DSD and Allewela-West from Hakmana DSD.

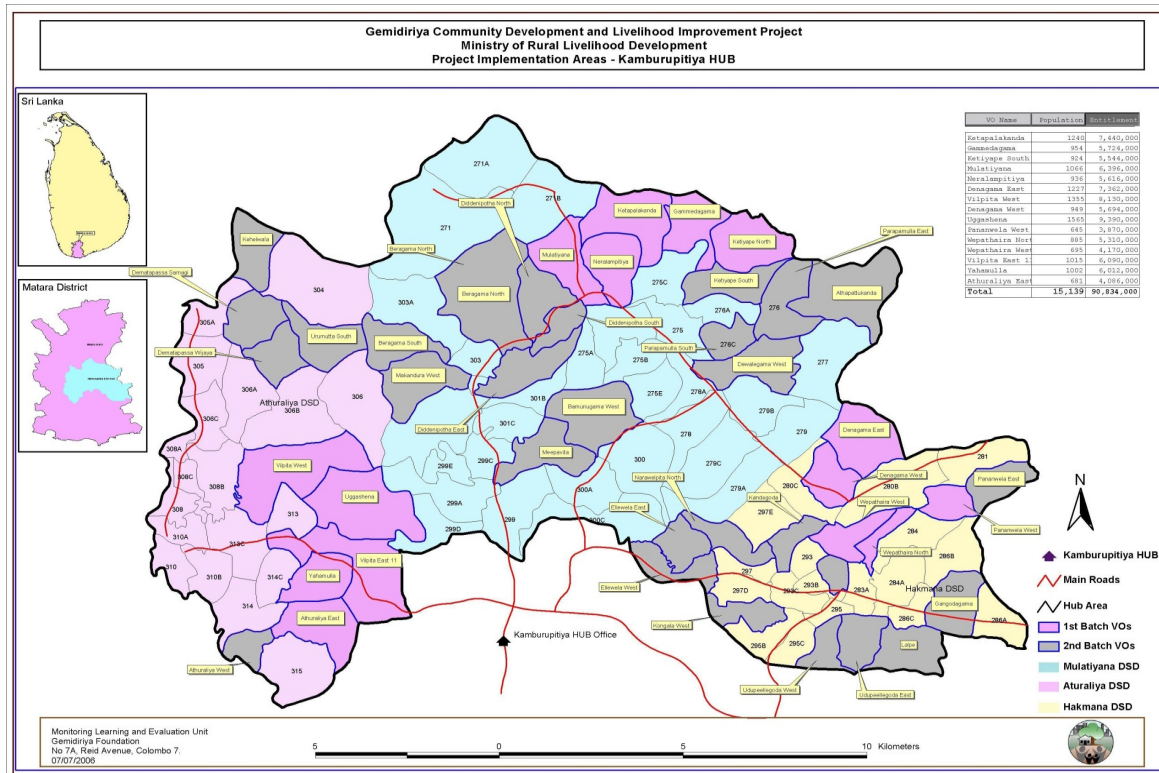
Sampling Frame

In Urumuththa-South total households with membership in Gemidiriya project was 209, In Devalegama-West there were 252 household members, in Beragama-South there were 269 household members and Allewela-West there were 297 household members. Among them 80 beneficiaries were selected by using simple random sampling technique.

RESULTS AND DISCUSSION

Economic and social enhancement of rural community through Gemidiriya Project
Credit benefits for the initial investment

According to the figure 3.1, 28 beneficiaries (35%) granted Rs. 8000 annual credit limits implying that they don't seek much financial aids to uplift their economic status as initial investment.



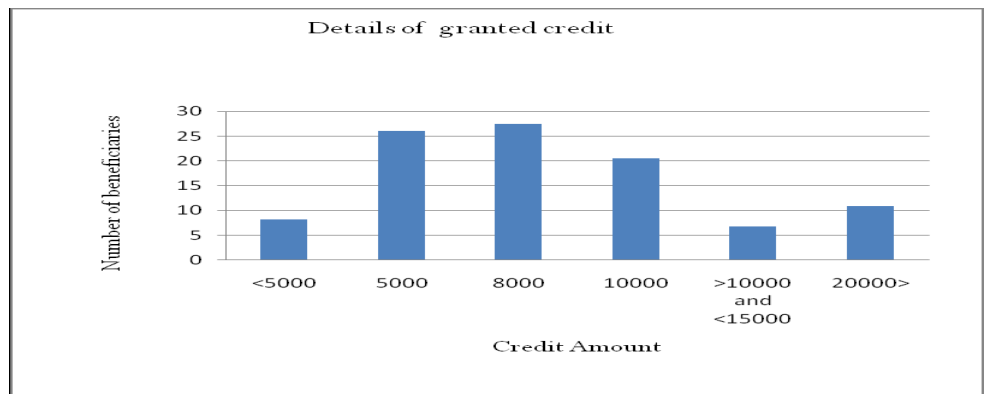


Figure 3.1 Details about granted credit

Purpose of the Granted Credit

Figure 3.2 shows that, 80 % of the beneficiaries granted credit for the self-employment activities and among them women are dominant. This shows women get more involvement in self-employment activities generated by Gemidiriya loans.

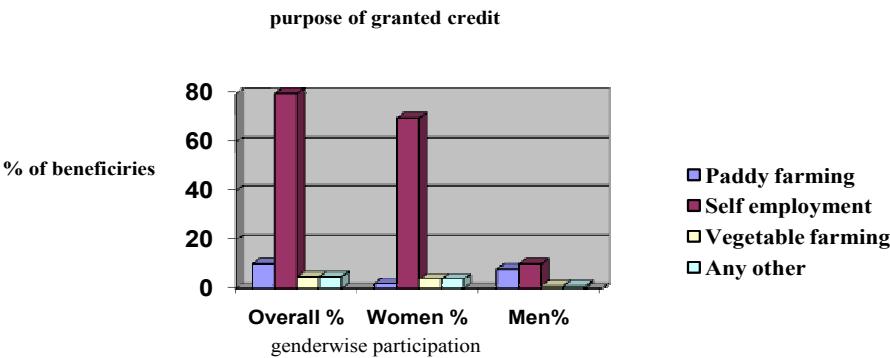


Figure 3.2 purpose of the granted credit

Income Increment

Fig: 3.3 clearly shows that, majority of the beneficiaries (63%) have raised their income by 20% due to the program.

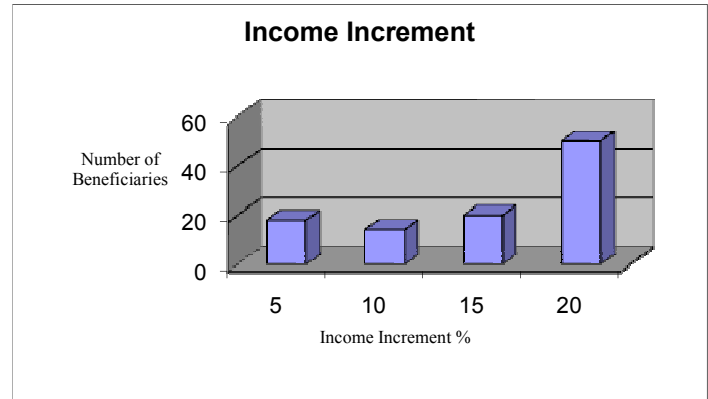


Figure 3.3 Overall Income Increment as a percentage

According to the fig: 3.4 majority of the beneficiaries increased their income in the agricultural sector and 30% of them were able to increase their income by Rs. 1000 –2000 monthly.

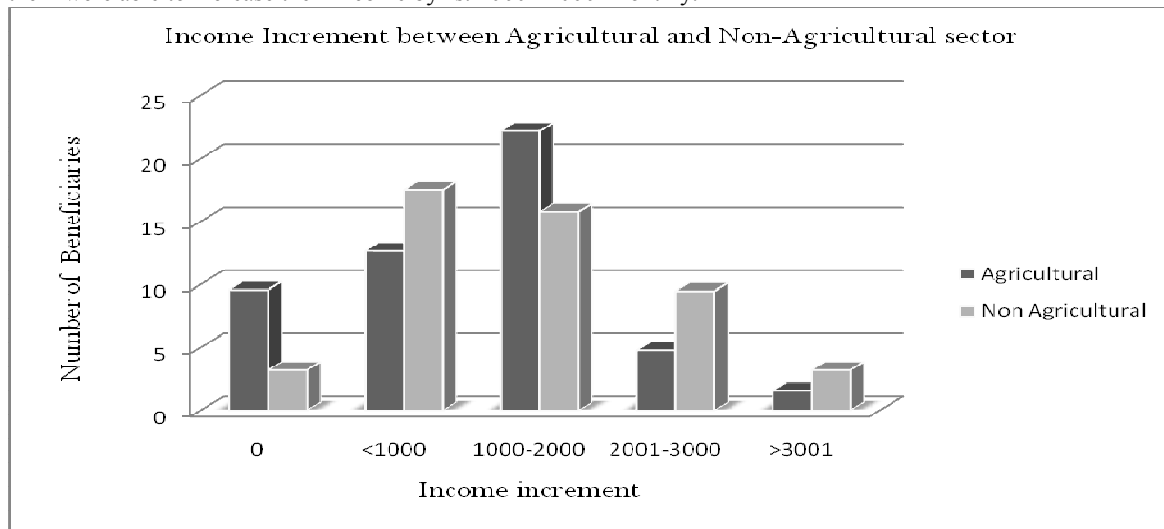


Figure 3.4 Income increment between agricultural and non agricultural sector

Comparative Success of the Program in Terms of Poverty Alleviation

Income increment

There are mainly two anti poverty programs in Sri Lanka provide the loans for their beneficiaries. They are Samurdhi and Gemidiriya programs. The Samurdhi program loan service is working under the Samurdhi Bank. Therefore, the interest rate is depending on Central Bank interest rate policies. Usually it will be 16% - 18% for Samurdhi beneficiaries. But Gemidiriya

program is a people's organization. Because of that their interest rate is 2% - 6%.

According to above fig: 3.5, only eight (10%) Samurdhi beneficiaries can increased their income by 20% while that is in case of Gemidiriya beneficiaries is 32% (fig:3.3). That is because of the high interest rate (16%-18%) in Samurdhi program comparing with Gemidiriya program (2%-6%). Therefore, the effectiveness of the income increment for the people in Gemidiriya is higher than Samurdhi program.

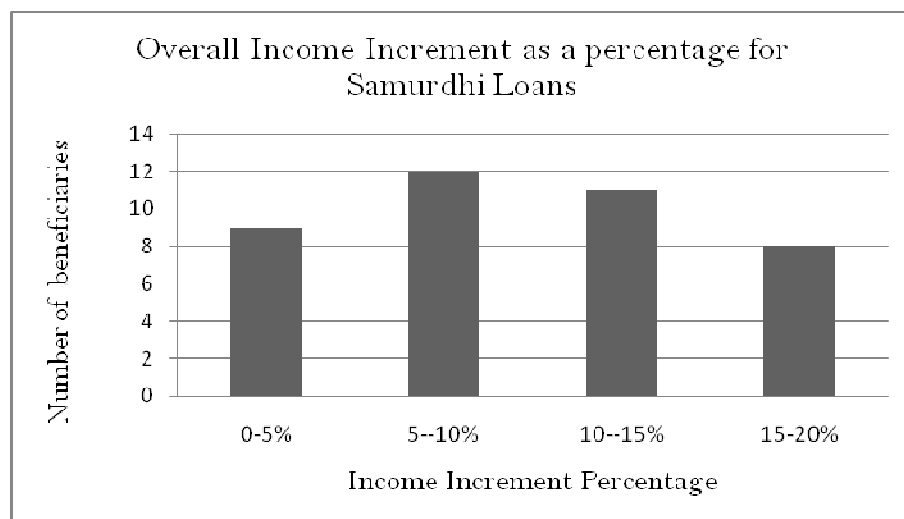


Figure 3.5 Overall Income Increment as a percentage for Samurdhi Loans

Beneficiaries' Attitudes towards the Program

Weaknesses - As this is community driven approach, the weaknesses, opportunities and threats according the

communities' point of view are showed by the following figures. Fig 3.6 shows that, in surveyed sample 43 % of beneficiaries was unable to invest extra

money for their income generating activities. Moreover, 35 % showed that, lack of public awareness is the main weakness of the programe and public

Opportunities

According to the figure 3.7, 43% of beneficiaries said they had to utilize multi skills for earning money such as sweet making, bags making and sewing as a main

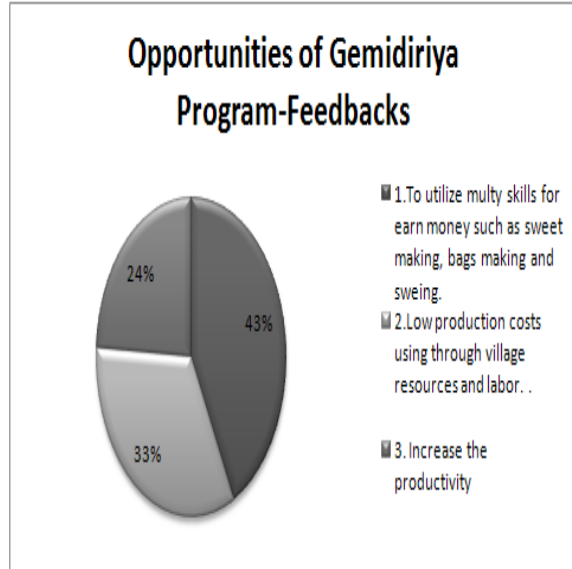


Figure 3.6 Opportunities of Gemidiriya Program-Feedbacks

awareness campaigns through extension services should be launched to demonstrate the benefits of the Gemidiriya program to attract more beneficiaries. opportunity. Moreover, 33% of beneficiaries said that, their production cost is low due to village resources and family labour.

Threats

Fig: 3.7 reveals that, their major threat is absence of proper and constant market for their product followed by lack of storage facilities and the price threat.

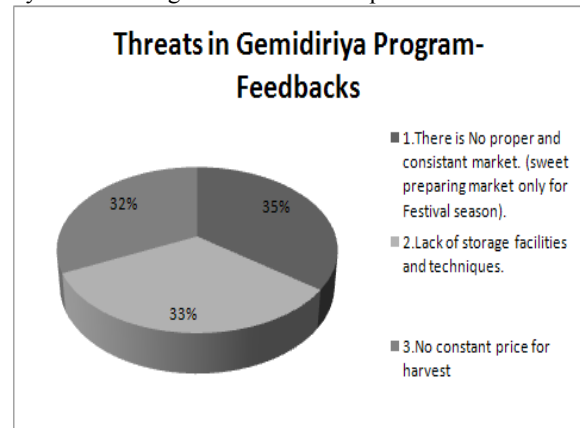


Figure 3.7 Threats in Gemidiriya Program-Feedbacks

CONCLUSION

Implementation process of Gemidiriya program at village level is comparatively success when consider about social and economic impact of project. There was considerable economic enhancement in terms of inducing investment, income increment and reduction unemployment rate. About 100% loan borrowers have spent loan for income generation activities and 80 % of the beneficiaries granted credit for the self-employment activities. Most of women were entered to income generation activities. Both Samurdhi and Gemidiriya programs, main anti- poverty programs in Sri Lanka, assist people to improve their family income. But effectiveness of the income increment for people in Gemidiriya program is higher than Samurdhi program. In case of gamidiriya, 63% of beneficiaries were able to increase their income by 20 % due to gamidiriya loans while that for the Samurdhi loans was only 10%. Therefore, based on the research, positive economic impact on rural communities was observed under the Gemidiriya program.

Under the Gemidiriya program rural communities were empowered through providing knowledge, enhancing skills of communities and build capacity of rural community to identify, decide and implement correct development plan. This program builds sustainable village development, organized rural communities and

enhanced team-working ability and creates linkages between rural communities. New approach helped to wean from dependency by improving leadership ability, increasing social values and encouraging self-confidence in rural communities as it helps to increase their self-employment capacities. The study recommends that the Gemidiriya Community Development and Livelihood improvement project has been successful approach to village development and reduction of poverty and the investment on this approach is fruitful.

SWOT analysis emphasized the importance of market linkage and strengthen the extension service in order to capture the maximum benefits from the programme

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